MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
INKSTER, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2022

Brian Schanilec	President
Kelly Moen-SnoBeck	Vice-President
Alex Burns	Board Member
Chad Thorvilson	Board Member
Jared Peterka	Board Member
Jason Keating	Superintendent
Jill Blair	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Midway Public School District No. 128
Inkster, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Midway Public School District No. 128, 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 table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Midway Public School District No. 128, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issues by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midway Public School District No. 128, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphases of Matters

As described in Note 2 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 87 *Leases*. Our opinions are not modified with respect to this matter.

Also, as described in Note 15 to the financial statements, the District has retroactively restated previously reported net position and fund balance. Our opinions are not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Midway Public School District No. 128'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Midway Public School District No. 128's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Midway Public School District No. 128's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's contributions to the TFFR and NDPERS pension plans, schedule of District's contributions to the NDPERS OPEB plan, schedule of District's proportionate share of net pension liability and schedule of District's proportionate share of net OPEB liability and notes to RSI as listed in the table of contents 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Roster of School Officials on page 1, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

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

February 27, 2023

The discussion and analysis of Midway Public School District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- Net position of the District increased $1,088,015 as a result of the current year's operations.
- Governmental net position totaled $340,434.
- Total revenues from all sources were $4,865,770.
- Total expenses were $3,777,755.
- The District's general fund had $4,750,987 in total revenues and $4,484,533 in expenditures, and $150,000 in other financing uses. Overall, the general fund balance increased by $116,454 for the year ended June 30, 2022.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Midway Public School District No. 128 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in North Dakota, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements
Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Building Fund.

Governmental Funds
The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2022.

The District's net position of $340,434 is segregated into three separate categories. Net Investment in Capital Assets represents 491% of the District's entire net position. It should be noted that these assets are not available for future spending. The restricted net position represents 103% of total net position. The remaining unrestricted net position represents -525% of the District's net position. The unrestricted net position is available to meet the District's ongoing obligations.

Table 1
Statement of Net Position

	2022	2021
Assets		
Current Assets	$ 2,186,464	$ 1,655,445
Capital and Leased Assets (Net)	1,760,626	1,249,636
Total Assets	3,947,090	2,905,081
Deferred Outflows of Resources		
Cost Sharing Defined Benefit Plans	876,094	1,498,005
Liabilities		
Current Liabilities	104,453	10,246
Long-Term Liabilities	2,424,240	4,447,645
Total Liabilities	2,528,693	4,457,891
Deferred Inflows of Resources		
Cost Sharing Defined Benefit Plan	1,954,057	826,408
Net Position		
Net Investment in Capital and Leased Assets	1,669,964	1,145,869
Restricted	350,891	139,005
Restricted for Miscellaneous Levy	-	28,768
Restricted for Student Activities	106,371	81,988
Unrestricted	(1,786,792)	(2,276,843)
Total Net Position	$ 340,434	$ (881,213)

Table 2 shows the changes in net position for fiscal year ended June 30, 2022.

Table 2
Changes in Net Position

	2022	2021
Revenues		
Program Revenues:		
Charges for Services	$ 277,642	$ 126,410
Operating Grants and Contributions	1,193,998	809,534
General Revenues		
Property Taxes	1,160,006	1,153,040
State Aid	2,243,267	2,081,466
Unrestricted Investment Earnings (Loss	(9,143)	4,747
Total Revenues	4,865,770	4,175,197
Expenses		
Business Support Services	116,939	108,511
Instructional Support Services	241,684	177,911
Administration	351,183	347,747
Operations and Maintenance	502,893	521,610
Transportation	235,523	349,198
Regular Instruction	1,412,356	1,844,169
Special Education	448,147	386,594
Vocational Education	77,743	84,348
Extra-Curricular Activities	219,010	86,615
Food Services	171,055	144,242
Interest and Other Fees	1,222	-
Total Expenses	3,777,755	4,050,945
Change in Net Position	1,088,015	124,252
Net Position - Beginning	(881,213)	(1,005,465)
Prior Period Adjustment - See Note 15	133,632	-
Net Position Beginning - restated	(747,581)	(1,005,465)
Net Position - Ending	$ 340,434	$ (881,213)

Property taxes constituted 24% and 28%, state aid 46% and 50%, operating grants and contributions 25% and 19%, and charges for services made up 6% and 3% of the total revenues of governmental activities of the District for fiscal years 2022 and 2021, respectively.

Regular instruction comprised 37% and 46% of District expenses for 2022 and 2021, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table 3

	Total Cost for Year Ended 6/30/2022	Net Cost for Year Ended 6/30/2022	Total Cost for Year Ended 6/30/2021	Net Cost for Year Ended 6/30/2021
Business Support Services	$ 116,939	$ (116,939)	$ 108,511	$ (108,511)
Instructional Support Services	241,684	(241,684)	177,911	(177,911)
Administration	351,183	(351,183)	347,747	(347,747)
Operations and Maintenance	502,893	(502,893)	521,610	(521,610)
Transportation	235,523	(121,625)	349,198	(265,438)
Regular Instruction	1,412,356	(373,212)	1,844,169	(1,171,331)
Special Education	448,147	(448,147)	386,594	(386,594)
Vocational Education	77,743	(71,026)	84,348	(69,250)
Extra-Curricular Activities	219,010	(98,349)	86,615	(86,615)
Food Services	171,055	20,165	144,242	20,006
Interest and Other Fees	1,222	(1,222)	-	-
	$ 3,777,755	$ (2,306,115)	$ 4,050,945	$ (3,115,001)

Business support services and administration include expenses associated with administrative and financial supervision of the District.

Instructional support services include activities involved with assisting staff with the content and process of teaching to pupils.

Operation and maintenance of plant activities involve maintaining the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Special education includes costs that support the education of students with other needs.

Vocational education includes expenditures that support the teaching of vocational type instruction.

Extra-curricular activities include expenses related to student activities provided by the District, which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Food services include expenses directly dealing with providing breakfast and lunch service to students and staff of the District.

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. The District's governmental funds had total revenues of $4,870,365 and $4,200,614 and expenditures of $4,542,091 and $3,954,585 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the unassigned fund balance of the District's general fund was $1,590,158 and $1,335,687, respectively.

General Fund Budgeting Highlights

During the course of the 2022 fiscal year, the District received $57,142 more revenues and incurred $437,955 more expenditures than budgeted. These excesses are primarily the result of more local and state revenue received and more expenditures for capital outlays than anticipated.

Capital Assets

As of June 30, 2022 and 2021, the District had $1,676,016 and $1,145,869, respectively, invested in net capital assets. Table 4 shows total capital asset balances, net of accumulated depreciation, as of June 30, 2022 and 2021. See Note 5 for details.

Table 4

	2022	2021
Land	$ 25,000	$ 25,000
Construction in Progress	140,863	78,464
Buildings and Improvements	1,171,435	823,800
Vehicles	193,023	135,843
Equipment	145,695	82,762
Total	$ 1,676,016	$ 1,145,869

Debt Administration

As of June 30, 2022, the District has $2,354,077 in outstanding long-term liabilities. The District decreased its long-term liabilities by $1,989,801 from June 30, 2021 due to changes in the net pension liability. See below and Note 6 for a description of the District's long-term liabilities:

	Balance 06/30/21	Additions	Retirement	Balance 06/30/22
Compensated Absences	$ 87,034	$ -	$ 7,047	$ 79,987
Net OPEB Liability	42,173	8,688	28,414	22,447
Net Pension Liability	4,214,671	983,386	2,946,414	2,251,643
	$ 4,343,878	$ 992,074	$ 2,981,875	$ 2,354,077

For the Future

Midway Public School will continue to dedicate funding to support a comprehensive range of educational programs, co-curricular programs, and support programs (e.g.- transportation, food service, etc.) while maintaining a healthy interim fund for the future. Competitive salaries and ongoing professional development will also be high priorities for funding. Grants will continue to be pursued to support local, state, and federal funding.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. You may request a copy of this report by contacting Jill Blair, Business Manager, Midway Public School District, 3202 33rd Avenue NE, Inkster, ND 58244.

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Assets:	
Current Assets:	
Cash	$ 1,425,480
Investments	495,383
Due from Other Governmental Units	193,806
Property Taxes Receivable	71,795
Total Current Assets	2,186,464
Non-Current Assets:	
Capital Assets	4,276,232
Less Accumulated Depreciation	(2,600,216)
Leased Assets	103,767
Less Accumulated Amortization	(19,157)
Total Non-Current Assets	1,760,626
Total Assets	3,947,090
Deferred Outflows of Resources	
Cost Sharing Defined Benefit Pension Plan - TFFR	329,780
Cost Sharing Defined Benefit Pension Plan - NDPERS	534,025
Cost Sharing Defined OPEB Plan - NDPERS	12,289
Total Deferred Outflows of Resources	876,094
Liabilities:	
Current Liabilities:	
Accounts Payable	14,683
Accrued Liabilities	69,271
Lease Liabilities Payable Within a Year	20,499
Total Current Liabilities	104,453
Non-Current Liabilities:	
Compensated Absences	79,987
Net Pension Liability	2,251,643
Net Other Post Employment Benefits Liability	22,447
Lease Liabilities (Net of Current Portion)	70,163
Total Non-Current Liabilities	2,424,240
Total Liabilities	2,528,693
Deferred Inflows of Resources:	
Cost Sharing Defined Benefit Pension Plan - TFFR	965,774
Cost Sharing Defined Benefit Pension Plan - NDPERS	973,924
Cost Sharing Defined Benefit OPEB Plan - NDPERS	14,359
Total Deferred Inflows of Resources	1,954,057
Net Position:	
Net Investment in Capital and Leased Assets	1,669,964
Restricted for Capital Projects	337,638
Restricted for Student Activities	106,371
Restricted for Scholarships	13,253
Unrestricted	(1,786,792)
Total Net Position	$ 340,434

See Notes to the Basic Financial Statements

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants /Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Business Support Services	$ 116,939	$ -	$ -	$ (116,939)
Instructional Support Services	241,684	-	-	(241,684)
Administration	351,183	-	-	(351,183)
Operations and Maintenance	502,893	-	-	(502,893)
Transportation	235,523	-	113,898	(121,625)
Regular Instruction	1,412,356	152,765	886,379	(373,212)
Special Education	448,147	-	-	(448,147)
Vocational Education	77,743	-	6,717	(71,026)
Extra-Curricular Activities	219,010	120,661	-	(98,349)
Food Services	171,055	4,216	187,004	20,165
Interest and Fees on Long Term Debt	1,222	-	-	(1,222)
Total Governmental Activities	$ 3,777,755	$ 277,642	$ 1,193,998	(2,306,115)

General Revenues:	
Property Taxes, Levied for General Purpose	1,040,580
Property Taxes, Levied for Capital Projects	119,426
Aids and Payments from the State	2,243,267
Unrestricted Investment Losses	(9,143)
Total General Revenues	3,394,130
Change in Net Position	1,088,015
Net Position Beginning of Year	(881,213)
Prior Period Adjustment - See Note 15	133,632
Net Position Beginning of Year - Restated	(747,581)
Net Position End of Year	$ 340,434

See Notes to the Basic Financial Statements

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

Assets:	General Fund	Capital Projects Building Fund	Nonmajor Scholarship Fund	Total Governmental Funds
Cash	$ 1,046,396	$ 365,831	$ 13,253	$ 1,425,480
Investments	495,383	-	-	495,383
Due from Other Governmental Units	193,806	-	-	193,806
Due From Other Funds	44,833	11,317	-	56,150
Property Taxes Receivable	64,207	7,588	-	71,795
Total Assets	$ 1,844,625	$ 384,736	$ 13,253	$ 2,242,614
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts Payable	$ 12,418	$ 2,265	$ -	$ 14,683
Due to Other Funds	11,317	44,833	-	56,150
Accrued Liabilities	69,271	-	-	69,271
Total Liabilities	93,006	47,098	-	140,104
Deferred Inflows of Resources				
Unavailable Revenue - Delinquent Taxes	55,090	7,227	-	62,317
Total Deferred Inflows of Resources	55,090	7,227	-	62,317
Fund Balances:				
Restricted	106,371	330,411	13,253	450,035
Unassigned	1,590,158	-	-	1,590,158
Total Fund Balances	1,696,529	330,411	13,253	2,040,193
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,844,625	$ 384,736	$ 13,253	$ 2,242,614

See Notes to the Basic Financial Statements

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
DISTRICT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Total fund balance-governmental funds		$ 2,040,193
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		
Cost	$ 4,276,232	
Accumulated Depreciation	(2,600,216)	
Net		1,676,016
Lease assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds.		
Cost	$ 103,767	
Accumulated Amortization	(19,157)	
Net		84,610
Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		(1,077,963)
Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.		62,317
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. These long-term liabilities consisted of the following:		
Lease Liabilities	(90,662)	
Compensated Absences	(79,987)	
Net OPEB Liability	(22,447)	
Net Pension Liability	(2,251,643)	(2,444,739)
Total net position-governmental activities		$ 340,434

See Notes to the Basic Financial Statements

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Building Fund	Nonmajor Scholarship Fund	Total Governmental Funds
REVENUES				
Local Property Tax Levies	$ 1,045,240	$ 119,360	$ -	$ 1,164,600
Other Local and County Revenues	277,642	-	-	277,642
Revenue From State Sources	2,363,304	-	-	2,363,304
Revenue From Federal Sources	1,073,962	-	-	1,073,962
Earnings (Losses) on Investments	(9,161)	5	13	(9,143)
TOTAL REVENUES	4,750,987	119,365	13	4,870,365
EXPENDITURES				
Current:				
Business Support Services	116,939	-	-	116,939
Instructional Support Services	241,684	-	-	241,684
Administration	351,183	-	-	351,183
Operations and Maintenance	409,292	57,547	-	466,839
Transportation	195,113	-	-	195,113
Regular Instruction	1,587,054	-	11	1,587,065
Special Education	448,147	-	-	448,147
Vocational Education	77,743	-	-	77,743
Extra - Curricular Activities	219,010	-	-	219,010
Food Services	171,055	-	-	171,055
Capital Outlay	652,986	-	-	652,986
Debt Service:				
Principal Retirement - Leases	13,105	-	-	13,105
Interest and Other Fees - Leases	1,222	-	-	1,222
TOTAL EXPENDITURES	4,484,533	57,547	11	4,542,091
Excess (Deficiency) of Revenues over Expenditures	266,454	61,818	2	328,274
OTHER FINANCING SOURCES (USES)				
Transfers In	-	150,000	-	150,000
Transfers Out	(150,000)	-	-	(150,000)
TOTAL OTHER FINANCING SOURCE (USES)	(150,000)	150,000	-	-
Net Change in Fund Balance	116,454	211,818	2	328,274
Fund Balance - Beginning of Year	1,446,443	118,593	13,251	1,578,287
Prior Period Adjustment - See Note 15	133,632	-	-	133,632
Fund Balance - Beginning of Year - Restated	1,580,075	118,593	13,251	1,711,919
Fund Balance - End of Year	$ 1,696,529	$ 330,411	$ 13,253	$ 2,040,193

See Notes to the Basic Financial Statements

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balance- total governmental funds		$ 328,274
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 652,986	
Depreciation Expense	(122,839)	
Excess of depreciation expense over capital outlay		530,147
Lease payments are reported in the governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following difference:		
Amortization Expense - Leases	$ (19,157)	
Interest Expense - Leases	(1,222)	
Fund Financials Expenses - Leases	14,327	(6,052)
Some revenues will not be collected for several months after the District's fiscal year end. These revenues are considered "available" revenues in the government funds. These revenues consist of:		
Net change in unavailable property taxes		(4,595)
Change in net pension liability		1,963,028
Change in net other post employment benefits		19,726
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consisted of the (increase)/decrease in:		
Compensated Absences	7,047	7,047
Changes in deferred outflows and inflows of resources related to net pension liability		(1,749,560)
Net change in net position of governmental activities		$1,088,015

See Notes to the Basic Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Midway Public School District operates the public school located near the City of Inkster, North Dakota. There is a combined elementary school and junior/senior high school.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 District's significant accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements display information about the District as a whole.

The statement of net position presents the financial condition of the governmental activities of the District at year-end.

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

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

Fund Financial Statements:

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

Fund Accounting

The District's funds consist of the following:

Governmental Funds:

Governmental funds are utilized to account for most of the District's governmental functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which the obligation will be paid. Fund balance represents the difference between the governmental fund assets, deferred inflows of resources and liabilities. The District's major governmental funds are as follows:

General Fund:
This fund is the general operating fund of the District. It accounts for all financial resources except those requiring to be accounted for in another fund. The general fund also accounts for the financial transactions related to the District's student activity programs.

Capital Projects:
The Capital Projects 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. The building fund is included in this category.

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

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

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources and uses of current financial resources.

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

Fiduciary funds also use the economic resources measurement focus.

Basis of Accounting:

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

Government-wide financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District's governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are generally recorded as the related fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Revenues-Exchange and Non-Exchange Transactions:

Exchange transactions are transactions in which each party gives and receives essentially equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

Non-exchange transactions include transactions in which the District receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the District.

Major revenue sources susceptible to accrual include: property taxes and intergovernmental revenues.

Unearned Revenues:

Unearned revenue arises when assets are recognized in the financial statements before the revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenues.

On the governmental fund financial statements, receivables that will not be collected during the availability period have been reported as unearned revenue.

Expenses and Expenditures:

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

Budgets and Budgetary Accounting:

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity.

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

1. The administration prepares the District's 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. The budget is then filed with the county auditor by August 25 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.

Cash and Cash Equivalents:

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments:

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

Fair Value Measurements:

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

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

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

Capital Assets:

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold of $2,500. Donated fixed assets are recorded at their acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

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

Buildings and Improvements	25 to 50 years
Equipment and Fixtures	3 to 10 years
Vehicles	8 years

Leases:

The District implemented GASB Statement No. 87, Leases, in the fiscal year ended June 30, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The adoption of GASB 87 resulted in recognition of a right to use leased asset and lease liability of $103,767 as of July 1, 2022. Results for periods prior to June 30, 2021 continue to be reported in accordance with the District's historical accounting treatment. See Note 7 for expanded disclosures regarding the District's leases.

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District has made an accounting policy election to use a risk-free rate based on US Treasury T-bill rate as of the lease commencement. The District accounts for lease agreements with lease and nonlease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Compensated Absences:

Vacation pay applies to full-time non-certified staff and is recorded as an expenditure when paid. Certified staff shall receive 10 days of sick leave per year and this may accumulate up to a maximum of 100 days per teacher. Upon termination from the District, the teachers shall receive half the current substitute daily pay rate for unused sick leave up to 100 days. Non-certified employees on nine-month contracts can accumulate up to a maximum of 30 days of sick pay and are paid $25 per day of unused sick days upon termination. Non-certified employees on a twelve-month contract may accumulate 60 days of sick pay and are paid $25 per day of unused sick time upon termination.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District's government wide financial statements. The District's governmental fund financials report only those obligations that will be paid from current financial resources.

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 Public Employee Retirement System (NDPERS) and Teachers' Fund for Retirement (TFFR) and additions to/deductions from NDPERS and TFFR's fiduciary net position have been determined on the same basis as they are reported by NDPERS and TFFR. 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.

Fund Balance Classifications:

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

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

> *Restricted* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> *Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual

obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

Net Position:

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position 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 resource (expense/expenditure) until then. The District has one item reported on the statement of net position as *cost sharing defined benefit pension plan*, which represents actuarial differences within NDPERS and TFFR pension plans as well as amounts paid to the Plans after the measurement date.

In addition to liabilities, the statement of net position 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 (revenue) until that time. The District has two types of items, which one arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has one item reported on the statement of net position as *cost sharing defined benefit pension plan*, which represents the actuarial differences within the NDPERS and TFFR pension plans and is reported on the statement of net position.

Inter-fund Activity:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the District's governmental activities and its business-type activities, is eliminated in the statement of activities.

Estimates:

The preparation of the 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.

Revenue Recognition - Property Taxes:

Taxes receivable consist of current and delinquent uncollected taxes at June 30, 2022.

Property taxes attach as an enforceable lien on property January 1. A five percent reduction is allowed if paid by February 15. Penalty and interest are added March 1 if the first half-of-the taxes have not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the School District.

Property tax revenue in the governmental funds is recognized in compliance with National Council of Government Accounting (NCGA) Interpretation 3, "Revenue Recognition - Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property tax revenue is recorded as revenue in the year the tax is levied in the government - wide financial statements. Property taxes are limited by state laws. All School District tax levies are in compliance with state laws.

Significant Group Concentrations of Credit Risk

As of June 30, 2022, the District's receivables consist of amounts due from other governmental units.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

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

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

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. North Dakota laws require that securities pledged as collateral be held in safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral.

At June 30, 2022, the carrying amount of the District's deposits was $1,425,480 and the bank balance was $1,541,482. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

The investments are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

B. Investments

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

a. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.

b. Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.

c. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.

d. Obligations of the state.

As of June 30, 2022, the District had the following investments and maturities:

					Fair Value Measurments Using				
	6/30/2022	Less than One Year	1-5 Years	6-10 Years	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Rating	Agency
Investments by Fair Value Level									
Cash & Cash Alternatives									
CD's	$ 360,844	$ 315,022	$ 45,408	$ -	$ 360,844	$ -	$ -		
Debt Securities									
Federal Farm Credit	89,574	44,875	44,699	-	89,574	-	-	AA+	Moody's
Federal National Mortgage	44,965	44,965	-	-	44,965	-	-	AA+	Moody's
Total Investments by Fair Value Level	$ 495,383	$ 404,862	$ 90,107	$ -	$ 495,383	$ -	$ -		

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

Midway Public School District's accounts receivable at June 30, 2022 consisted of $193,806 due from various sources as listed below:

ESP	$ 23,031
Other Federal Grants	103,419
IRS Overpayment	39,424
Other Grants	27,932
	$ 193,806

NOTE 5 CAPITAL ASSETS

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

	Balance 07/01/21	Additions	Disposals	Transfers	Balance 06/30/22
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	$ 25,000	$ -	$ -	$ -	$ 25,000
Construction in Progress	78,464	432,254	-	(369,855)	140,863
Total	103,464	432,254	-	(369,855)	165,863
Capital Assets Being Depreciated:					
Buildings and Improvements	2,383,376	33,615	-	369,855	2,786,846
Vehicles	695,921	93,234	-	-	789,155
Equipment	440,485	93,883	-	-	534,368
Total	3,519,782	220,732	-	369,855	4,110,369
Less Accumulated Depreciation					
Buildings and Improvements	1,559,576	55,835	-	-	1,615,411
Vehicles	560,078	36,054	-	-	596,132
Equipment	357,723	30,950	-	-	388,673
Total	2,477,377	122,839	-	-	2,600,216
Net Capital Assets Being Depreciated	1,042,405	97,893	-	-	1,510,153
Net Capital Assets for Governmental Activities	$ 1,145,869	$ 530,147	$ -	$ -	$ 1,676,016

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

Regular Instruction	$ 46,375
Transportation	40,410
Maintenance and Operations	36,054
Total	$ 122,839

NOTE 6 LONG-TERM LIABILITIES

A summary of the long-term liabilities is as follows:

	Balance 06/30/21	Additions	Retirement	Balance 06/30/22	Amount Due in One Year
Compensated Absences	$ 87,034	$ -	$ 7,047	$ 79,987	$ -
Net OPEB Liability	42,173	8,688	28,414	22,447	-
Net Pension Liability	4,214,671	983,386	2,946,414	2,251,643	-
	$ 4,343,878	$ 992,074	$ 2,981,875	$ 2,354,077	$ -

Compensated absences, early retirement, and net pension liability are generally liquidated by the general fund.

NOTE 7 LEASES

The District leases copy machines. The term of the lease is for a period of 60 months, commencing in November 2021 and terminating November 2026, with a monthly payment of $1,791.

Following is the total lease expense for the year ended June 30, 2022:

Lease expense	Year Ended June 30, 2022
Amortization expense by class of underlying asset	
Copy Machine	$ 19,157
Total amortization expense	19,157
Interest on lease liabilities	1,222
Variable lease expense	-
Total	$ 20,379

Following is a schedule of activity of lease assets and lease liabilities for the year ended June 30, 2022:

Lease Assets	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Copy Machine	$ 103,767	$ -	$ -	$ -	$ 103,767	
	103,767	-	-	-	103,767	
Less: Accumulated Amortization						
Copy Machine	-	(19,157)		-	(19,157)	
	-	(19,157)	-	-	(19,157)	
Total Lease Assets, net	$ 103,767	$ (19,157)	$ -	$ -	$ 84,610	
Lease Liabilities	$ 103,767	$ -	$ -	$ (13,105)	$ 90,662	$ 20,499

Following is a schedule, by years, of future minimum payments required under the lease:

Year Ending June 30,	Principal	Interest	Total Payments
2023	$ 20,499	$ 991	$ 21,490
2024	20,750	740	21,490
2025	21,005	485	21,490
2026	21,263	227	21,490
2027	7,145	18	7,163
Total Future Payments	$ 90,662	$ 2,461	$ 93,123

NOTE 8 FUND BALANCES

A. Classifications

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

	General Fund	Scholarships	Capital Projects	Total
Restricted:				
Scholarships	$ -	$ 13,253	$ -	$ 13,253
Capital Projects	-	-	330,411	330,411
Student Activity	106,371	-	-	106,371
Unassigned	1,590,158	-	-	1,590,158
Total Fund Balances	$1,696,529	$ 13,253	$ 330,411	$2,040,193

B. Minimum Fund Balance Policy

The District does not have a minimum fund balance policy in place.

NOTE 9 DEFINED BENEFIT PENSION PLANS – STATEWIDE

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

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

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

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 number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

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

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

Death and Disability Benefits

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

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

Contributions

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

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

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

Pension Costs

At June 30, 2022, the District reported a liability of $1,829,553 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 Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2021, the Employer's proportion was 0.173639 percent which was an increase of 0.004756 from its proportion measured at July 1, 2020.

For the year ended June 30, 2022, the Employer recognized pension expense of $-38,860. At June 30, 2022, the Employer 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 economic experience	$ 12,711	$ 77,157
Changes in actuarial assumptions	64,262	-
Difference between projected and actual investment earnings	-	536,085
Changes in proportion	72,044	352,532
Contributions paid to TFFR subsequent to the measurement date	180,763	-
Total	$ 329,780	$ 965,774

$180,763 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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 ending June 30:	Pension Expense Amount
2023	$ (212,393)
2024	(212,733)
2025	(211,519)
2026	(197,630)
2027	(3,041)
Thereafter	20,559

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	2.30%
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 disability 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 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 TFFR 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
Global Equities	55.00%	6.90%
Global Fixed Income	26.00%	0.70%
Global Real Assets	18.00%	4.80%
Cash Equivalents	1.00%	-1.00%

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 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 pension plan'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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.25%	7.25%	8.25%
School's proportionate share of the TFFR net pension liability:	$ 2,747,142	$ 1,829,553	$ 1,067,589

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.

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 provision 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). The annual 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. The plan permits early retirement at ages 55-64 with three or more years 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 monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition 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 covered compensation. 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 contributions rates are 8.26% of covered compensation.

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

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

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

At June 30, 2022, the District reported a liability of $422,090 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 District's proportion of the net pension liability was based on the 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 District's proportion was 0.040496 percent which was a decrease of 0.0113 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $21,579. At June 30, 2022, the 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 economic experience	$ 7,286	$ 43,080
Changes in actuarial assumptions	467,172	609,094
Difference between projected and actual investment earnings	-	156,547
Changes in proportion	25,074	165,203
Contributions paid to NDPERS subsequent to the measurement date	34,493	-
Total	$ 534,025	$ 973,924

$34,493 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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 ending June 30:	Pension Expense Amount
2023	$ (84,283)
2024	(107,952)
2025	(99,210)
2026	(182,947)

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	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	30.00%	6.00%
International Equity	21.00%	6.70%
Private Equity	7.00%	9.50%
Domestic Fixed Income	23.00%	0.73%
Global Real Assets	19.00%	4.77%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of 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, expense 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).

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 District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Employer'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 in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.00%	7.00%	8.00%
School's proportionate share of the NDPERS net pension liability:	$ 671,265	$ 422,090	$ 214,613

Pension Plan Fiduciary Net Position

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

NOTE 10 DEFINED BENEFIT OPEB PLAN

Defined Benefit OPEB Plan

The following brief description of NDPERS 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 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 expense. 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 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 selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At June 30, 2022, the District reported a liability of $22,447 for its proportionate share of 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 District's proportion of the net OPEB liability was based on the 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 District's proportion was 0.040359 percent which was a decrease of 0.009775 from its proportion measured as of July 1, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of $2,240. At June 30, 2022, the 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	$ 1,288	$ 615
Changes of assumptions	3,476	-
Net difference between projected and actual earnings on OPEB plan investments	-	7,691
Changes in proportion and differences between employer contributions and proportionate share of contribution	2,713	6,053
District contributions subsequent to the measurement date	4,812	-
Total	$ 12,289	$ 14,359

$4,812 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement will be recognized as a reduction of the net OPEB liability in the year ending 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 Ending June 30:		
2023	$	(1,294)
2024		(1,349)
2025		(1,781)
2026		(2,296)
2027		(162)

Actuarial Assumptions

The total OPEB 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	33.00%	5.85%
Small Cap Domestic Equities	6.00%	6.75%
Domestic Fixed Income	26.00%	6.25%
International Equities	35.00%	0.50%

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/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. 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 Employer'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 percent, 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) that the current rate:

	1% Decrease in Discount Rate 5.50%	Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
District's proportionate share of the net OPEB liability	$ 33,291	$ 22,447	$ 13,270

Pension Plan Fiduciary Net Position

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

NOTE 11 RISK MANAGEMENT

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

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

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The 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 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 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.

NOTE 12 CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 13 NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2022 was $9,412.

NOTE 14 NEW PRONOUNCEMENTS

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

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

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

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

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

The requirements of this statement are effective as follows:

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

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

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

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

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

NOTE 15 PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment to account for the overpayment of tax liabilities incurred in the prior year as well as a prior period adjustment related to prior year bank reconciliation errors. The following summarizes the change in net position and fund balance:

Net Position June 30, 2021, as previously reported	$	(881,213)
Restatement for Net Position		
Adjustment for prior year overpayment of tax liabilities		39,424
Adjustment for prior year bank reconciliation errors		94,208
Net Position, June 30, 2021, as restated	$	(747,581)
General Fund Balance June 30, 2021, as previously reported	$	1,446,443
Restatement for Fund Balance		
Adjustment for prior year overpayment of tax liabilities		39,424
Adjustment for prior year bank reconciliation errors		94,208
General Fund Balance, June 30, 2021, as restated	$	1,580,075

NOTE 16 COMMITMENTS

Construction Commitments

The Midway Public School District entered into a contact totaling $265,000 with Johnson Controls to upgrade the HVAC system within the school. As of June 30, 2022, the remaining balance on the contract is $132,500.

The Midway Public School District entered into a contract totaling $162,752 with D&D Roofing for roofing repairs for the school building. As of June 30, 2022, the remaining balance on the contract is $162,752.

NOTE 17 EARLY RETIREMENT BENEFITS

The District offers an early retirement incentive program to early retirees who have taught and/or administered for 20 years, of which, the last six consecutive years were in the Midway School District No. 128. The program allows the retiree to participate in the District's medical insurance plan for a total of 48 months or until age 65, whichever comes first. During this time, the District will pay an amount, not to exceed the cap in the teacher's negotiated agreement, towards the teacher's medical policy. A liability of $0 has been recorded as a liability for benefits that have been applied for. See Note 6.

NOTE 18 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through February 27, 2023, which is the date these financial statements were available to be issued.

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Local Property Tax Levies	$ 1,076,043	$ 1,045,240	$ (30,803)
Other Local and County Revenues	81,600	277,642	196,042
Revenue From State Sources	2,203,400	2,363,304	159,904
Revenue From Federal Sources	1,323,802	1,073,962	(249,840)
Interest	9,000	(9,161)	(18,161)
TOTAL REVENUES	4,693,845	4,750,987	57,142
EXPENDITURES			
Business Support Services	106,651	116,939	10,288
Instructional Support Services	228,882	241,684	12,802
Administration	355,808	351,183	(4,625)
Operations and Maintenance	467,672	409,292	(58,380)
Transportation	344,736	195,113	(149,623)
Regular Instruction	1,821,279	1,587,054	(234,225)
Special Education	394,268	448,147	53,879
Vocational Education	88,844	77,743	(11,101)
Extra - Curricular Activities	86,595	219,010	132,415
Food Services	151,843	171,055	19,212
Capital Outlay	-	652,986	652,986
Principal Retirement	-	13,105	13,105
Interest and Other Fees	-	1,222	1,222
TOTAL EXPENDITURES	4,046,578	4,484,533	437,955
Excess (Deficiency) of Revenues Over Expenditures	647,267	266,454	(380,813)
OTHER FINANCING SOURCES			
Transfer In	900	-	(900)
Transfer to Building Fund	-	(150,000)	(150,000)
TOTAL OTHER FINANCING SOURCES	900	(150,000)	(150,900)
Change in Fund Balance	648,167	116,454	(531,713)
Fund Balances - Beginning	1,446,443	1,446,443	-
Prior Period Adjustment - See Note 15	-	133,632	133,632
Fund Balance - Beginning of Year - Restated	1,446,443	1,580,075	133,632
Fund Balances - Ending	$ 2,094,610	$ 1,696,529	$ (398,081)

See Notes to the Required Supplementary Information

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN YEARS

Teachers Fund for Retirement

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	$ 180,763	$ (180,763)	-	$ 1,416,004	12.77%
2021	171,362	(171,362)	-	1,344,015	12.75%
2020	157,114	(157,114)	-	1,232,248	12.75%
2019	161,459	(161,459)	-	1,266,345	12.75%
2018	163,853	(163,853)	-	1,285,118	12.75%
2017	184,919	(184,919)	-	1,450,343	12.75%
2016	186,643	(186,643)	-	1,466,564	12.73%
2015	171,398	(171,398)	-	1,341,951	12.77%

North Dakota Public Employees Retirement System

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	$ 34,493	$ (34,493)	$ -	$ 475,851	7.25%
2021	38,071	(38,071)	-	535,736	7.11%
2020	40,147	(40,147)	-	563,859	7.12%
2019	35,410	(34,671)	739	480,760	7.21%
2018	36,759	(43,573)	(6,814)	506,933	8.60%
2017	37,107	(37,107)	-	506,353	7.33%
2016	44,321	(44,321)	-	524,776	8.45%
2015	44,163	(44,163)	-	534,674	8.26%

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2022	$ 4,812	$ (4,812)	$ -	$ 475,851	1.01%
2021	5,996	(5,996)	-	535,736	1.00%
2020	6,428	(6,428)	-	563,859	1.13%
2019	5,639	(5,639)	-	480,760	1.14%
2018	5,893	(5,893)	-	506,933	1.14%

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.173639%	$ 1,829,553	$ 1,338,233	136.71%	75.70%
2021	0.168882%	2,584,749	1,232,268	209.76%	63.40%
2020	0.179736%	2,475,420	1,260,899	196.32%	65.50%
2019	0.189041%	2,519,648	1,285,118	196.06%	65.50%
2018	0.214875%	2,951,360	1,450,343	203.49%	63.20%
2017	0.225825%	3,308,463	1,450,343	228.12%	59.20%
2016	0.218166%	2,853,295	1,466,564	194.56%	62.10%
2015	0.229870%	2,408,630	1,341,951	179.49%	66.60%

North Dakota Public Employees Retirement System

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.040496%	$ 422,090	$ 458,577	78.79%	78.26%
2021	0.051809%	1,629,922	571,511	285.20%	48.91%
2020	0.051977%	609,208	540,645	112.68%	71.66%
2019	0.046798%	789,767	480,760	164.27%	62.80%
2018	0.049658%	798,167	506,933	157.45%	61.98%
2017	0.050245%	489,687	506,353	96.71%	70.46%
2016	0.058905%	400,544	524,776	76.33%	77.15%
2015	0.058405%	370,709	534,674	69.33%	77.70%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

For the Fiscal Year Ended June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered - employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.040359%	$ 22,447	$ 440,015	5.10%	76.63%
2021	0.050134%	42,173	571,511	7.38%	63.38%
2020	0.048510%	38,915	480,760	7.20%	63.13%
2019	0.043936%	34,603	506,933	7.20%	61.89%
2018	0.046858%	37,065	506,353	7.31%	59.78%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net OPEB liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

NOTE 1 BUDGETARY COMPARISON

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in an amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity.

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

1. The administration prepares the District's 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 15th of each year. The budget is then filed with the county auditor by August 25th 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 10th 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.

The District's expenditures exceeded budget by $437,955 primarily due to capital expenditures incurred that were not budgeted for.

NOTE 2 CHANGES OF BENEFIT TERMS AND ASSUMPTIONS

TFFR

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.

NDPERS

Changes 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, 2020.

Changes of assumptions.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

OPEB

Changes 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, 2020.

Changes of assumptions.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

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

To the Board of Education
Midway Public School District No. 128
Inkster, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Midway Public School District No. 128 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Midway Public School District No. 128's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 2022-001, 2022-002, and 2022-003 to be material weaknesses.

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 2022-004 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether Midway Public School District No. 128's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2022-003.

The District's Response To Findings

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

Purpose Of This Report

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

Brady Martz

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

February 27, 2023

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

To the Board of Education
Midway Public School District No. 128
Inkster, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Midway Public School District No. 128'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 Midway Public School District No. 128's major federal program for the year ended June 30, 2022. Midway Public School District No. 128's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Midway Public School District No. 128 complied, in all material respects, with the types or compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Midway Public School District No. 128 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Midway Public School District No. 128's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable Midway Public School District No. 128's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Midway Public School District No. 128'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 Midway Public School District No. 128's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Midway Public School District No. 128's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Midway Public School District No. 128's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Midway Public School District No. 128's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a significant deficiency.

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.

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

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

Brady Martz

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

February 27, 2023

MIDWAY PUBLIC SCHOOL DISTRICT NO. 128
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

AL #	Description	Pass-Through Entity Identifying Number	Expenditures
Department of Federal Communications Commission			
32.009	COVID-19 Emergency Connectivity Program		$ 19,401
	Total Department of Federal Communications Commission		19,401
Department of Education			
Passed Through the North Dakota State Department of Public Instruction			
84.010	Chapter 1/TITLE I-Compensatory	F84010	83,788
84.367	Supporting Effective Instruction State Grants	F84367	12,085
84.371	ND Striving Readers Comprehensive Literacy	F84371C	84,018
84.424	Student Support and Academic Enrichment Program	F84424	12,519
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund	F84425D	168,575
84.425U	COVID-19 Elementary and Secondary School Emergency Relief Fund I	F84425U	387,934
	Total Passed through ND DPI		748,919
Passed Through North Valley Career-Tech Center			
84.287	21st Century Community Learning Centers	F84287A	55,615
84.048	Carl Perkins	F84048	839
	Total Passed Through North Valley Career-Tech Center		56,454
	Total Department of Education		805,373
Department of Homeland Security			
Passed Through the North Dakota Department of Emergency Services			
97.067	Homeland Security Grant Program	F97067	62,070
	Total Department of Homeland Security		62,070
Department of Agriculture			
Passed Through the North Dakota State Department of Public Instruction			
Child Nutrition Cluster:			
10.553	COVID-19 School Breakfast Program	F10553	48,614
10.555	COVID-19 National School Lunch Program	F10555	111,664
10.555	CNP Emergency Costs	F10555C	633
10.555	School/CN Supply Chain Assistance	F10555S	7,697
10.555	Food Distribution-Non Cash	F10555	9,412
10.582	Fruit and Vegetable Grant	F10582	7,534
Total Cluster			185,554
10.560	SAE Food Nutrition	F10560	950
10.649	COVID-19 SNAP State and Local PEBT	F10649	614
	Total Department of Agriculture		187,118
	TOTAL		$ 1,073,962

See Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 - INDIRECT COST RATE

Midway Public School District No. 128 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - BASIS OF PRESENTATION

The Schedule includes the federal award activity of Midway Public School District No. 128 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 Midway Public School District No. 128, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 4 – NONMONETARY TRANSACTIONS

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

NOTE 5 - PASS-THROUGH ENTITIES

All pass-through entities listed above use the same AL numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
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
Non-compliance material to financial statements noted?	_x_ yes ___ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_x_ yes ___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund (ESF)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001 Finding

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

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

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

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

Repeat Finding
See finding 2021-001

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

Management's Response
The Superintendent reviews the bank reconciliations and bank statements.

2022-002 Finding

Criteria
The District does not identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

Cause
The District elected to not allocate resources to prepare full accrual financial statements.

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

Repeat Finding
See finding 2021-002

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

Management's Response
The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements and disclosure checklist.

2022-003 Finding

Criteria
The District did not remit payroll taxes to the IRS on a timely basis during 2021 and 2022.

Condition
A proper system of internal control over financial reporting includes a process designed to ensure that all obligations of the District are paid timely.

Cause
The District does not have an internal control process in place to ensure that payroll tax deposits are made timely.

Effect
The control deficiency resulted in the District being assessed IRS penalties and interest.

Repeat Finding
This is not a repeat finding.

Recommendation
The District should review its current cash disbursement process to ensure payroll tax deposits are made timely.

Management's Response
The Superintendent will review all payroll tax documents to balance EFTPS Payments with each quarterly 941 Report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-004: Activities Allowed or Unallowed; Allowable Costs/Cost Principles – 84.425 Education Stabilization Fund

Criteria
The District did not maintain documentation to support all expenditures incurred.

Condition
A proper system of internal control over financial reporting includes a process designed to ensure all documentation is maintained in accordance with the District's record retention policy.

Cause
The District did not adhere to the record retention policy in place.

Effect
The control deficiency resulted in the District unable to provide proper documentation for an expenditure incurred during the year.

Questioned Costs
None

Context
Out of thirteen cash disbursements reviewed, one was missing supporting documentation.

Repeat Finding
This is not a repeat finding.

Recommendation
The District should review and adhere to its document retention policy.

Management's Response
The Superintendent and business manager will work together to ensure all purchases match up with purchase orders and receipts.

2021-001 Finding

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

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

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

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

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

Management's Response
The Superintendent reviews the bank reconciliations and bank statements.

Corrective Action Taken
None. See current year finding 2022-001.

2021-002 Finding

Criteria
The District does not identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

Cause
The District elected to not allocate resources to prepare full accrual financial statements.

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

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

Management's Response
The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements and disclosure checklist.

Corrective Action Taken
None. See current year finding 2022-002.

Midway PUBLIC SCHOOL
PH: 701-869-2432 3202 33RD AVE NE, INKSTER, ND 58233 FAX: 701-869-2688

CORRECTIVE ACTION PLAN
AS OF JUNE 30, 2022

2022-001

Contact Person
Jill Blair

Planned Corrective Action
The District will implement when it becomes cost-effective.

Planned Completion Date
The planned completion date for the CAP is when it becomes cost-effective.

2022-002

Contact Person
Jill Blair

Planned Corrective Action
The District will implement when it becomes cost-effective.

Planned Completion Date
The planned completion date for the CAP is when it becomes cost-effective.

2022-003

Contact Person
Jill Blair

Planned Corrective Action
June 30, 2023

Planned Completion Date
The Superintendent will review all payroll tax documents to balance EFTPS Payments with each quarterly 941 Report.

Midway PUBLIC SCHOOL

PH: 701-869-2432 3202 33RD AVE NE, INKSTER, ND 58233 FAX: 701-869-2688

2022-004

Contact Person
Jill Blair

Planned Corrective Action
June 30, 2023

Planned Completion Date
The Superintendent and business manager will work together to ensure all purchases match up with purchase orders and receipts.