

**FORT TOTTEN PUBLIC SCHOOL
DISTRICT NO. 30
Fort Totten, North Dakota**

***REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended June 30, 2022***

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
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Year Ended June 30, 2022

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Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

School Board
Fort Totten Public School District No. 30
Fort Totten, North Dakota

Report on the Audit of the Financial Statements

Disclaimer of Opinions

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**, Fort Totten, North Dakota 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 as listed in the contents.

We do not express an opinion on the accompanying financial statements. **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The **Fort Totten Public School District No. 30** did not maintain adequate accounting records to provide sufficient information for the preparation of the financial statements including the following:

- Bank reconciliations were not prepared monthly
- Duplication of revenue postings totaling approximately \$1,558,000
- Posting of 2020/2021 revenues to the current period totaling approximately \$1,215,000

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Fort Totten Public School District No. 30's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of **Fort Totten Public School District No. 30** financial statements 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

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INDEPENDENT AUDITOR'S REPORT - continued

of the United States. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of **Fort Totten Public School District No. 30** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions and notes to the required supplementary information on pages 32 through 39, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, since we were unable to obtain sufficient appropriate audit evidence. We do not express an opinion or provide any assurance on the information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The 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 not a required part of the basic financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2024, on our consideration of the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30'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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** internal

INDEPENDENT AUDITOR'S REPORT - continued

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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**'s internal control over financial reporting and compliance.

Schauwer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
September 28, 2024

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota STATEMENT OF NET POSITION June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,293,217
Receivables from others	3,502,539
Capital assets	
Building and improvements	4,521,306
Furniture, equipment and vehicles	1,021,736
Less: accumulated depreciation	<u>(1,053,504)</u>
Total Capital Assets	<u>4,489,538</u>
Total Assets	<u>9,285,294</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions - TFFR	701,186
Deferred outflows of resources related to pensions - PERS	521,182
Deferred outflows of resources related to OPEB	<u>10,221</u>
Total Deferred Outflows of Resources	<u>1,232,589</u>
 Total Assets and Deferred Outflows of Resources	<u><u>\$ 10,517,883</u></u>
 LIABILITIES	
Accounts payable and accrued expenses	\$ 356,973
Long-term liabilities	
Due in more than one year	
Compensated absences	116,485
Net pension obligation - TFFR	2,506,969
Net pension obligation - PERS	399,826
Net OPEB liability	<u>20,742</u>
Total Liabilities	<u>3,400,995</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions - TFFR	1,027,081
Deferred inflows of resources related to pensions - PERS	812,294
Deferred inflows of resources related to pensions - OPEB	<u>11,696</u>
Total Deferred Inflows of Resources	<u>1,851,071</u>
 NET POSITION	
Net investment in capital assets	4,489,538
Restricted for:	
Capital projects	36,109
Unrestricted	<u>740,170</u>
Total Net Position	<u>5,265,817</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 10,517,883</u></u>

The accompanying notes are an integral part of these financial statements.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government				
Business support services	\$ 81,157	\$	\$	\$ (81,157)
Instructional support services	16,373			(16,373)
Administration services	401,802			(401,802)
Operation and maintenance of plant	49,813		1,527	(48,286)
Transportation	107,014		147,914	40,900
Regular instruction	1,418,483	525	892,190	(525,768)
Special education	330,023		181,234	(148,789)
Vocational education	89,567		97,556	7,989
ESSER/CARES	2,307,404		2,542,360	234,956
Extracurricular activities	176,480		109,496	(66,984)
Total Governmental Activities	\$ 4,978,116	\$ 525	\$ 3,972,277	(1,005,314)
General revenues:				
Property taxes				47,990
Unrestricted state aid				1,676,659
Unrestricted federal aid				1,500,270
Unrestricted investment earnings				6,666
<i>Special Item - gain on disposition of assets</i>				250
Total general revenues, special items, and transfers				3,231,835
Change in net position				2,226,521
Net position - beginning of year				
				3,039,296
Net position - ending of year				
				\$ 5,265,817

The accompanying notes are an integral part of these financial statements.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota
BALANCE SHEET
Governmental Funds
June 30, 2022

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 1,240,080	\$ 36,109	\$ 17,028	\$ 1,293,217
Taxes receivable, net	3,285			3,285
Receivables from others	3,499,254			3,499,254
Total Assets and Deferred Outflows of Resources	<u>\$ 4,742,619</u>	<u>\$ 36,109</u>	<u>\$ 17,028</u>	<u>\$ 4,795,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 181,407	\$	\$	\$ 181,407
Accrued contracts and benefits	175,566			175,566
Total Liabilities	<u>356,973</u>			<u>356,973</u>
Deferred inflows of resources:				
Unavailable revenue	3,285			3,285
Fund balances:				
Restricted		36,109	17,028	53,137
Unassigned	4,382,361			4,382,361
Total Fund Balances	<u>4,382,361</u>	<u>36,109</u>	<u>17,028</u>	<u>4,435,498</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,742,619</u>	<u>\$ 36,109</u>	<u>\$ 17,028</u>	<u>\$ 4,795,756</u>

The accompanying notes are an integral part of these financial statements.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
June 30, 2022

Total fund balance, governmental funds	\$	4,435,498
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		4,489,538
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		3,285
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Net OPEB liability and OPEB related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:

Net OPEB liability		(20,742)
Deferred outflows of resources		10,221
Deferred inflows of resources		(11,696)

Net PERS pension liability and pension related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:

Net pension liability		(399,826)
Deferred outflows of resources		521,182
Deferred inflows of resources		(812,294)

Net TFFR pension liability and pension related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:

Net pension liability		(2,506,969)
Deferred outflows of resources		701,186
Deferred inflows of resources		(1,027,081)

Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(116,485)
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Net Position of Governmental Activities in the Statement of Net Position	\$	5,265,817
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The accompanying notes are an integral part of these financial statements.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended June 30, 2022

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources	\$ 46,992	\$	\$ 109,496	\$ 156,488
State sources	1,978,686			1,978,686
Federal sources	5,061,023			5,061,023
Investment earnings	6,666			6,666
Miscellaneous	776			776
Total Revenues	<u>7,094,143</u>	<u></u>	<u>109,496</u>	<u>7,203,639</u>
EXPENDITURES				
Current				
Business support services	139,712			139,712
Instructional support services	17,701			17,701
Administration	323,542			323,542
Operations and maintenance	49,813			49,813
Transportation	107,013			107,013
Regular education	339,348			339,348
Federal	968,646			968,646
Special education	251,891			251,891
Vocational education	89,296			89,296
ESSER/CARES	2,518,475			2,518,475
Extracurricular activities	72,006		129,622	201,628
Capital Outlay		293,891		293,891
Total Expenditures	<u>4,877,443</u>	<u>293,891</u>	<u>129,622</u>	<u>5,300,956</u>
Excess (deficiency) of revenues over expenditures	<u>2,216,700</u>	<u>(293,891)</u>	<u>(20,126)</u>	<u>1,902,683</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		150,000	7,300	157,300
Transfers out	(157,300)			(157,300)
Total other financing sources (uses)	<u>(157,300)</u>	<u>150,000</u>	<u>7,300</u>	<u></u>
Net change in fund balances	2,059,400	(143,891)	(12,826)	1,902,683
Fund balances - beginning	2,322,961	180,000	29,854	2,532,815
Fund balances - ending	<u>\$ 4,382,361</u>	<u>\$ 36,109</u>	<u>\$ 17,028</u>	<u>\$ 4,435,498</u>

The accompanying notes are an integral part of these financial statements.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
Year Ended June 30, 2022

Net change in fund balances - total governmental funds:	\$	1,902,683
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay \$346,025 exceeded depreciation \$197,776 in the current period.		148,249
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		997
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.		(9,816)
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Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension expense		184,408
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Change in net position of governmental activities	\$	2,226,521
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The accompanying notes are an integral part of these financial statements.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

The School District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below.

A. Description of the Reporting Entity

The **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30** is organized under the laws of the State of North Dakota. It is governed by an elected five-member board and provides a system of free public schools for all children of legal age residing within the district. It operates the pre-K and high school in Fort Totten, North Dakota.

B. Reporting Entity

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. No component units of the District have been excluded from this report.

C. Basis of Presentation

District - Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The School District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The School District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the financial statements.

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

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

C. Basis of Presentation - continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the School District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are utilized to account for most of the School District's governmental functions. The School District's major governmental funds are as follows:

General Fund

The General Fund is the operating fund of the School District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund

The Building Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for acquiring school sites, constructing and equipping new school facilities and renovating existing facilities.

Non-Major Funds

The School District reports the following non-major funds:

 Special Revenue Funds
 Student Activity Fund

D. Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains,

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

D. Basis of Accounting - continued

losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest not matured on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenue is recorded as revenue in the year the tax is levied in the government-wide financial statements. Property tax revenues in the governmental funds are recorded when it becomes available.

Property taxes are levied and certified no later than October 10 and property taxes attach as an enforceable lien on property as of January 1 and are due and payable at that time. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the School District on a monthly basis.

State general and categorical aids and other entitlements are recognized as revenue in the period the School District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the School District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided by other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received before the district has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

E. Measurement Focus

On the government-wide Statement of Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

E. Measurement Focus - continued

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds, and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

Liabilities for claims, judgments, compensated absences and pension contributions that will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

G. Deposits

The School District maintains deposits at depository banks that are members of the Federal Reserve System. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentality's, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, 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, or instrumentality's, or by any county, city, 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 any other state of the United States or such other securities approved by the banking board.

Interest rate risk. The School 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.

Credit risk. North Dakota state statute authorizes school districts to invest their surplus funds in:

1. 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.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.
4. Obligations of the state.

The School District has no cash and cash equivalents other than demand and time deposits.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

G. Deposits - continued

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2022, the School District's deposits were insured or collateralized with securities held by the financial institutions. (See Note 2)

H. Cash Flow Information

For purposes of the statement of cash flows, the School District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

I. Capital Assets

District-Wide Statements

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 assets 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 School District's fiscal year. The School District has established a capitalization threshold of \$5,000. Donated capital assets are recorded at their fair market value at the date received. The School District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

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

Building and improvements	20 - 50 years
Furniture, equipment and vehicles	5 - 8 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

J. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of compensated absences, net pension obligations and OPEB liability.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

K. Compensated Absences

The School District allows employees fifteen (15) days of sick leave/family leave/emergency leave annually which may be accumulated to 165 days. At the end of each school year, any days over 150 will be bought back by the school board at the rate of \$75 per day. The board shall buy back any unused sick leave/family leave/emergency leave days whenever an employee leaves the school district, after five years of employment, at the rate of \$80 per day.

L. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
2. Restricted net position - consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
3. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balances

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as, inventories and prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the School Board.

Assigned - consists of amounts intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2022

L. Equity Classifications - continued

Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

The School District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the School District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District currently has deferred outflows of resources related to pensions.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School District currently has deferred inflows of resources related to pensions. The School District has unavailable revenue from a variety of resources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Teachers' Fund for Retirement (NDTFFR) and additions to/deductions from NDTFFR's fiduciary net position have been determined on the same basis as they are reported by NDTFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS's fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of measuring the net NDPERS Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the NDPERS OPEB and additions to/deductions from the NDPERS'OPEB fiduciary net position have been determined on the same basis as they are reported by NDPERS OPEB. For

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**Fort Totten, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2022****N. Pensions – continued**

this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Cash and Cash Equivalents

The following summary presents the amount of the School District's deposits which are fully insured or collateralized with securities held by the School District or its agent in the School District's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the School District's name (Category 2), and those deposits which are not collateralized (Category 3) at June 30, 2022.

	<u>Category 1</u>	<u>Category 2</u>	<u>Bank Balance</u>	<u>Book Balance</u>
Governmental activities				
Cash and cash equivalents	<u>\$ 500,000</u>	<u>\$1,257,039</u>	<u>\$ 1,757,039</u>	<u>\$ 1,293,217</u>

3. Receivables from Others

Property taxes	\$ 3,285
MKV	793
CTE reimbursement	97,556
IDEA B Grant	78,131
Title I	482,611
Title II A	90,906
Title IV	140,642
Student placement	56,557
Rural education	4,322
Carl Perkins	40,104
ESSER	2,507,632
	<u>\$ 3,502,539</u>

4. Interfund Transfers

Transfers to/from other funds at June 30, 2022, consist of the following:

Transfer from general fund to the school activity fund	\$ 7,300
Transfer from general fund to the building fund	150,000
	<u>\$157,300</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Construction in progress	<u>\$ 70,000</u>	<u>\$</u>	<u>\$ 70,000</u>	<u>\$</u>
Total Capital Assets Not Being Depreciated	<u>70,000</u>		<u>70,000</u>	

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**Fort Totten, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2022****5. Capital Assets - continued**

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets Being Depreciated				
Building and improvements	4,157,415	363,891		4,521,306
Furniture, equipment and vehicles	969,602	52,134		1,021,736
Total Capital Assets Being Depreciated	5,127,017	416,025		5,543,042
Total Capital Assets	5,197,017	416,025	70,000	5,543,042
Less Accumulated Depreciation for				
Building and improvements	342,701	92,553		435,254
Furniture, equipment and vehicles	513,027	105,223		618,250
Total Accumulated Depreciation	855,728	197,776		1,053,504
Net Capital Assets	\$ 4,341,289	\$ 218,249	\$ 70,000	\$ 4,489,538

In the governmental activities section of the Statement of Activities, depreciation was charged to the following governmental functions:

Regular instruction	\$ 88,999
Vocational education	88,999
Administration services	19,778
	<u>\$ 197,776</u>

6. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2022, was as follows:

Primary Government

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
Compensated absences	\$ 106,670	\$ 9,815	\$	\$ 116,485	\$
Net pension obligation - TFFR	3,394,598		887,629	2,506,969	
Net pension obligation - PERS	1,189,070		789,244	399,826	
Net OPEB liability	30,028		9,286	20,742	
Total Long-Term Liabilities	<u>\$ 4,720,366</u>	<u>\$ 9,815</u>	<u>\$ 1,686,159</u>	<u>\$ 3,044,022</u>	<u>\$</u>

7. North Dakota Teachers' Fund for Retirement

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

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

7. North Dakota Teachers' Fund for Retirement - continued

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.

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

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2022

7. North Dakota Teachers' Fund for Retirement - continued

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 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 on 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 70 ½. Refunded members forfeit all

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**Fort Totten, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2022****7. North Dakota Teachers' Fund for Retirement - continued**

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported a liability of \$2,506,969 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the District's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2021, the School District's proportion was .23793068% which was an increase of .016135% from its proportion measured as of July 1, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$45,688. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,418	\$ 105,726
Changes in assumptions	88,056	
Net difference between projected and actual earnings on pension plan investments		734,578
Changes in proportion and differences between employer contributions and proportionate share of contributions	337,774	186,777
School District contributions subsequent to the measurement date	257,938	
Total	<u>\$ 701,186</u>	<u>\$ 1,027,081</u>

Deferred outflows of resources related to pensions in the amount of \$257,938 resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (198,031)
2024	(155,387)
2025	(170,927)
2026	(168,188)
2027	46,277
Thereafter	62,424

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

7. North Dakota Teachers' Fund for Retirement - continued

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80% varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disabled retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2021, funding actuarial valuation for TFFR.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of July 1, 2021 is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	55%	6.9%
Global Fixed Income	26%	0.7%
Global Real Assets	18%	4.80%
Cash Equivalents	1%	-1.0%

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2021 Actuarial Valuation Report. For

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

7. North Dakota Teachers' Fund for Retirement - continued

this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2021. Therefore, the long-term expected rate of return on TFFR investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2021, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 3,764,307	\$ 2,506,969	\$ 1,462,877

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.

8. North Dakota Public Employees Retirement System

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 will be replaced

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

8. North Dakota Public Employees Retirement System - continued

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.

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 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 of 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.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**Fort Totten, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2022****8. North Dakota Public Employees Retirement System - continued**

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School District reported a liability of \$399,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the School District's proportion was .038360% which was an increase of .000564% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$63,306. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,903	\$ 40,808
Changes of assumptions	442,530	576,967
Net difference between projected and actual earnings on pension plan investments		148,289
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,873	46,230
School District contributions subsequent to the measurement date	32,876	
Total	<u>\$ 521,182</u>	<u>\$ 812,294</u>

Deferred outflows of resources related to pensions in the amount of \$32,876 resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (49,354)
2024	(80,036)
2025	(52,213)
2026	(142,385)

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

8. North Dakota Public Employees Retirement System - continued

Actuarial Assumptions. The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	30%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate. For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

8. North Dakota Public Employees Retirement System - continued

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 635,858	\$ 399,826	\$ 203,293

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

9. North Dakota Public Employees Retirement System - Other Post-Employment Benefits (OPEB)

The following brief description of the NDPERS (OPEB) is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and the Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expenses. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB 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.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**Fort Totten, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2022****9. North Dakota Public Employees Retirement System - Other Post-Employment Benefits (OPEB) – continued**

applied each year is shown as “prefunded credit applied” on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee’s, or deceased employee’s years of credited service not to exceed the premium in effect for the selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the School District reported a liability of \$20,742 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District’s proportion of the net OPEB liability was based on the School District’s share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the School District’s proportion was .037295%, which was an increase of .001598% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expenses of \$2,366. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,192	\$ 569
Changes in assumptions	3,212	
Net difference between projected and actual earnings on OPEB plan investments		7,107
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,358	4,020
School District contributions subsequent to the measurement date	3,459	
Total	<u>\$ 10,221</u>	<u>\$ 11,696</u>

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**Fort Totten, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2022****9. North Dakota Public Employees Retirement System - Other Post-Employment Benefits (OPEB) - continued**

\$3,459 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ (898)
2024	(949)
2025	(1,211)
2026	(1,837)
2027	(39)

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

9. North Dakota Public Employees Retirement System - Other Post-Employment Benefits (OPEB) – continued

Discount rate. The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
School District's proportionate share of the net OPEB liability	\$ 30,764	\$ 20,742	\$ 12,263

10. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, or 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 (NDRF), 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 School District pays an annual premium to NDRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRF is limited to losses on one million dollars per occurrence.

The School District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The School District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the School 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.

The School District participates in the North Dakota Worker's Compensation Bureau and purchases commercial insurance for employee health and accident insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2022

12. Contingencies

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The School District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the School District as of June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

BUDGETARY COMPARISON SCHEDULE

General Fund

Year ended June 30, 2022

	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget
REVENUES				
Local sources	\$ 78,400	\$ 78,400	\$ 46,992	\$ (31,408)
State sources	2,137,717	2,137,717	1,978,686	(159,031)
Federal sources	6,895,579	6,895,579	5,061,023	(1,834,556)
Investment earnings	8,000	8,000	6,666	(1,334)
Miscellaneous	450	450	776	326
Total Revenues	9,120,146	9,120,146	7,094,143	(2,026,003)
EXPENDITURES				
Current				
Business support services	157,239	157,239	139,712	17,527
Instructional support services	109,569	109,569	17,701	91,868
Administration	394,808	394,808	323,542	71,266
Operations and maintenance	164,318	164,318	49,813	114,505
Transportation	284,581	284,581	107,013	177,568
Regular education	1,222,470	1,222,470	339,348	883,122
Federal	728,761	728,761	968,646	(239,885)
Special education	447,551	447,551	251,891	195,660
Vocational education	408,598	408,598	89,296	319,302
ESSER/CARES	2,524,936	2,524,936	2,518,475	6,461
Extracurricular activities	200,564	200,564	72,006	128,558
Total Expenditures	6,643,395	6,643,395	4,877,443	1,765,952
Excess (deficiency) of revenues over expenditures	2,476,751	2,476,751	2,216,700	(260,051)
OTHER FINANCING SOURCES (USES)				
Transfer out			(157,300)	(157,300)
Total other financing sources (uses)			(157,300)	(157,300)
Net change in fund balances	2,476,751	2,476,751	2,059,400	(417,351)
Fund balances - beginning	2,322,961	2,322,961	2,322,961	
Fund balances - ending	\$ 4,799,712	\$ 4,799,712	\$ 4,382,361	\$ (417,351)

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Year Ended June 30, 2022

Note A - Budgets and Budgetary Accounting

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

1. The Administration prepares the School District budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.
2. The Board reviews the budget, may make revisions and adopts the final budget on or before August 15 of each year to ensure it is adopted before the tenth of October each year. The budget is then filed with the county auditor by October tenth 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 of each year. The budget amounts shown in the financial statements are the final authorized amounts.
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.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET PENSION LIABILITY
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.038360%	3.779600%	0.034764%	0.043769%	0.044612%	0.035511%	0.038304%	0.044874%
Employer's proportionate share of the net pension liability	\$ 399,826	\$ 1,189,070	\$ 407,459	\$ 738,650	\$ 717,062	\$ 346,089	\$ 260,461	\$ 284,825
Employer's covered payroll	\$ 434,387	\$ 416,932	\$ 361,603	\$ 449,650	\$ 455,416	\$ 357,864	\$ 344,540	\$ 380,723
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.04%	285.20%	112.68%	164.27%	157.45%	96.71%	75.60%	74.81%
Plan fiduciary net position as a percentage of the total pension liability	78.26%	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%

*Complete data for this schedule is not available prior to 2015.

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 32,034	\$ 29,523	\$ 26,327	\$ 33,118	\$ 33,023	\$ 29,280	\$ 28,443	\$ 31,448
Contributions in relation to the statutorily required contributions	\$ (33,242)	\$ (30,020)	\$ (28,227)	\$ (33,823)	\$ (29,347)	\$ (29,280)	\$ (28,443)	\$ (31,448)
Contribution deficiency (excess)	\$ (1,208)	\$ (497)	\$ (1,900)	\$ (705)	\$ 3,676	\$	\$	\$
Employer's covered-employee payroll	\$ 434,387	\$ 416,932	\$ 361,603	\$ 449,650	\$ 455,416	\$ 357,864	\$ 344,540	\$ 380,723
Contributions as a percentage of covered-employee payroll	7.65%	7.20%	7.81%	7.52%	6.44%	8.18%	8.26%	8.26%

*Complete data for this schedule is not available prior to 2015.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

ND Public Employees Retirement System

Change of benefit terms.

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Change of assumptions.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.0%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET OPEB LIABILITY

ND Public Employees Retirement System

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability	0.037295%	0.035697%	0.032406%	0.041093%	0.042096%
Employer's proportionate share of the net OPEB liability	\$ 20,742	\$ 30,028	\$ 26,028	\$ 32,364	\$ 33,298
Employer's covered payroll	\$ 406,613	\$ 406,932	\$ 361,603	\$ 449,650	\$ 455,416
Employer's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	5.10%	7.38%	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	76.63%	63.38%	63.13%	61.89%	59.78%

*Complete data for this schedule is not available prior to 2018.

SCHEDULE OF SCHOOL DISTRICT'S OPEB CONTRIBUTIONS

ND Public Employees Retirement System

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 4,890	\$ 4,781	\$ 4,205	\$ 5,274	\$ 5,294
Contributions in relation to the statutorily required contributions	\$ (4,789)	\$ (4,807)	\$ (4,504)	\$ (5,411)	\$ (4,699)
Contribution deficiency (excess)	\$ 101	\$ (26)	\$ (299)	\$ (137)	\$ 595
Employer's covered-employee payroll	\$ 406,613	\$ 406,932	\$ 361,603	\$ 449,650	\$ 455,416
Contributions as a percentage of covered-employee payroll	1.18%	1.18%	1.25%	1.20%	1.03%

*Complete data for this schedule is not available prior to 2018.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

North Dakota Public Employees Retirement System - Other Post-Employment Benefits

Change of benefit terms.

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

Change of assumptions.

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET PENSION LIABILITY
ND Teachers' Fund for Retirement
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.237931%	0.221796%	0.219475%	0.204061%	0.230455%	0.235592%	0.250954%	0.250954%
Employer's proportionate share of the net pension liability	\$ 2,506,969	\$ 3,394,598	\$ 3,022,725	\$ 2,719,849	\$ 3,165,362	\$ 3,451,561	\$ 3,282,115	\$ 2,760,028
Employer's covered payroll	\$ 1,833,731	\$ 1,618,359	\$ 1,539,679	\$ 1,387,228	\$ 1,555,507	\$ 1,530,700	\$ 1,543,627	\$ 1,527,893
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	136.71%	209.76%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64%
Plan fiduciary net position as a percentage of the total pension liability	75.70%	63.40%	65.50%	65.50%	63.20%	59.20%	66.60%	62.10%

*Complete data for this schedule is not available prior to 2015.

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
ND Teachers' Fund for Retirement
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 257,938	\$ 233,422	\$ 206,341	\$ 196,309	\$ 176,871	\$ 180,536	\$ 193,708	\$ 196,803
Contributions in relation to the statutorily required contributions	\$ (257,938)	\$ (233,422)	\$ (206,341)	\$ (196,309)	\$ (176,871)	\$ (180,536)	\$ (193,708)	\$ (196,803)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$
Employer's covered-employee payroll	\$ 1,833,731	\$ 1,618,359	\$ 1,539,679	\$ 1,387,228	\$ 1,555,507	\$ 1,530,700	\$ 1,543,627	\$ 1,527,893
Contributions as a percentage of covered-employee payroll	14.07%	14.42%	13.40%	14.15%	11.37%	11.79%	12.55%	12.88%

*Complete data for this schedule is not available prior to 2015.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

ND Teachers' Fund for Retirement

Changes of assumptions. Amounts reported in 2021 and later reflect the following actuarial assumption changes based on the results of an actuarial experience study dated March 19, 2020.

- Investment return assumption lowered from 7.75% to 7.25%;
- Inflation assumption lowered from 2.75% to 2.30%;
- Individual salary increases were lowered;
- Rates of turnover, retirement and disability were changed to better reflect anticipated future experience;
- The post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019;
- The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019; and
- The pre-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

Amounts reported in 2016-2020 reflect the following actuarial assumption changes based on the results of an actuarial experience study dated April 30, 2015.

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

OTHER SUPPLEMENTARY INFORMATION

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
SCHOOL DISTRICT OFFICIALS
June 30, 2022

Ivan Lovejoy	President
ReNa Lohnes	Vice-President
Deborah LaVallie	Board Member
Lynette Lovejoy	Board Member
Donna Black Graywater	Board Member
Jeff Olson	Superintendent
Christina Anderson	Business Manager

Schauer & Associates, P.C.

Certified Public Accountants

**INDEPENDENT AUDITORS' 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***

School Board

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30

Fort Totten, North Dakota

We were engaged to audit, 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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**'s basic financial statements and have issued our report thereon dated September 28, 2024. Our report disclaims an opinion on such financial statements because the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30** did not maintain adequate accounting records to provide sufficient information for the preparation of the financial statements.

Report on Internal Control over Financial Reporting

In planning and performing our engagement to audit the financial statements of **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**, we considered **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**'s internal control over financial reporting (internal control) as a basis for designing 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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-01, 2022-02, 2022-03, 2022-04 and 2022-05 to be material weaknesses.

INDEPENDENT AUDITORS' 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* – continued

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-06 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Audit Findings and Questioned Costs as item 2022-07.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** response was not subjected to the other auditing procedures applied in the engagement to audit 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 entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schau & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
September 28, 2024

Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
Fort Totten Public School District No. 30
Fort Totten, North Dakota

Report on Compliance for Each Major Federal Program

We were engaged to audit **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30'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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** major federal programs for the year ended June 30, 2022. **Fort Totten Public School District No. 30's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Basis for Disclaimer of Opinion on All Major Federal Programs

As described in the accompanying schedule of findings and questioned costs under items 2022-07, **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30** was unable to provide the auditor with detailed financial reports and supporting documentation for the year ended June 30, 2022, consequently we were unable to test all material compliance requirements regarding the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** major programs as listed in the schedule of findings and questioned costs. Compliance with such requirements is necessary, in our opinion, for **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30** to comply with the requirements applicable to that 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

Disclaimer of Opinion on All Major Federal Programs

Because of the significance of the effects of the noncompliance in the Basis for Disclaimer of Opinion on All Major Federal Programs paragraph, we were unable to obtain sufficient appropriate evidence to provide an audit opinion on the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** compliance with material compliance requirements. Accordingly, we do not express an opinion on the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** compliance with material compliance requirements.

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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** federal programs.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - continued

Auditors' Responsibilities for the Audit of Compliance

Our responsibility is to express an opinion and to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30'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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** compliance with the requirements of each major federal program as a whole.

Because of the matter described in the Basis for Disclaimer of Opinion on All Major Federal Program paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** compliance with major compliance requirements and therefore, express no opinion. However, our audit does not provide a legal determination of **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** compliance.

Other Matters

The **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and correction action plan. The **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30's** 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE - continued**

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schau & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
September 28, 2024

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-through Grantor Numbers	Expenditures
U.S. Department of Education			
Direct Funding			
Impact Aid *	84.041	N/A	\$ 1,497,475
Indian Education Grants to Local Educational Agencies	84.060	N/A	56,101
Total Direct Funding			<u>1,553,576</u>
Passed through North Dakota Department of Public Instruction			
Title 1 Grants to Local Educational Agencies	84.010	F84010	597,406
Title X Education for Homeless Children and Youth	84.196	F84196A	793
Title II A Supporting Effective Instruction State Grant	84.367	F84367	159,758
Rural Education	84.358	F84358	4,322
Title IV Student Support and Academic Enrichment	84.424	F84424A	78,132
COVID 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act*	84.425	F84425D	2,542,360
IDEA B Grants for Children with Disabilities	84.027	F84027A	78,131
IDEA B Preschool Grants	84.173	F84173A	6,441
Special Education Cluster			<u>84,572</u>
Total Passed through North Dakota Department of Public Instruction			<u>3,467,343</u>
Passed through North Dakota Department of Career and Technical Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	40,104
Total Passed through North Dakota Department of Career And Technical Education			<u>40,104</u>
Total U.S. Department of Education			<u>5,061,023</u>
Total Federal Funds			<u>\$ 5,061,023</u>

* MAJOR PROGRAM

The notes are an integral part of this statement

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

A. Basis of Presentation/Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30** under programs of the federal government for the year ended June 30, 2022. The information in this schedule 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 **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the **FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30**. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts or matches from non-federal sources.

B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.

C. Indirect Cost Rate

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30 has elected not to use the 10-percent de minimis indirect cost rate as allotted under the Uniform Guidance.

FORT TOTTEN PUBLIC SCHOOL DISTRICT NO. 30
Fort Totten, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

A. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report:

Governmental Activities

Disclaimer of Opinion

Major Funds

Disclaimer of Opinion

Aggregate Remaining Fund Information

Disclaimer of Opinion

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

 X Yes None reported

Noncompliance material to financial statements noted?

 X Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 X Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

 X Yes None reported

Type of auditors' report issued on compliance for major programs

Disclaimer of Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

 X Yes No

Identification of major programs

84.041

Impact Aid

84.425

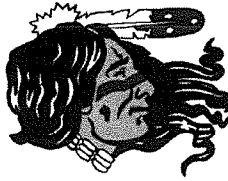
COVID 19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act*

Dollar threshold used to distinguish between type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No



WEB SITE
www.fourwinds.k12.nd.us
PHONE
(701)766-1476
FAX
(701)766-1475

Four Winds Community High School
FORT TOTTEN PUBLIC SCHOOL
DISTRICT #30
P.O. BOX 239
7268 HWY 57
FORT TOTTEN, NORTH DAKOTA 58335

ADMINISTRATION
Jeff Olson, Superintendent
(701)766-1427
Travis Mertens, Interim Principal
(701)766-1402
Christina Anderson, Business Manager
(701)766-1438

CORRECTIVE ACTION PLAN
Year Ended June 30, 2022

Contact Person Responsible for Corrective Action Plan: Jeff Olson, Superintendent

Financial Statement Findings

Finding 2022-001 LACK OF SEGREGATION OF DUTIES - Material Weakness

Condition:

The Fort Totten Public School District has one business manager responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger, perform bank reconciliations, and prepare financial statements.

Corrective Action Plan:

The business manager will work with an outside individual to perform bank reconciliations.

Anticipated Completion Date:

11-01-2024

Finding 2022-002 BANK RECONCILIATION - Material Weakness

Condition

The Fort Totten Public School District did not prepare bank reconciliations monthly for the various accounts.

Corrective Action Plan:

The business manager will work with an outside individual to perform bank reconciliations..

Anticipated Completion Date:

11-01-2024

Finding 2022-003 REVENUE CLASSIFICATION AND CUTOFF- Material Weakness

Condition

Fort Totten Public School District inappropriately included \$1,208,396.80 of revenues in fiscal year 2022, which were applicable for fiscal year 2021. Fort Totten Public School District duplicated entries to the Impact Aid revenue account in the amount of \$1,495,948. Additional duplicate entries were found in interest income and tax collections.

Corrective Action Plan:

The business manager will enroll and complete the School Business Manager Certification Program. The business manager will utilize a North Dakota School Business Manager Mentor for assistance. The business manager will work with an outside individual who will perform reconciliation duties to provide more separation of duties. The business manager will contact the Finance Office for the North Dakota Department of Public Instruction and report the issues, asking for assistance to correct the response.

Anticipated Completion Date:

Enroll in ND School Business Manager Certification-12-01-2021 (Enrolled 10-01-2021)

Complete in ND School Business Manager Certification-11-01-2024 (completed 09-01-2024)

Work with ND School Business Manager Mentor- 12-01-2021 (Completed 09-01-2021)

Contact ND DPI Finance Officer-11-01-2024 (completed 10-02-2024)

Hire Outside Individual to perform bank reconciliations -11-01-2024 (completed 09-15-2024)

Finding 2022-004 SCHOOL DISTRICT FINANCIAL REPORT – Material Weakness and Material Noncompliance

Condition

Fort Totten Public School District submitted the School District Financial Report for the 2021 - 2022 school year to the North Dakota Department of Public Instruction that contained revenues, expenditures, and fund balances that did not agree to the underlying financial records.

Corrective Action Plan:

The business manager will enroll and complete the School Business Manager Certification Program. The business manager will utilize a North Dakota School Business Manager Mentor for assistance. The business manager will work with an outside individual who will perform reconciliation duties to provide more separation of duties. The business manager will contact the Finance Office for the North Dakota Department of Public Instruction and report the issues, asking for assistance to correct the response.

Anticipated Completion Date:

Enroll in ND School Business Manager Certification-12-01-2021 (Enrolled 10-01-2021)

Complete in ND School Business Manager Certification-11-01-2024 (completed 09-01-2024)

Work with ND School Business Manager Mentor- 12-01-2021 (Completed 09-01-2021)

Contact ND DPI Finance Officer-11-01-2024 (completed 10-02-2024)

Hire outside individual to perform bank reconciliations -11-01-2024 (completed 09-15-2024)

Finding 2022-005 FINANCIAL STATEMENT PREPARATION -Material Weakness

Condition

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

Corrective Action Plan:

Continue to have auditors prepare the financial statements including accompanying note disclosures

Anticipated Completion Date:
10-01-2024

Finding 2022-006 FRAUD RISK ASSESSMENT-Significant Deficiency

Condition

Fort Totten Pubic School District does not currently prepare a fraud risk assessment of the entire entity.

Corrective Action Plan:

The School District will have the business manager request fraud risk assessment forms from other school districts for the board to review and implement.

Anticipated Completion Date:

Request Risk Assessments: 10-10-2024

Review and Choose Fraud Risk Assessment form: 12-01-2024

Implement Form: 01-31-2025

Federal Awards Findings and Questioned Costs

Finding 2022-007 Noncompliance UNTIMELY FILING OF THE DATA COLLECTION FORM - Other

Condition

Fort Totten Pubic School District did not submit its Data Collection Form to the Federal Audit Clearinghouse within nine months of its year-end.

Corrective Action Plan:

Complete audits for 2023, 2024, and 2025 by 03-31-2026

Anticipated Completion Date:

Complete 2023 Audit-03-31-2025

Complete 2024 Audit-10-31-2025

Complete 2025 Audit-03-31-2026