

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17  
CASSELTON, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**ROSTER OF SCHOOL OFFICIALS - UNAUDITED**  
**AS OF JUNE 30, 2022**

|                |                  |
|----------------|------------------|
| Brandy Sprunk  | President        |
| Joe Morken     | Vice President   |
| Dave Glennon   | Board Member     |
| Stefanie Meyer | Board Member     |
| Dale Muchow    | Board Member     |
| Todd Sears     | Board Member     |
| Jayne Steig    | Board Member     |
| Pam Utt        | Business Manager |
| Morgan Forness | Superintendent   |

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Central Cass Public School District No. 17  
Casselton, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Central Cass Public School District No. 17, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Central Cass Public School District No. 17's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Central Cass Public School District No. 17, as of June 30, 2022, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Central Cass Public School District No. 17 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter—Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Cass Public School District No. 17's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Central Cass Public School District No. 17's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the roster of school officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

February 28, 2023

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2022**

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>  |                                    |
| Current Assets:                                      |                                    |
| Cash   | \$ 3,956,158                       |
| Total Current Assets                                 | 3,956,158                          |
| Non-Current Assets:                                  |                                    |
| Capital Assets                                       | 52,515,259                         |
| Less Accumulated Depreciation                        | 15,789,301                         |
| Total Non-Current Assets                             | 36,725,958                         |
| <b>TOTAL ASSETS</b>                                  | <b>40,682,116</b>                  |
| <b>LIABILITIES</b>                                   |                                    |
| Current Liabilities:                                 |                                    |
| Accrued Liabilities                                  | 106,265                            |
| Current Portion of Bonds Payable                     | 1,212,331                          |
| Current Portion of Leases Payable                    | 164,622                            |
| Current Portion of Special Assessments Payable       | 47,981                             |
| Total Current Liabilities                            | 1,531,199                          |
| Non-Current Liabilities:                             |                                    |
| Leases Payable (Net of Current Portion)              | 343,985                            |
| Bonds Payable (Net of Current Portion)               | 19,963,864                         |
| Special Assessments Payable (Net of Current Portion) | 855,570                            |
| Total Non-Current Liabilities                        | 21,163,419                         |
| <b>TOTAL LIABILITIES</b>                             | <b>22,694,618</b>                  |
| <b>NET POSITION</b>                                  |                                    |
| Net Investment in Capital Assets                     | 14,137,605                         |
| Restricted for Debt Service                          | 1,232,486                          |
| Restricted for Student Activities                    | 189,424                            |
| Restricted for Capital Projects                      | 311,097                            |
| Unrestricted   | 2,116,886                          |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 17,987,498</b>               |

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**STATEMENT OF ACTIVITIES**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

| Functions/Programs                          | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Net (Expense) Revenue<br>and Changes in Net<br>Position |
|---|----------------------|-------------------------|--|--|---|
| <b>GOVERNMENTAL ACTIVITIES</b>              |                      |                         |  |  |   |
| Business Support Services                   | \$ 226,277           | \$ -                    | \$ -                                     | \$ -                                   | \$ (226,277)  |
| Instructional Support Services              | 1,164,322            | -                       | -  | -                                      | (1,164,322)   |
| Administration                              | 1,166,326            | -                       | -  | -                                      | (1,166,326)   |
| Operations and Maintenance                  | 1,774,106            | -                       | -  | 229,424                                | (1,544,682)   |
| Transportation                              | 673,310              | -                       | 221,720                                  | -                                      | (451,590)   |
| Regular Instruction                         | 6,032,780            | 447,033                 | 757,031                                  | -                                      | (4,828,716)   |
| Special Education                           | 1,590,794            | -                       | -  | -                                      | (1,590,794)   |
| Vocational Education                        | 329,495              | -                       | 89,604                                   | -                                      | (239,891)   |
| Extra-Curricular Activities                 | 1,150,595            | 391,849                 | -  | -                                      | (758,746)   |
| Food Services                               | 715,103              | 63,583                  | 745,878                                  | -                                      | 94,358  |
| Interest and Fees on Long-Term Debt         | 557,271              | -                       | -  | -                                      | (557,271)   |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>        | <b>\$ 15,380,379</b> | <b>\$ 902,465</b>       | <b>\$ 1,814,233</b>                      | <b>\$ 229,424</b>                      | <b>(12,434,257)</b>                                     |
| <b>GENERAL REVENUES</b>                     |                      |                         |  |  |   |
| Property Taxes, Levied for General Purposes |                      |                         |  |  | 3,063,413   |
| Property Taxes, Levied for Debt Service     |                      |                         |  |  | 1,161,604   |
| Property Taxes, Levied for Capital Projects |                      |                         |  |  | 76,573  |
| Aids and Payments from the State            |                      |                         |  |  | 8,429,403   |
| Unrestricted Investment Earnings            |                      |                         |  |  | 850   |
| Gain on Sale of Capital Assets              |                      |                         |  |  | -   |
| Other Revenues                              |                      |                         |  |  | 702   |
| <b>TOTAL GENERAL REVENUES</b>               |                      |                         |  |  | <b>12,732,545</b>                                       |
| Change in Net Position                      |                      |                         |  |  | 298,288   |
| Net Position - Beginning                    |                      |                         |  |  | 17,689,210  |
| Net Position - Ending                       |                      |                         |  |  | <b>\$ 17,987,498</b>                                    |

See Notes to the Financial Statements



**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2022**

|  | General<br>Fund     | Building<br>Fund  | Debt Service<br>Fund | Other Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------|----------------------|--------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                   |                      |                          |                                |
| Cash   | \$ 1,872,710        | \$ 311,097        | \$ 1,232,486         | \$ 539,865               | \$ 3,956,158                   |
| <b>TOTAL ASSETS</b>  | <u>\$ 1,872,710</u> | <u>\$ 311,097</u> | <u>\$ 1,232,486</u>  | <u>\$ 539,865</u>        | <u>\$ 3,956,158</u>            |
| <b>LIABILITIES AND FUND BALANCES</b>   |                     |                   |                      |                          |                                |
| Accrued Liabilities  | \$ 106,265          | \$ -              | \$ -                 | \$ -                     | \$ 106,265                     |
| <b>TOTAL LIABILITIES</b>   | <u>106,265</u>      | <u>-</u>          | <u>-</u>             | <u>-</u>                 | <u>106,265</u>                 |
| <b>FUND BALANCES</b>   |                     |                   |                      |                          |                                |
| Restricted   | 189,424             | 311,097           | 1,232,486            | -                        | 1,733,007                      |
| Assigned   | -                   | -                 | -                    | 539,865                  | 539,865                        |
| Unassigned   | 1,577,021           | -                 | -                    | -                        | 1,577,021                      |
| <b>TOTAL FUND BALANCES</b>   | <u>1,766,445</u>    | <u>311,097</u>    | <u>1,232,486</u>     | <u>539,865</u>           | <u>3,849,893</u>               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <u>\$ 1,872,710</u> | <u>\$ 311,097</u> | <u>\$ 1,232,486</u>  | <u>\$ 539,865</u>        | <u>\$ 3,956,158</u>            |

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

Total fund balance - governmental funds \$ 3,849,893

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds.

|                                |               |            |
|--------------------------------|---------------|------------|
| Cost                           | \$ 52,515,259 |            |
| Less: Accumulated Depreciation | 15,789,301    |            |
| Net                            |               | 36,725,958 |

Long-term liabilities are not due and payable in the current period and, therefore are not reported as liabilities in the funds. These long-term liabilities consisted of the following:

|                     |  |              |
|---------------------|--|--------------|
| Bonds Payable       |  | (21,176,195) |
| Leases Payable      |  | (508,607)    |
| Special Assessments |  | (903,551)    |

Net Position - Governmental Activities \$ 17,987,498

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|  | General<br>Fund     | Building<br>Fund  | Debt Service<br>Fund | Other Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------|----------------------|--------------------------|--------------------------------|
| <b>REVENUES</b>                                      |                     |                   |                      |                          |                                |
| Local Property Taxes                                 | \$ 2,958,844        | \$ 76,573         | \$ 1,161,604         | \$ 104,569               | \$ 4,301,590                   |
| Other Local Sources                                  | 833,242             | 229,424           | -                    | 63,583                   | 1,126,249                      |
| Revenue from State Sources                           | 8,733,412           | -                 | -                    | 1,175                    | 8,734,587                      |
| Revenue from Federal Sources                         | 764,346             | -                 | -                    | 744,703                  | 1,509,049                      |
| Interest   | 490                 | 47                | 215                  | 98                       | 850                            |
| <b>TOTAL REVENUES</b>                                | <b>13,290,334</b>   | <b>306,044</b>    | <b>1,161,819</b>     | <b>914,128</b>           | <b>15,672,325</b>              |
| <b>EXPENDITURES</b>                                  |                     |                   |                      |                          |                                |
| Current:   |                     |                   |                      |                          |                                |
| Business Support Services                            | 226,277             | -                 | -                    | -                        | 226,277                        |
| Instructional Support Services                       | 1,164,322           | -                 | -                    | -                        | 1,164,322                      |
| Administration                                       | 1,166,326           | -                 | -                    | -                        | 1,166,326                      |
| Operations and Maintenance                           | 1,587,158           | 62,678            | -                    | -                        | 1,649,836                      |
| Transportation                                       | 570,241             | -                 | -                    | -                        | 570,241                        |
| Regular Instruction                                  | 5,308,957           | -                 | -                    | -                        | 5,308,957                      |
| Special Education                                    | 1,590,794           | -                 | -                    | -                        | 1,590,794                      |
| Vocational Education                                 | 329,495             | -                 | -                    | -                        | 329,495                        |
| Extra-Curricular Activities                          | 920,186             | -                 | -                    | -                        | 920,186                        |
| Food Services  | -                   | -                 | -                    | 715,103                  | 715,103                        |
| Capital Outlay:                                      |                     |                   |                      |                          |                                |
| Capital Outlay                                       | 205,440             | -                 | -                    | 130,673                  | 336,113                        |
| Debt Service:  |                     |                   |                      |                          |                                |
| Principal Retirement                                 | 253,671             | 559,835           | 793,223              | -                        | 1,606,729                      |
| Interest and Fees on Long-Term Debt                  | 163,545             | 79,095            | 314,631              | -                        | 557,271                        |
| <b>TOTAL EXPENDITURES</b>                            | <b>13,486,412</b>   | <b>701,608</b>    | <b>1,107,854</b>     | <b>845,776</b>           | <b>16,141,650</b>              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (196,078)           | (395,564)         | 53,965               | 68,352                   | (469,325)                      |
| Fund Balances - Beginning of Year                    | 1,956,883           | 456,661           | 1,178,521            | 721,513                  | 4,313,578                      |
| Fund Balances - End of Year                          | <b>\$ 1,766,445</b> | <b>\$ 311,097</b> | <b>\$ 1,232,486</b>  | <b>\$ 539,865</b>        | <b>\$ 3,849,893</b>            |

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Total net change in fund balances - Governmental Funds \$ (463,685)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense. In the current period, these amounts are:

|                      |                    |           |
|----------------------|--------------------|-----------|
| Capital Outlay       | \$ 336,113         |           |
| Depreciation Expense | <u>(1,174,527)</u> | (838,414) |

Net book value of capital assets disposed (6,342)

Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.

1,606,729

Change in Net Position - Governmental Activities

\$ 298,288

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**BALANCE SHEET – FIDUCIARY FUND**  
**JUNE 30, 2022**

| <u>ASSETS</u>           | <u>Custodial<br/>Fund</u> |
|-------------------------|---------------------------|
| Cash                    | \$ _____ -                |
| Total Assets            | \$ _____ -                |
| <br><u>FUND BALANCE</u> |                           |
| Restricted for Others   | \$ _____ -                |
| Total Fund Balance      | \$ _____ -                |

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**STATEMENT OF CHANGES IN FUND BALANCE – FIDUCIARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                 | <u>Custodial<br/>Fund</u> |
|---------------------------------|---------------------------|
| <u>ADDITIONS</u>                |                           |
| Receipts from Grants            | \$ <u>92,968</u>          |
| <b>TOTAL ADDITIONS</b>          | <u>92,968</u>             |
| <u>DEDUCTIONS</u>               |                           |
| Instructional Support Services  | 8,378                     |
| Administration                  | 30,390                    |
| Regular Instruction             | 51,548                    |
| Operations and Maintenance      | <u>2,652</u>              |
| <b>TOTAL DEDUCTIONS</b>         | 92,968                    |
| <b>CHANGE IN FUND BALANCE</b>   | -                         |
| <b>NET POSITION - BEGINNING</b> | <u>-</u>                  |
| <b>NET POSITION - ENDING</b>    | <u>\$ -</u>               |

See Notes to the Financial Statements

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Reporting Entity**

The Central Cass Public School District No. 17 operates the public schools in the City of Casselton, North Dakota. There is one elementary school and one junior/senior high school that is enclosed in one building.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of an organization's governing body and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources. Component units may also include organizations that are fiscally dependent on the District. Fiscal dependence can include the District's approval of the budget, issuance of debt, and/or levying of taxes for the organization.

Based on these criteria, there are no component units to be included within the District's reporting entity.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Central Cass Public School District No. 17 (District) have been prepared on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Basis of Presentation:**

The District's basic financial statements consist of government-wide statements and fund financial statements.

**Government-Wide Financial Statements:**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements display information about the District as a whole.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement identifies the extent to which each governmental function is self-financing or drawing from the general revenues of the District. Direct expenses are expenses that are specifically associated with a service, program or department. The direct expenses are clearly identifiable to a particular function. Program revenues include charges to recipients for goods or services offered by the program, grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District.

As a general rule, the effect of inter-fund activity has been eliminated from the District-wide statements.

The Government-wide financial statements do not include fiduciary funds of component units that are fiduciary in nature.

**Fund Financial Statements:**

In order to aid financial management and to demonstrate legal compliance, the District segregates transactions related to certain functions or activities in separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the fund financial statements. Non-major funds are aggregated and presented in a single column.

***Fund Accounting***

The District's funds consist of the following:

**Governmental Funds:**

Governmental funds are utilized to account for most of the District's governmental functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The District's major governmental funds are as follows:

**General Fund**

This fund is the general operating fund of the District. It accounts for all financial resources except those legally or administratively required to be accounted for in other funds, including the Student Activity Fund.

**Building Fund**

The Building fund is used to account for building construction and repairs.

**Debt Service Fund**

The Debt Service fund is used to account for and record financial transactions related to retirement of long-term debt.



**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

The District's non-major governmental funds are as follows:

**Food Service Fund:**

The Food Service fund is used to account for the accumulation of revenue and proceeds and for the payments of expenditures related to the providing of meals at the District.

**Special Reserve Fund:**

Special Revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. Included in this category are the transactions for the special reserve funds.

**Fiduciary Fund:**

**Custodial Fund**

The District includes one custodial fund related to Mapleton School District for which the District acts in a fiduciary capacity for a variety of federal programs.

***Measurement Focus and Basis of Accounting***

**Measurement Focus:**

*Government-wide Financial Statements:*

The government-wide financial statements are prepared using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. All assets, deferred inflows and outflows of resources, and liabilities associated with the operation of the District are included in the statement of net position.

*Fund Financial Statements:*

The governmental funds are accounted for by using a flow of current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting. Under this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources and uses of current financial resources.

The current financial resources measurement focus differs from the manner which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the District's financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds.

**Basis of Accounting:**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

In the government-wide statement of net position and statement of activities, activities are presented using the modified cash basis of accounting. This basis of accounting recognizes

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for depreciation and accrued payroll liabilities in the government-wide statements and accrued payroll liabilities in the fund financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

**Budgets and Budgetary Accounting:**

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Based upon available financial information and requests by the school board, the superintendent and business manager prepares the school district budget. The budget is prepared for the general fund on the modified cash basis of accounting.
2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15<sup>th</sup> of each year. The budget is then filed with the county auditor by August 25<sup>th</sup> of each year.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10<sup>th</sup> of each year. The budget amounts shown in the financial statements are the final authorized amounts.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

**Cash and Cash Equivalents:**

The District included amounts in demand deposits and money market accounts to be cash equivalents.

**Investments:**

Investments are recorded at market value. North Dakota State statute authorizes school districts to invest their surplus funds in: a) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation of the state, d) Obligations of the state.

**Fair Value Measurements:**

The District accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

**Capital Assets:**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold of \$5,000. Donated capital assets are recorded at their acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

The District's construction in progress costs are capitalized but not depreciated. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

|                            |                |
|----------------------------|----------------|
| Buildings and Improvements | 20 to 50 Years |
| Vehicles and Equipment     | 5 to 20 Years  |

**Long-Term Obligations:**

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Balance Classifications:**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

*Unassigned* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The school board has not set a General Fund minimum fund balance.

**Net Position:**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Unrestricted Net Position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Inter-fund Activity:**

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

**Revenue Recognition - Property Taxes:**

Property taxes attach as an enforceable lien on property January 1 and may be paid in two installments. The first installment includes one half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 15 if the first half of the taxes have not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the School District.

**Estimates:**

The preparation of the financial statements in conformity with the other comprehensive basis of accounting used by the District requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**Expenses and Expenditures:**

Governmental funds accounting measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recorded in the fiscal year in which the related fund liability is incurred. Under the modified cash basis of accounting, expenses are recorded when paid.

**NOTE 3 CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk – Deposits:**

In accordance with North Dakota laws, the District maintains deposits at a depository authorized by the School Board. The depository is a member of the Federal Reserve System.

North Dakota laws require that all public deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United State government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, notes, warrants, and certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, instrumentalities, or by any District, District, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States, or such other securities approved by the banking board.

At June 30, 2022, the carrying amount of the District's deposits was \$3,956,158 and the bank balance was \$4,043,672. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

**Credit Risk:**

The District may also invest idle funds as authorized by North Dakota laws, as follows:

- a. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
- b. Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- c. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.
- d. Obligations of the state.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**Interest Rate Risk:**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk:**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4 CAPITAL ASSETS**

The following is a summary of changes in capital assets during the year:

| <b>Governmental Activities</b>                 | Restated<br>Balance<br>July 1, 2021 | Additions           | Disposals       | Adjustments     | Balance<br>June 30, 2022 |
|--|-------------------------------------|---------------------|-----------------|-----------------|--------------------------|
| Capital Assets Not Being Depreciated           |                                     |                     |                 |                 |                          |
| Land   | \$ 2,009,898                        | \$ -                | \$ -            | \$ -            | \$ 2,009,898             |
| Construction in Progress                       | 25,385                              | 54,679              | -               | (25,385)        | 54,679                   |
| Total Capital Assets Not Being Depreciated     | <u>2,035,283</u>                    | <u>54,679</u>       | <u>-</u>        | <u>(25,385)</u> | <u>2,064,577</u>         |
| Capital Assets Being Depreciated               |                                     |                     |                 |                 |                          |
| Buildings and Improvements                     | 47,689,315                          | -                   | -               | -               | 47,689,315               |
| Vehicles and Equipment                         | 2,609,924                           | 281,434             | 155,376         | 25,385          | 2,761,367                |
| Total Capital Assets Being Depreciated         | <u>50,299,239</u>                   | <u>281,434</u>      | <u>155,376</u>  | <u>25,385</u>   | <u>50,450,682</u>        |
| Less Accumulated Depreciation                  |                                     |                     |                 |                 |                          |
| Buildings and Improvements                     | 13,207,638                          | 984,115             | -               | -               | 14,191,753               |
| Vehicles and Equipment                         | 1,556,170                           | 190,412             | 149,034         | -               | 1,597,548                |
| Total Accumulated Depreciation                 | <u>14,763,808</u>                   | <u>1,174,527</u>    | <u>149,034</u>  | <u>-</u>        | <u>15,789,301</u>        |
| Net Capital Assets Being Depreciated           | <u>35,535,431</u>                   | <u>(893,093)</u>    | <u>6,342</u>    | <u>25,385</u>   | <u>34,661,381</u>        |
| Net Capital Assets for Governmental Activities | <u>\$ 37,570,714</u>                | <u>\$ (838,414)</u> | <u>\$ 6,342</u> | <u>\$ -</u>     | <u>\$ 36,725,958</u>     |

In the governmental activities statement of activities, depreciation expense was charged to the following governmental functions:

|                            | Depreciation        |
|----------------------------|---------------------|
| Regular Instruction        | \$ 717,481          |
| Operations and Maintenance | 124,270             |
| Transportation             | 102,367             |
| Extra Curricular           | 230,409             |
| Total                      | <u>\$ 1,174,527</u> |

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**NOTE 5 LONG-TERM DEBT**

The following is a summary of long-term debt of the District for the year ended June 30, 2022.

|   | Balance<br>7/1/2021  | Additions   | Retirements         | Balance<br>6/30/2022 | Due in<br>One Year  |
|---|----------------------|-------------|---------------------|----------------------|---------------------|
| Lease Revenue Bonds, Series 2016                        | \$ 1,305,000         | \$ -        | \$ 75,000           | \$ 1,230,000         | \$ 75,000           |
| GO State School Construction Fund Bonds<br>Series 2017A | 7,232,772            | -           | 362,638             | 6,870,134            | 369,087             |
| GO State School Construction Fund Bonds<br>Series 2017B | 8,586,647            | -           | 430,586             | 8,156,061            | 438,244             |
| Certificate of Indebtedness, Series 2018                | 5,235,000            | -           | 315,000             | 4,920,000            | 330,000             |
| Lease Payable - Athletic Complex                        | 568,958              | -           | 135,634             | 433,324              | 139,984             |
| Lease Payable - School Bus                              | 98,953               | -           | 23,670              | 75,283               | 24,638              |
| Contract for Deed                                       | 217,788              | -           | 217,788             | -                    | -                   |
| Special Assessments                                     | 949,964              | -           | 46,413              | 903,551              | 47,981              |
| Total   | <u>\$ 24,195,082</u> | <u>\$ -</u> | <u>\$ 1,606,729</u> | <u>\$ 22,588,353</u> | <u>\$ 1,424,934</u> |

Lease Revenue Bonds of 2016 were issued at \$1,670,000 that mature on May 1, 2036. These revenue bonds will have an interest rate ranging from 1% to 3%.

State School Construction Fund Bonds of 2017A were issued at \$7,232,773 that mature on November 1, 2037. These construction bonds have an interest rate of 2%.

State School Construction Fund Bonds of 2017B were issued at \$10,000,000 that mature on November 1, 2037. These construction bonds have an interest rate of 2%.

Certificate of Indebtedness of 2018 was issued at \$5,810,000 that matures on August 1, 2038. The certificate will have an interest rate ranging from 3% to 4%.

The District entered into a finance agreement for the funding of an athletic complex for the amount of \$1,114,884 that matures on July 30, 2024.

The District entered into a finance agreement for the funding of a school bus for the amount of \$121,945 that matures on October 30, 2024. The finance agreement will have an interest rate of 2.95%.

The District entered into a contract for deed for \$990,050 that matured on December 15, 2021.

The District has been levied special assessments by the City of Casselton, North Dakota. The special assessments bear interest ranging from 3% to 6%.



**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
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Annual debt service requirements to maturity for the long-term debt are as follows:

**Lease Revenue Bonds of 2016**

| Year      | Principal           | Interest          | Total               |
|-----------|---------------------|-------------------|---------------------|
| 2023      | \$ 75,000           | \$ 33,913         | \$ 108,913          |
| 2024      | 75,000              | 32,563            | 107,563             |
| 2025      | 75,000              | 31,213            | 106,213             |
| 2026      | 80,000              | 29,338            | 109,338             |
| 2027      | 80,000              | 27,338            | 107,338             |
| 2028-2032 | 445,000             | 110,588           | 555,588             |
| 2033-2036 | 400,000             | 30,450            | 430,450             |
| Total     | <u>\$ 1,230,000</u> | <u>\$ 295,403</u> | <u>\$ 1,525,403</u> |

**General Obligation State School Construction Bonds, Series 2017A**

| Year      | Principal           | Interest            | Total               |
|-----------|---------------------|---------------------|---------------------|
| 2023      | \$ 369,087          | \$ 137,539          | \$ 506,626          |
| 2024      | 376,329             | 130,160             | 506,489             |
| 2025      | 383,856             | 122,634             | 506,490             |
| 2026      | 391,533             | 114,957             | 506,490             |
| 2027      | 399,363             | 107,126             | 506,489             |
| 2028-2032 | 2,119,871           | 412,579             | 2,532,450           |
| 2033-2037 | 2,340,507           | 191,939             | 2,532,446           |
| 2038      | 489,588             | 9,931               | 499,519             |
| Total     | <u>\$ 6,870,134</u> | <u>\$ 1,226,865</u> | <u>\$ 8,096,999</u> |

**General Obligation State School Construction Bonds, Series 2017B**

| Year      | Principal           | Interest            | Total               |
|-----------|---------------------|---------------------|---------------------|
| 2023      | \$ 438,244          | \$ 163,121          | \$ 601,365          |
| 2024      | 446,823             | 154,542             | 601,365             |
| 2025      | 455,760             | 145,606             | 601,366             |
| 2026      | 464,875             | 136,490             | 601,365             |
| 2027      | 474,172             | 127,193             | 601,365             |
| 2028-2032 | 2,516,964           | 489,862             | 3,006,826           |
| 2033-2037 | 2,778,931           | 227,894             | 3,006,825           |
| 2038      | 580,292             | 11,791              | 592,083             |
| Total     | <u>\$ 8,156,061</u> | <u>\$ 1,456,499</u> | <u>\$ 9,612,560</u> |

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
 JUNE 30, 2022

**Certificates of Indebtedness, Series 2018**

| Year      | Principal           | Interest            | Total               |
|-----------|---------------------|---------------------|---------------------|
| 2023      | \$ 330,000          | \$ 168,019          | \$ 498,019          |
| 2024      | 340,000             | 154,819             | 494,819             |
| 2025      | 350,000             | 141,219             | 491,219             |
| 2026      | 370,000             | 127,219             | 497,219             |
| 2027      | 380,000             | 112,419             | 492,419             |
| 2028-2032 | 1,430,000           | 402,794             | 1,832,794           |
| 2033-2037 | 1,190,000           | 214,031             | 1,404,031           |
| 2038-2039 | 530,000             | 28,000              | 558,000             |
| Total     | <u>\$ 4,920,000</u> | <u>\$ 1,348,520</u> | <u>\$ 6,268,520</u> |

**Lease Agreement - Athletics Complex**

| Year  | Principal         | Interest         | Total             |
|-------|-------------------|------------------|-------------------|
| 2023  | \$ 139,984        | \$ 13,906        | \$ 153,890        |
| 2024  | 144,474           | 9,416            | 153,890           |
| 2025  | 148,866           | 4,782            | 153,648           |
| Total | <u>\$ 433,324</u> | <u>\$ 28,104</u> | <u>\$ 461,428</u> |

**Lease Agreement - School Bus**

| Year  | Principal        | Interest        | Total            |
|-------|------------------|-----------------|------------------|
| 2023  | \$ 24,368        | \$ 2,221        | \$ 26,589        |
| 2024  | 25,087           | 1,502           | 26,589           |
| 2025  | 25,828           | 762             | 26,590           |
| Total | <u>\$ 75,283</u> | <u>\$ 4,485</u> | <u>\$ 79,768</u> |

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**Special Assessments Payable**

| Year      | Principal         | Interest          | Total               |
|-----------|-------------------|-------------------|---------------------|
| 2023      | \$ 47,981         | \$ 29,189         | \$ 77,170           |
| 2024      | 49,600            | 27,571            | 77,171              |
| 2025      | 51,276            | 25,895            | 77,171              |
| 2026      | 53,009            | 24,162            | 77,171              |
| 2027      | 54,804            | 22,367            | 77,171              |
| 2028-2032 | 251,339           | 85,158            | 336,497             |
| 2033-2037 | 265,276           | 45,634            | 310,910             |
| 2038-2041 | 130,266           | 7,215             | 137,481             |
| Total     | <u>\$ 903,551</u> | <u>\$ 267,191</u> | <u>\$ 1,170,742</u> |

**NOTE 6 FUND BALANCES**

At June 30, 2022, a summary of the governmental fund balance classifications are as follows:

|                    | General<br>Fund     | Building<br>Fund  | Debt Service<br>Fund | Food<br>Service   | Special<br>Reserve | Total               |
|--------------------|---------------------|-------------------|----------------------|-------------------|--------------------|---------------------|
| Restricted for:    |                     |                   |                      |                   |                    |                     |
| Debt Service       | \$ -                | \$ -              | \$ 1,232,486         | \$ -              | \$ -               | \$ 1,232,486        |
| Student Activities | 189,424             | -                 | -                    | -                 | -                  | 189,424             |
| Capital Projects   | -                   | 311,097           | -                    | -                 | -                  | 311,097             |
| Assigned to:       |                     |                   |                      |                   |                    |                     |
| Food Service       | -                   | -                 | -                    | 279,463           | -                  | 279,463             |
| Special Reserve    | -                   | -                 | -                    | -                 | 260,402            | 260,402             |
| Unassigned         |                     |                   |                      |                   |                    |                     |
| General Fund       | 1,577,021           | -                 | -                    | -                 | -                  | 1,577,021           |
| Total Restricted   | <u>\$ 1,766,445</u> | <u>\$ 311,097</u> | <u>\$ 1,232,486</u>  | <u>\$ 279,463</u> | <u>\$ 260,402</u>  | <u>\$ 3,849,893</u> |

**NOTE 7 DEFINED BENEFIT PENSION PLANS - STATEWIDE**

Substantially, all employees of the District are required by state law to belong to pension plans administered by the Teacher's Fund for Retirement (TFFR) or the North Dakota Public Employees Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans are as follows:

**North Dakota Teacher's Fund For Retirement**

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

**Pension Benefits**

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

*Tier 1 Grandfathered*

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

*Tier 1 Non-grandfathered*

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

*Tier 2*

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

**Death and Disability Benefits**

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

**Member and Employer Contributions**

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

**Plan Contributions**

For the year ended June 30, 2022, the District contributed \$1,148,877, which includes the employee portion.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report. TFFR's Comprehensive Annual Financial Report (CAFR) is located at [www.nd.gov/rio/sib/publications/cafr/default.htm](http://www.nd.gov/rio/sib/publications/cafr/default.htm).

**North Dakota Public Employees' Retirement System (ND PERS)**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

**Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

**Plan Contributions**

For the year ended June 30, 2022, the District contributed \$127,360 to the plan.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

**NOTE 8 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDIRF for its general liability, auto, boiler and machinery, accident and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence.

The District has workers compensation with the Workforce, Safety and Insurance and purchases commercial insurance for personal property, building, inland marine, and boiler and machinery.

The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding fund does not currently charge any premium for this coverage.

**NOTE 9 CONTINGENT LIABILITIES AND COMMITMENTS**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The District has a signed contract related to a greenhouse project in the amount of \$109,358. The remaining commitment is \$54,679.

**NOTE 10 NON-MONETARY TRANSACTIONS**

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2022 was \$55,172.



**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
JUNE 30, 2022

**NOTE 11 NEW PRONOUNCEMENTS**

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2022**

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined the effect these statements will have on the District's financial statements.

**NOTE 12 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through February 28, 2023, which is the date these financial statements were available to be issued.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

| <u>AL #</u>   | <u>Description</u>  | <u>Pass-Through<br/>Entity Identifying<br/>Number</u> | <u>Expenditures</u> |
|---|---|---|---------------------|
| <u>Department of Agriculture</u>  |   |   |                     |
| Passed Through the North Dakota State Department of Public Instruction: |   |   |                     |
| <b>Child Nutrition Cluster:</b>   |   |   |                     |
| 10.553  | School Breakfast Program  | F10553  | \$ 84,226           |
| 10.555  | Commodity Distribution - Non Cash   | F10555  | 55,172              |
| 10.555  | National School Lunch Program   | F10555  | 576,519             |
| 10.555  | CNP Emergency Costs   | F10555C   | 1,796               |
| 10.555  | School/CN Supply Chain Assistance   | F10555S   | 21,121              |
|   | <b>Total Child Nutrition Cluster-Cluster</b>  |   | <b>738,834</b>      |
| 10.560  | State Administrative Expenses for Child Nutrition   | F10560  | 5,256               |
| 10.649  | SNAP State and Local PEBT   | F10649  | 614                 |
|   | Total Department of Agriculture   |   | <b>744,704</b>      |
| <u>Department of Education</u>  |   |   |                     |
| Passed Through the North Dakota State Department of Public Instruction: |   |   |                     |
|   | Elementary and Secondary School Emergency Relief Fund   |   |                     |
| 84.425  | COVID-19 Elementary and Secondary School Emergency Relief Fund - ESSER II                       | F84425D   | 361,494             |
| 84.425  | COVID-19 Elementary and Secondary School Emergency Relief Fund - ESSER III                      | F84425U   | 82,829              |
|   | Total 84.425 - Elementary and Secondary School Emergency Relief Fund                            |   | <b>444,323</b>      |
| 84.010  | Title I Grants to Local Educational Agencies  | F84010  | 132,685             |
| 84.367  | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | F84367  | 43,545              |
| 84.424  | Student Support and Academic Enrichment Program   | F84424A   | 18,267              |
| Passed Through Fargo Public School District:                            |   |   |                     |
| 84.048  | Career and Technical Education -- Basic Grants to States  | N/A   | 5,984               |
| Passed Through Northern Cass Public School District:                    |   |   |                     |
| 84.048  | Career and Technical Education -- Basic Grants to States  | N/A   | 13,134              |
|   | Total 84.048 - Career and Technical Education -- Basic Grants to States                         |   | <b>19,118</b>       |
|   | Total Department of Education   |   | <b>657,938</b>      |
|   | Total Expenditures of Federal Awards  |   | <b>\$ 1,402,642</b> |

See Notes to the Schedule of Expenditures of Federal Awards

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule of Expenditures of Federal Awards (the "Schedule") are reported on the modified cash basis of accounting. Such expenditures are recognized as the expenditures are paid.

**NOTE 2 INDIRECT COST RATE**

The School District does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

**NOTE 3 NONMONETARY TRANSACTIONS**

The District receives commodities through the food distribution program, the assistance is valued at the fair value of the commodities received and disbursed.

**NOTE 4 BASIS OF PRESENTATION / ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School District and is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

The School District received federal awards both directly and indirectly through pass-through entities. The School District has not provided any federal financial assistance to subrecipients.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Central Cass Public School District No. 17  
Casselton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Cass Public School District No. 17 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2023.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Cass Public School District No. 17's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Central Cass Public School District No. 17's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

February 28, 2023

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education  
Central Cass Public School District No. 17  
Casselton, North Dakota

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Central Cass Public School District No. 17's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Cass Public School District No. 17 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.



## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**GRAND FORKS, NORTH DAKOTA**

February 28, 2023

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

|   |   |
|---|---|
| Type of auditor’s report issued:  | <u>Unmodified (Modified Cash Basis)</u> |
| Internal control over financial reporting:  |   |
| Material weakness(es) identified?   | ___ yes <u>  x  </u> no                 |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u>  x  </u> yes ___ none reported      |
| Non-compliance material to financial statements noted?                                    | ___ yes <u>  x  </u> no                 |

Federal Awards

|   |                                    |
|---|------------------------------------|
| Internal control over major programs:   |                                    |
| Material weakness(es) identified?   | ___ yes <u>  x  </u> no            |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | ___ yes <u>  x  </u> none reported |

|   |                   |
|---|-------------------|
| Type of auditor’s report issued on compliance for major programs: | <u>Unmodified</u> |
|---|-------------------|

|  |                         |
|--|-------------------------|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ___ yes <u>  x  </u> no |
|--|-------------------------|

Identification of major programs:

|                     |   |
|---------------------|---|
| <u>AL Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|

|               |                         |
|---------------|-------------------------|
| 10.555/10.553 | Child Nutrition Cluster |
|---------------|-------------------------|

|  |                  |
|--|------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$750,000</u> |
|--|------------------|

|  |                         |
|--|-------------------------|
| Auditee qualified as low-risk auditee? | ___ yes <u>  x  </u> no |
|--|-------------------------|

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2022-001 Finding – Segregation of Duties**

**Criteria**

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

**Condition**

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

**Cause**

The District is subject to size and budget constraints limiting the number of personnel within the accounting department.

**Effect**

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

**Recommendation**

We recommend the District review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

**View of Responsible Officials and Planned Corrective Actions**

Due to additional costs, the District will continue to keep the staff at the current level. The District will try to involve the Board of Education more actively in the review and supervision of disbursements and transactions.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2022-002 Finding – Financial Statement Preparation**

**Criteria**

An appropriate system of internal controls requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

**Condition**

The District's personnel prepare periodic financial information for internal use that meets the needs of management and the Board of Education. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

**Cause**

The District elected to not allocate resources for the preparation of the financial statements.

**Effect**

There is an increased risk of material misstatement to the District's financial statements.

**Recommendation**

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

**View of Responsible Officials and Planned Corrective Actions**

The District will continue to have the auditor prepare the financial statements. It is currently not cost-effective for management to perform the preparation.

**SECTION III – FEDERAL AWARD FINDINGS**

There are no findings to report in this section.

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2021-001 Finding – Segregation of Duties**

**Criteria or Specific Requirement**

To provide reasonable assurance that segregation of duties takes place while also taking into account the size of the District.

**Condition**

The Business Manager of the District is responsible for all accounting functions involved. The employee handles in some capacity all income of monies, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger. Considering the size of the District, it is not feasible to obtain proper segregation of duties and the degree of internal control is severely limited.

**Current year status**

See 2022-001

**2021-002 Finding – Financial Statement Preparation**

**Criteria or Specific Requirement**

An appropriate system of internal controls requires that a District make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with the modified cash basis of accounting. This requires the District's personnel to maintain a working knowledge of current modified cash basis of accounting required financial statement disclosures.

**Condition**

The District's auditor prepared the financial statements for the year ended. In addition, adjusting entries were proposed to bring the financial statements into compliance with the modified cash basis of accounting (MCB). An appropriate system of internal controls requires that a district must make a determination that financial statements and the underlying general ledger accounts are properly state in compliance with MCB. This requires the District's personnel to maintain a working knowledge of current accounting principles in accordance with MCB.

**Current year status**

See 2022-002

**CENTRAL CASS PUBLIC SCHOOL DISTRICT NO. 17**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2021-003 Reporting**

**Federal Program**

Child Nutrition Cluster AL #10.555 and #10.559 – Material Weakness

**Criteria**

The Uniform Guidance requires all entities that expend in excess of \$750,000 to file audited financial statements within 9 months of year-end.

**Condition**

The District's June 30, 2021 audited financial statements were not filed with the Federal Audit Clearinghouse within 9 months of the District's year-end.

**Current Year Status**

This finding has been removed as the report was filed timely.



# Central Cass School District

## CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2021

### 2022-001

#### Contact Person

Pam Utt, Business Manager

#### Corrective Action Plan

Management and the Board of Education plans on reviewing control processes and segregating duties further to mitigate the risk of authorized transactions or loss of assets.

#### Planned Completion Date for CAP

When it becomes economically feasible, the District will hire additional personnel in the accounting department to improve segregation of duties. As such, the completion date is ongoing.

### 2022-002

#### Contact Person

Pam Utt, Business Manager

#### Corrective Action Plan

No action is planned on the finding. The District feels that the additional costs to the District would not be significantly beneficial. The District does mitigate this situation through the review of the draft financial statements and accompanying notes to the financial statements.

#### Planned Completion Date for CAP

None. See above.