



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Williston Basin Public School District No. 7

Williston, North Dakota

Audit Report for the Year Ended June 30, 2022

Williston Basin Public School District No. 7 Code: PS53300



Photo credit: North Dakota Tourism



Office of the
State Auditor

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

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WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

School Officials

June 30, 2022

SCHOOL OFFICIALS

At June 30, 2022

Board President	Chris Jundt
Board Vice President	Kyle Renner
Board Member	John Kasmer
Board Member	Cory Swint
Board Member	Chris Walstad
Board Member	Heather Wheeler
Board Member	Sarah Williams
Interim Superintendent	Lori Olson
Business Manager	Sherri Hesel

STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Williston Basin Public School Board
Williston Basin Public School District No. 7
Williston, North Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Williston Basin Public School District No. 7, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Williston Basin Public School District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Each Major Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Williston Basin Public School District No. 7, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Governmental Activities

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Williston Basin Public School District No. 7, 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 Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Williston Basin Public School District No. 7, 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on Each Major Fund and Aggregate Remaining Fund Information

For the year ended June 30, 2022, we were unable to obtain sufficient and appropriate evidence surrounding the beginning and ending cash and fund balance amounts for each major fund and the aggregate remaining fund information. During the year, Williston Basin Public School District No. 7 did not perform any bank reconciliations. At year end, an initial difference of \$2,802,963 existed between the bank balance and the general ledger overall cash balance in which the bank balance was higher than the general ledger balance. Material audit adjustments were identified during the audit resulting in debits to cash of \$3,843,875 and credits of \$3,228,988. Additionally, during the audit, \$1,125,313 in outstanding checks were identified. This resulted in a remaining unreconciled difference between the bank statements and the general ledger in an amount of \$1,062,763 after the audit adjustments and the identified outstanding checks were taken into consideration. This remaining difference was then adjusted into the financial statements by increasing General Fund miscellaneous revenue and General Fund cash. Thus, in total, \$4,906,639 in debits and \$3,228,988 in credits that totaled as a net of \$1,677,651 were made to various cash accounts during the audit.

Emphasis of Matter – Prior Period Adjustment

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Government Combination

As discussed in Note 11 to the financial statements, on July 1, 2021 the school districts of Williston Public School District No.1 and Williams County Public School District No. 8 merged to form the new school district of Williston Basin Public School District No. 7. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Williston Basin Public School District No. 7'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 GAAS 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 GAAS 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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Independent Auditor's Report – Continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Williston Basin Public School District No. 7's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Williston Basin Public School District No. 7'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 *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* 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.

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williston Public School District No.7's basic financial statements. The *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are 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 and notes to 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2024 on our consideration of Williston Basin Public School District No. 7'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 Williston Basin Public School District No. 7'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 Williston Basin Public School District No. 7's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 9, 2024

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Statement of Net Position

June 30, 2022

	Governmental Activities
ASSETS	
Cash	\$ 47,177,317
Other Asset	11,559
Accounts Receivable	1,969,011
Intergovernmental Receivable	4,314,063
Due from County Treasurer	296,284
Prepaid Expenses	22,844
Taxes Receivable	1,548,356
Capital Assets	
Nondepreciable	4,049,846
Depreciable, Net	<u>119,262,094</u>
Total Assets	<u>\$ 178,651,374</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension & OPEB	<u>\$ 29,121,354</u>
 LIABILITIES	
Salaries and Benefits Payable	\$ 1,772,084
Retirement Payable	1,146,265
Interest Payable	702,755
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	4,235,312
Compensated Absences Payable	21,750
Due After One Year	
Long Term Debt	59,524,717
Compensated Absences Payable	86,998
Net Pension & OPEB Liability	<u>49,853,809</u>
Total Liabilities	<u>\$ 117,343,690</u>
 DEFERRED INFLOWS OF RESOURCES	
Derived from Pension & OPEB	<u>\$ 33,148,860</u>
 NET POSITION	
Net Investment in Capital Assets	\$ 59,551,911
Restricted for	
Capital Projects	20,084,019
Debt Service	1,996,621
Special Purposes	4,054,950
Unrestricted	<u>(28,407,323)</u>
Total Net Position	<u><u>\$ 57,280,178</u></u>

The notes to the financial statements are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Statement of Activities

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				Governmental Activities
Regular Instruction	\$ 42,586,950	\$ -	\$ 10,637	\$ (42,576,313)
Special Education	1,991,979	-	1,925,368	(66,611)
Vocational Education	9,654,442	-	-	(9,654,442)
Federal Programs	5,269,842	-	8,196,246	2,926,404
District Wide Services	5,572,564	-	-	(5,572,564)
Administration	3,601,845	-	-	(3,601,845)
School Food Services	3,697,911	24,716	425,271	(3,247,924)
Operations and Maintenance	1,459,081	-	-	(1,459,081)
Transportation	987,605	958,408	408,255	379,058
Co-curricular Activities	1,918,339	749,981	-	(1,168,358)
Interest and Fees on Long-Term Debt	1,909,909	-	-	(1,909,909)
Total Governmental Activities	\$ 78,650,467	\$ 1,733,105	\$ 10,965,777	\$ (65,951,585)
General Revenues				
Property Taxes				\$ 24,932,780
State Aid-Unrestricted				46,426,735
Interest Earnings				17,754
Gain (Loss) on Disposal of Capital Asset				(72,933)
Miscellaneous Revenue				1,369,900
Total General Revenues				\$ 72,674,236
Changes in Net Position				\$ 6,722,651
Net Position - July 1				\$ 50,613,898
Prior Period Adjustment				\$ (56,371)
Net Position - July 1, as restated				\$ 50,557,527
Net Position - June 30				\$ 57,280,178

The notes to the financial statements are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Balance Sheet – Governmental Funds

June 30, 2022

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & Investments	\$ 20,821,624	\$ 19,902,346	\$ 6,453,347	\$ 47,177,317
Due From County	218,424	27,895	49,965	296,284
Accounts Receivable	1,967,251	-	1,760	1,969,011
Intergovernmental Receivable	4,273,296	-	40,767	4,314,063
Other Assets	11,559	-	-	11,559
Prepaid Expenses	22,844	-	-	22,844
Taxes Receivable	1,186,090	153,778	208,488	1,548,356
Total Assets	<u>\$ 28,501,088</u>	<u>\$ 20,084,019</u>	<u>\$ 6,754,327</u>	<u>\$ 55,339,434</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Salaries and Benefits Payable	\$ 1,772,084	\$ -	\$ -	\$ 1,772,084
Retirement Payable	1,146,265	-	-	1,146,265
Total Liabilities	<u>\$ 2,918,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,918,349</u>
Deferred Inflows of Resources				
Unavailable Revenue	\$ 2,800,740	\$ -	\$ -	\$ 2,800,740
Taxes Receivable	1,186,090	153,778	208,488	1,548,356
Total Deferred Inflows of Resources	<u>\$ 3,986,830</u>	<u>\$ 153,778</u>	<u>\$ 208,488</u>	<u>\$ 4,349,096</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,905,179</u>	<u>\$ 153,778</u>	<u>\$ 208,488</u>	<u>\$ 7,267,445</u>
Fund Balances				
Non-spendable				
Prepaid Expenses	\$ 22,844	\$ -	\$ -	\$ 22,844
Restricted				
Building Fund	-	19,930,241	-	19,930,241
Student Activities	-	-	1,504,184	1,504,184
Debt Service	-	-	2,531,274	2,531,274
Special Reserve	-	-	1,784,355	1,784,355
Food Service	-	-	726,026	726,026
Unassigned	21,573,065	-	-	21,573,065
Total Fund Balances	<u>\$ 21,595,909</u>	<u>\$ 19,930,241</u>	<u>\$ 6,545,839</u>	<u>\$ 48,071,989</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 28,501,088</u>	<u>\$ 20,084,019</u>	<u>\$ 6,754,327</u>	<u>\$ 55,339,434</u>

The notes to the financial statements are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2022

Total Fund Balances for Governmental Funds	\$ 48,071,989
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	123,311,940
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Property taxes receivable and certain intergovernmental receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.

Property Taxes Receivable	\$ 1,548,356	
Unavailable Revenue - Intergovernmental Receivable	<u>2,800,740</u>	4,349,096

Deferred outflows and inflows of resources related to pensions & OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions & OPEB	\$ 29,121,354	
Deferred Inflows Related to Pensions & OPEB	<u>(33,148,860)</u>	(4,027,506)

Long-term liabilities applicable to the school district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position.

Long Term Debt	\$ (63,760,029)	
Interest Payable	(702,755)	
Early Retirement Payable	-	
Compensated Absences Payable	(108,748)	
Net Pension & OPEB Liability	<u>(49,853,809)</u>	(114,425,341)

Total Net Position of Governmental Activities	<u>\$ 57,280,178</u>
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The notes to the financial statements are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 20,445,982	\$ 2,427,609	\$ 3,990,124	\$ 26,863,715
State Sources	48,770,995	-	-	48,770,995
Federal Sources	1,668,986	-	3,726,520	5,395,506
Other Local Sources	1,085,699	-	770,249	1,855,948
Total Revenues	\$ 71,971,662	\$ 2,427,609	\$ 8,486,893	\$ 82,886,164
EXPENDITURES				
Current				
Regular Instruction	\$ 41,551,056	\$ -	\$ -	\$ 41,551,056
Special Education	1,826,582	-	-	1,826,582
Vocational Education	9,640,005	-	-	9,640,005
Federal Programs	5,332,047	-	-	5,332,047
District Wide Services	5,282,942	147	4,644	5,287,733
Administration	3,471,415	-	-	3,471,415
School Food Services	-	-	3,560,242	3,560,242
Operations and Maintenance of Plant	1,179,417	-	-	1,179,417
Transportation	833,639	-	-	833,639
Co-curricular Activities	1,418,582	-	463,427	1,882,009
Debt Service				
Principal	1,005,000	1,319,444	1,018,832	3,343,276
Interest	469,288	762,217	671,447	1,902,952
Total Expenditures	\$ 72,009,973	\$ 2,081,808	\$ 5,718,592	\$ 79,810,373
Excess (Deficiency) of Revenues Over Expenditures	\$ (38,311)	\$ 345,801	\$ 2,768,301	\$ 3,075,791
Net Change in Fund Balances	\$ (38,311)	\$ 345,801	\$ 2,768,301	\$ 3,075,791
Fund Balances - July 1	\$ 21,673,168	\$ 19,545,492	\$ 3,777,538	\$ 44,996,198
Prior Period Adjustment	\$ (38,948)	\$ 38,948	\$ -	\$ -
Fund Balances - July 1 Restated	\$ 21,634,220	\$ 19,584,440	\$ 3,777,538	\$ 44,996,198
Fund Balances - June 30	\$ 21,595,909	\$ 19,930,241	\$ 6,545,839	\$ 48,071,989

The notes to the financial statements are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2022

Net Change in *Fund Balances* - Total Governmental Funds **\$ 3,075,791**

The change in net position reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	\$ 164,985	
Current Year Depreciation Expense	<u>(4,381,815)</u>	(4,216,830)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.

Repayment of Debt	\$ 3,343,276	
Amortization of Bond Premium	<u>83,131</u>	3,426,407

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences Payable	\$ 332,535	
Net Change in Interest Payable	<u>(90,088)</u>	242,447

The net pension & OPEB liability, and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are noreported in the funds.

Net Change in Net Pension & OPEB Liability	\$ 36,509,278	
Net Change in Deferred Outflows of Resources	(8,257,120)	
Net Change in Deferred Inflows of Resources	<u>(26,544,277)</u>	1,707,881

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the changes in taxes receivable and certain intergovernmental receivables.

Net Change in Property Taxes Receivable	\$ (240,852)	
Net Change in Unavailable Revenue - Intergovernmental Receivables	<u>2,800,740</u>	2,559,888

Change in Net Position of Governmental Activities **\$ 6,722,651**

The notes to the financial statements are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Williston Basin Public School District No. 7 ("School District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the School District. The School District has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the School District are such that exclusion would cause its financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the School District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District.

Based on these criteria, there are no component units to be included within the School District as a reporting entity.

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the primary government, the School District, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category, *governmental* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

General Fund - This is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Building Fund - This fund accounts for financial resources dedicated to the construction of new school buildings, additions to old school buildings, the making of major repairs to existing buildings, or to make annual debt service payments on outstanding debt issues related to the building fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the School District consist of certificates of deposit stated at cost with maturities in excess of three months as well as municipal bonds that are recorded at fair market value.

Capital Assets

Capital assets which include land, buildings and building improvements, equipment, vehicles, infrastructure assets (e.g., roads, bridges and similar items) and intangibles (e.g. easements and right-to-use leases), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, with the exception of land and right-to-use leases, are defined by the government as assets with an initial, individual cost of more than \$5,000. Land is capitalized regardless of cost. Right-to-use leases are amortized when the related lease liability is reported. Such assets, with the exception of right-to-use leases are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Right-to-use leases are valued at the present value of future lease payments, initial direct costs necessary to place the lease asset into service, and lease payments made before the commencement of the lease term. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7Notes to the Financial Statements – Continued

Capital assets of the School District are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	Useful Lives
Land and Building Improvements	20 - 40
Modular Leashold Improvements	20 - 40
Buildings	20 - 50
Vehicles	8 - 15
Furniture and Equipment	5 - 10

Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. The School District allows unused vacation leave to be carried over to a maximum of one year's vacation time. Vested or accumulated sick leave is reported in government-wide statement of net position. Sick leave is accumulated at a rate of 10 days per year with no limit. Although employees accrue sick leave on an annual basis, the accrual for sick leave vests only if the employee has at least 20 years of continuous service. The leave will be paid at a rate of 40% of the base pay rate for the employee's position.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balances

Fund Balance Spending Policy. It is the policy of the School District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Nonspendable Fund Balances. Nonspendable fund balances includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants & reimbursements).

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers.

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

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Net Position of the School District as of June 30, 2022 has been restated for adjustments to long term debt as shown below. The results of the adjustments decreased Net Position for the School District.

Governmental Activities	Amounts
Beginning Net Position, as previously reported	\$ 50,613,898
Adjustment to restate the July 1, 2021 Net Position:	
Long Term Debt	(56,371)
Net Position July 1, 2021, as restated	<u>\$ 50,557,527</u>

Fund Balance of the School District as of June 30, 2022 has been restated for adjustments to accounts payable. The results of the adjustments for each fund are below:

General Fund	Amounts
Beginning Fund Balance, as previously reported	\$ 21,673,168
Adjustment to restate the July 1, 2021 Fund Balance:	
Fund Reclassification for Accounts Payable	(38,948)
Fund Balance July 1, 2020, as restated	<u>\$ 21,634,220</u>

Building Fund	Amounts
Beginning Fund Balance, as previously reported	\$ 19,545,492
Adjustment to restate the July 1, 2021 Fund Balance:	
Fund Reclassification for Accounts Payable	38,948
Fund Balance July 1, 2020, as restated	<u>\$ 19,584,440</u>

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the School District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The School District does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

In accordance with North Dakota Statutes, deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

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

At year ended June 30, 2022, the School District's carrying amount of deposits totaled \$47,177,317 and the bank balances totaled \$48,302,630. Of the bank balances, \$35,393,364 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 4 PROPERTY TAXES

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7
Notes to the Financial Statements – Continued

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022 for the School District:

Governmental Activities	Balance July 1	Increases	Decreases	Transfers	Balance June 30
Capital Assets Not Being Depreciated					
Land	\$ 3,941,096	\$ -	\$ -	\$ -	\$ 3,941,096
Construction in Progress	-	108,750	-	-	108,750
Total Capital Assets, Not Being Depreciated	\$ 3,941,096	\$ 108,750	\$ -	\$ -	\$ 4,049,846
Capital Assets Being Depreciated					
Buildings	\$ 138,264,750	\$ -	\$ -	\$ -	\$ 138,264,750
Modular Leasehold Improvements	4,025,848	-	-	-	4,025,848
Furniture and Equipment	6,226,248	-	-	-	6,226,248
Vehicles	3,132,620	56,236	193,670	-	2,995,186
Land and Building Improvements	4,293,095	-	-	-	4,293,095
Total Capital Assets, Being Depreciated	\$ 155,942,561	\$ 56,236	\$ 193,670	\$ -	\$ 155,805,127
Less Accumulated Depreciation					
Buildings	\$ 22,059,435	\$ 3,360,886	\$ -	\$ -	\$ 25,420,321
Modular Leasehold Improvements	971,542	143,906	-	-	1,115,448
Furniture and Equipment	4,735,604	504,644	-	-	5,240,248
Vehicles	1,575,254	246,895	120,737	-	1,701,412
Land and Building Improvements	2,940,120	125,484	-	-	3,065,604
Total Accumulated Depreciation	\$ 32,281,955	\$ 4,381,815	\$ 120,737	\$ -	\$ 36,543,033
Total Capital Assets Being Depreciated, Net	\$ 123,660,606	\$ (4,325,579)	\$ 72,933	\$ -	\$ 119,262,094
Governmental Activities Capital Assets, Net	\$ 127,601,702	\$ (4,216,829)	\$ 72,933	\$ -	\$ 123,311,940

Depreciation expense was charged to functions of the School District as follows:

Regular Instruction	\$ 2,687,698
Special Education	165,397
Vocational Education	82,698
District Wide Services	289,444
Administration	206,746
Operations/Maintenance	413,492
Food Service	206,746
Student Activities	82,699
Transportation	246,895
Total Depreciation Expense	\$ 4,381,815

NOTE 6 LONG-TERM LIABILITIES

During the year ended June 30, 2022, the following changes occurred in governmental activities long-term liabilities:

	Balance Jul 1 Restated	Increases	Decreases	Balance June 30	Due Within One Year
Long Term Debt					
Loans Payable	\$ 15,166,810	\$ -	\$ 378,832	\$ 14,787,978	\$ 1,007,382
Certificate of Indebtedness	11,895,000	-	1,005,000	10,890,000	1,045,000
General Obligation Bonds	33,000,000	-	1,645,000	31,355,000	1,770,000
Special Assessment Debt	6,318,858	-	314,444	6,004,414	329,799
Bond Premium	805,768	-	83,131	722,637	83,131
Total Long Term Debt	\$ 67,186,436	\$ -	\$ 3,426,407	\$ 63,760,029	\$ 4,235,312
Compensated Absences	\$ 441,283	\$ -	\$ 332,535	\$ 108,748	\$ 21,750
Net Pension & OPEB Liability *	86,363,087	-	36,509,278	49,853,809	-
Total Governmental Activities	\$ 153,990,806	\$ -	\$ 40,268,220	\$ 113,722,586	\$ 4,257,062

* The change in Net Pension & OPEB Liability is shown as a net change.

Debt service requirements on long-term debt is as follows:

Governmental Activities										
Year Ending	Loans Payable		Certificate of Indebtedness		General Obligation Bonds		Special Assessment Debt		Bond Premium	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	1,007,382	278,090	1,045,000	338,500	1,770,000	910,089	329,799	297,832	83,131	-
2024	1,027,631	257,841	1,090,000	295,800	1,915,000	862,390	346,142	281,476	83,131	-
2025	1,048,286	237,186	1,135,000	251,300	2,070,000	809,985	363,034	264,309	83,131	-
2026	1,069,356	216,116	1,180,000	210,900	1,985,000	758,885	381,038	246,306	64,247	-
2027	1,090,851	194,621	1,215,000	174,975	2,105,000	706,790	399,936	227,408	64,247	-
2028-2032	5,792,092	635,266	5,225,000	319,275	11,455,000	2,586,087	2,305,297	819,148	276,552	-
2033-2037	3,752,380	126,523	-	-	10,055,000	753,400	1,879,168	229,252	68,198	-
Total	\$ 14,787,978	\$ 1,945,643	\$ 10,890,000	\$ 1,590,750	\$ 31,355,000	\$ 7,387,626	\$ 6,004,414	\$ 2,365,731	\$ 722,637	\$ -

NOTE 7 PENSION PLANS

General Information about the TFFR Pension Plan

North Dakota Teachers' Fund for Retirement TFFR

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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

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

Member and Employer Contributions

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

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, for its respective proportionate share of the net pension liability, the following net pension liability was reported:

	Net Pension Liability
School District	\$ 39,638,476

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 proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. For the year ended June 30, 2022 the School District had a pension expense of \$3,204,229. At June 30, 2021, the entity had the following proportions, change in proportions:

	Proportion	Increase (Decrease) in Proportion from June 30, 2020 Measurement
School District	3.761996%	0.180762%

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

At June 30, 2022, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 275,398	\$ 1,671,660
Changes of Assumptions	1,392,289	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	11,614,646
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,468,829	84,116
District Contributions Subsequent to the Measurement Date	7,138,650	-
Total	\$ 15,275,166	\$ 13,370,422

\$7,138,650, 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 ended June 30, 2023.

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

2023	\$ (1,412,990)
2024	(1,379,055)
2025	(1,737,117)
2026	(2,488,362)
2027	1,061,306
Thereafter	722,313

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, including inflation
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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7
Notes to the Financial Statements – Continued

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 pension plan'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
Global Equities	55%	6.9%
Global Fixed Income	26%	0.7%
Global Real Assets	18%	4.8%
Cash Equivalents	1%	-1.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2021, Actuarial Valuation Report. For 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's Proportionate Share of the Net Pension Liability	\$ 59,518,644	\$ 39,638,476	\$ 23,130,014

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:
<https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2021.pdf>.

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main 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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

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, for its respective proportionate share of the net pension liability, the following net pension liabilities were reported:

	Net Pension Liability
School District	\$ 9,799,418

The net pension liability was measured as of July 1, 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. For the year ended June 30, 2022 the School District had a pension expense of \$2,311,111. At June 30, 2021, the entity had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2020 Measurement
School District	0.940172%	-0.038948%

At June 30, 2022, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 169,185	\$ 1,000,165
Changes of Assumptions	10,846,052	14,140,985
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	3,634,449
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,784,628	767,689
District Contributions Subsequent to the Measurement Date	784,765	-
Total	\$ 13,584,630	\$ 19,543,288

\$784,765 was 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 ended June 30, 2023.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

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

2023	\$ (632,401)
2024	(1,325,003)
2025	(1,157,061)
2026	(3,628,958)
Thereafter	-

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%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate

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

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

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 15,584,368	\$ 9,799,418	\$ 4,982,538

Pension Plan Fiduciary Net Position

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

NOTE 8 OPEB PLAN**General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

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, for its respective proportionate share of the net pension liability, the following net OPEB liabilities were reported:

	Net OPEB Liability
School District	\$ 415,915

The net OPEB liability was measured as of June, 2021 respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on its share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. For the year ended June 30, 2022 the School District had a pension expense of \$59,766. At June 30, 2021, the entities had the following proportions, change in proportions:

	Proportion	Increase (Decrease) in Proportion from June 30, 2020 Measurement
School District	0.747815%	-0.142404%

At June 30, 2022, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 23,884	\$ 11,400
Changes of Assumptions	64,409	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	142,502
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	90,677	81,248
Employer Contributions Subsequent to the Measurement Date	82,588	-
Total	\$ 261,558	\$ 235,150

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

\$82,588 was 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 ended June 30, 2023.

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

2023	\$ (5,678)
2024	(6,704)
2025	(12,940)
2026	(29,166)
2027	(1,692)
2028	-
2029 and Thereafter	-

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%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

Discount rate

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

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
School District's Proportionate Share of the Net OPEB Liability	\$ 591,813	\$ 415,915	\$ 245,889

NOTE 9 CONSTRUCTION COMMITMENTS

The School District had open constructions commitment as of June 30, 2022 as follows:

Project	Original Contract	Amount Completed	Retainages	Commitment at June 30, 2022
Innovation Academy - Boiler Replacement	\$ 217,500	\$ 108,750	\$ -	\$ 108,750

NOTE 10 RISK MANAGEMENT

The School 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 joined together to form the North Dakota Insurance Reserve Fund (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The School District pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. For the School District the coverage by NDRF is limited to losses of two million dollars per occurrence for general liability, two million for automobile, and \$400,000 for public assets/mobile equipment and \$687,370 for personal property.

The School District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The School District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the School District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The School District has worker's compensation with the Department of Workforce Safety and Insurance. The School District pays part of the health insurance premiums for their employees.

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

NOTE 11 SUBSEQUENT EVENTS

On January 23, 2023 the School District approved a bid packet for the building of a new CTE building project. The budget amount for the project is \$22,364,099.

NOTE 12 GOVERNMENT COMBINATION

At July 1, 2021 the school district of Williston Public School District No. 1 and Williams County Public School District No. 8 combined to form the Williston Basin Public School District No. 7. As of July 1, 2021 the two former school districts were combined into the same financial reporting entity that is now Williston Basin Public School District No. 7. The primary reason for the merger was to take advantage of the cost efficiencies based on the elimination of redundant services.

The initial opening balances of Williston Basin Public School District No. 7's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of Williston Public School District No. 1 and Williams County Public School District No. 8 as of June 30, 2021, as follows on the following pages:

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7
Notes to the Financial Statements – Continued

Williston Public School District No.1 as of June 30, 2021:

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 12,135,091
Taxes receivable	1,379,157
Intergovernmental receivable	3,187,120
Inventory	22,611
Prepaid expenses	2,907
Capital assets, not being depreciated	
Land	3,078,290
Capital assets, net of accumulated depreciation	
Buildings	90,733,688
Modular leasehold improvements	3,054,306
Furniture and equipment	988,425
Land and building improvements	1,279,497
Vehicles	386,977
Total assets	<u>116,248,069</u>
DEFERRED OUTFLOWS OF RESOURCES	
Derived from pension and OPEB	<u>33,308,255</u>
Total assets and deferred outflows of resources	<u>\$ 149,556,324</u>
LIABILITIES	
Accounts payable	\$ 39,918
Salaries and benefits payable	4,809,149
Interest payable	612,667
Unearned revenue	16,851
Long-term liabilities	
Portion due or payable within one year	
Bond payable	1,095,000
Bond premium	73,626
Compensated absences	88,257
Construction loan payable	987,533
Certificate of indebtedness payable	1,005,000
Special assessments payable	310,947
Portion due or payable after one year	
Bond payable	21,190,000
Compensated absences	353,027
Bond premium	589,567
Construction loan payable	14,177,563
Certificate of indebtedness payable	10,890,000
Special assessments payable	5,951,539
Net pension and OPEB liability	78,222,224
Total liabilities	<u>140,412,868</u>
DEFERRED INFLOWS OF RESOURCES	
Derived from pension and OPEB	<u>5,899,545</u>
NET POSITION	
Net investment in capital assets	48,760,663
Restricted for	
Debt services	1,378,916
Building fund	3,512,110
Special reserve	1,077,792
Student activities	1,217,630
Food service	103,200
Unrestricted	<u>(52,806,400)</u>
Total net position	<u>3,243,911</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 149,556,324</u>

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7
Notes to the Financial Statements – Continued

Williams County Public School District No.8 as of June 30, 2021:

Assets	
Cash	\$ 34,392,398
Taxes receivable	700,413
Intergovernmental receivable	<u>125,287</u>
Current assets	<u>35,218,098</u>
Capital assets not being depreciated	
Land	862,806
Capital assets (net of accumulated depreciation)	
Buildings	25,471,628
Furniture and equipment	502,220
Land improvements	73,478
Vehicles and equipment	<u>1,170,389</u>
Total capital assets	<u>28,080,521</u>
Total assets	<u>63,298,619</u>
Deferred Outflows of Resources	
Other post-employment benefits	23,407
Pension plans	<u>4,046,812</u>
Total deferred outflows of resources	<u>4,070,219</u>
Liabilities	
Accounts payable	54,499
Salaries and benefits payable	240,857
Long-term liabilities	
Due within one year	
Bonds payable, net of premium	559,505
Due after one year	
Bonds payable, net of premium	10,298,069
Net OPEB liability	54,476
Net pension liability	<u>8,086,387</u>
Total liabilities	<u>19,293,793</u>
Deferred Inflows of Resources	
Other post-employment benefits	6,642
Pension plans	<u>698,416</u>
Total deferred inflows of resources	<u>705,058</u>
Net Position	
Net investment in capital assets	27,879,865
Restricted for capital projects	10,590,423
Unrestricted	<u>8,899,699</u>
Total net position	<u>\$ 47,369,987</u>

It was noted that the only adjustments that were needed were due to missing special assessment debt from Williams County Public School District No. 8 as described in Note 2. There were no other modifications or adjustments needed for the opening balances as of July 1, 2021.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Budgetary Comparison Schedule - General Fund

June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	\$ 20,368,821	\$ 20,368,821	\$ 20,445,982	\$ 77,161
State Sources	44,512,523	44,512,523	48,770,995	4,258,472
Federal Sources	7,308,174	7,308,174	1,668,986	(5,639,188)
Other Sources	-	-	1,085,699	1,085,699
Total Revenues	\$ 72,189,518	\$ 72,189,518	\$ 71,971,662	\$ (217,856)
EXPENDITURES				
Current				
Regular Instruction	\$ 42,255,449	\$ 42,255,449	\$ 41,551,056	\$ 704,393
Special Education	1,668,300	1,668,300	1,826,582	(158,282)
Vocational Education	9,770,370	9,770,370	9,640,005	130,365
Federal Programs	7,494,222	7,494,222	5,332,047	2,162,175
District Wide Services	6,586,653	6,586,653	5,282,942	1,303,711
Administration	3,789,772	3,789,772	3,471,415	318,357
Operations and Maintenance	2,114,800	2,114,800	1,179,417	935,383
Transportation	283,000	283,000	833,639	(550,639)
Co-curricular Activities	1,969,500	1,969,500	1,418,582	550,918
Debt Service:				
Principal	-	-	1,005,000	(1,005,000)
Interest	-	-	469,288	(469,288)
Total Expenditures	\$ 75,932,066	\$ 75,932,066	\$ 72,009,973	\$ 3,922,093
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,742,548)	\$ (3,742,548)	\$ (38,311)	\$ 3,704,237
Net Changes in Fund Balances	\$ (3,742,548)	\$ (3,742,548)	\$ (38,311)	\$ 3,704,237
Fund Balances - July 1	\$ 1,537,447	\$ 1,725,717	\$ 21,673,168	\$ 19,947,451
Prior Period Adjustment	\$ -	\$ -	\$ (38,948)	\$ (38,948)
Fund Balances - July 1 Restated	\$ 1,537,447	\$ 1,725,717	\$ 21,634,220	\$ 19,908,503
Fund Balances - June 30	\$ (2,205,101)	\$ (2,016,831)	\$ 21,595,909	\$ 23,612,740

The accompanying required supplementary information notes are an integral part of this schedule.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Employer's Share of Net Pension and Employer Contributions
For the Year Ended June 30, 2022

**Schedule of Employer's Share of Net Pension Liability
North Dakota Teachers Fund for Retirement
Last 10 Fiscal Years**

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	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	3.761996%	\$ 39,638,476	\$ 29,031,691	136.54%	75.70%
2021	3.581234%	54,810,912	26,130,856	209.76%	63.40%
2020	3.306163%	45,534,228	25,522,768	178.41%	65.50%
2019	3.148132%	41,960,129	22,633,330	185.39%	65.50%
2018	3.136234%	42,939,623	21,265,648	201.92%	63.20%
2017	3.114603%	46,047,414	20,421,129	225.49%	59.20%
2016	3.001923%	39,260,806	18,464,972	212.62%	62.10%
2015	2.737523%	28,684,388	15,879,088	180.64%	66.60%

**Schedule of Employer Contributions
North Dakota Teachers Fund for Retirement
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 3,696,695	\$ 3,696,695	-	\$ 29,031,691	12.73%
2021	4,236,092	4,236,092	-	26,130,856	16.21%
2020	3,854,199	3,854,199	-	25,522,768	15.10%
2019	3,487,208	3,487,208	-	22,633,330	15.41%
2018	3,277,972	3,277,972	-	21,265,648	15.41%
2017	3,092,171	3,092,171	-	20,421,129	15.14%
2016	2,598,353	2,598,353	-	18,464,972	14.07%
2015	1,948,888	1,948,888	-	15,879,088	12.27%

The notes to the required supplementary information are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7**Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued**

**Schedule of Employer's Share of Net Pension Liability
ND Public Employee's Retirement System
Last 10 Fiscal Years**

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	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	0.940172%	\$ 9,799,418	\$ 10,500,637	93.32%	79.13%
2021	0.979120%	30,803,325	10,800,871	285.19%	48.91%
2020	0.853391%	10,002,360	8,876,722	112.68%	71.66%
2019	0.773135%	13,047,497	7,942,546	164.27%	62.80%
2018	0.761693%	12,242,907	7,775,686	157.45%	61.98%
2017	0.666772%	6,498,343	6,719,485	96.71%	70.46%
2016	0.494065%	3,359,557	4,401,515	76.33%	77.15%
2015	0.455521%	2,891,333	3,837,282	75.35%	77.70%

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 785,127	\$ 857,607	\$ (72,480)	\$ 10,500,637	8.17%
2021	783,837	865,480	(81,643)	10,800,871	8.01%
2020	654,418	646,065	8,353	8,876,722	7.28%
2019	587,948	541,597	46,351	7,942,546	6.82%
2018	574,352	565,150	9,202	7,775,686	7.27%
2017	514,027	555,019	(40,992)	6,719,485	8.26%
2016	355,199	391,300	(36,101)	4,401,515	8.89%
2015	300,948	300,948	-	3,837,282	7.84%
2014	261,528	261,528	-	3,487,039	7.12%

The notes to the required supplementary information are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
For the Year Ended June 30, 2022

**Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years**

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.747815%	\$ 415,915	\$ 8,153,106	5.10%	76.63%
2021	0.890219%	748,850	10,148,233	7.38%	63.38%
2020	0.795506%	638,940	8,876,722	7.20%	63.13%
2019	0.725865%	571,668	7,942,546	7.20%	61.89%
2018	0.718746%	568,536	7,775,686	7.31%	59.78%

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 98,043	\$ 109,142	\$ (11,099)	\$ 7,244,551	1.51%
2021	110,548	122,949	(12,401)	10,148,233	1.21%
2020	103,938	102,807	1,131	8,876,722	1.16%
2019	83,168	86,646	(3,478)	7,942,546	1.09%
2018	92,061	90,375	1,686	7,775,686	1.16%

The notes to the required supplementary information are an integral part of this statement.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The School District adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund, special revenue funds, debt service funds, and capital project funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The annual budget must be prepared, and school district taxes must be levied on or before the tenth day of August of each year.
- The governing body of the school district may amend its tax levy and budget on or before the tenth day of October of each year, but the certification must be filed with the county auditor within the time limitations as outlined in NDCC section 57-15-31.1.
- Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed.
- The operating budget includes proposed expenditures and means of financing them.
- The school board of each public school district, 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 thereof at maturity.
- No taxing district may certify any taxes or amend its current budget and no county auditor may accept a certification of taxes or amended budget after the tenth day of October of each year if such certification or amendment results in a change in the amount of tax levied.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

NOTE 2 CHANGES OF BENEFIT TERMS

Pension

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.

OPEB

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.

NOTE 3 CHANGES OF ASSUMPTIONS

North Dakota Teachers Fund for Retirement

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.

Pension

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

OPEB

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

NOTE 4 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

NOTE 5 REQUIRED SUPPLEMENTARY INFORMATION PENSION TABLES

Prior to 2022, the data in the tables was compiled from the prior audits of Williston Public School District No. 1 and Williams County Public School District No. 8 due to the two school districts merging into Williston Basin Public School District No. 7.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

ALN Number	Program Title	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the North Dakota Department of Public Instruction:			
	Child Nutrition Cluster		
10.555	National School Lunch Program - Cash	F10555	\$ 2,757,190
10.555	National School Lunch Program - Commodities **	36001	206,711
10.553	School Breakfast Program	F10553	455,777
10.559	Summer Food Service Program for Children	F10559	118,375
	Child Nutrition Cluster		<u>\$ 3,538,053</u>
10.560	State Administrative Expenses for Child Nutrition	F10560A	\$ 12,127
10.582	Fresh Fruit and Vegetable Program	F10582	142,917
10.649	State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	F10649	<u>3,063</u>
Total U.S Department of Agriculture			<u>\$ 3,696,160</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the North Dakota Department of Public Instruction			
84.010	Title I - Grants to LEA's	F84010	\$ 1,628,283
84.365A	English Language acquisition State Grants	F84365	15,993
84.367A	Supporting Effective Instruction State Grant	F84367A	419,395
84.369A	Grant for State Assessments and Related Activities	84.369A	10,894
84.371C	Striving Readers/Comprehensive Literacy State Development	F84371C	453,539
84.424A	Student Support and Academic Enrichment Program	F84424A	118,157
	Education Stabilization Fund		
84.425D	COVID 19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	F84425D	\$ 1,608,798
84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	F84425W	<u>8,704</u>
	Education Stabilization Fund Total		<u>\$ 1,617,502</u>
Passed through the North Dakota Department of Career and Technical Education			
84.048	Career and Technical Education - Basic Grants to States	N/A	<u>\$ 135,840</u>
Total U.S Department of Education			<u>\$ 4,399,603</u>
U.S DEPARTMENT OF HEALTH AND HUMAN SERCIVES (HHS)			
Passed through the North Dakota Department of Human Services			
93.994	Maternal and Child Health Services Block Grant to the States	N/A	<u>\$ 1,140</u>
Total U.S Department of Defense			<u>\$ 1,140</u>
Total Amount of Federal Awards			<u><u>\$ 8,096,903</u></u>

** - Noncash Assistance

See notes to the Schedule of Expenditures of Federal Awards

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Williston Basin Public School District No. 7 under programs of the federal government for the year ended June 30, 2022. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Williston Basin Public School District No. 7, it is not intended to and does not present the financial position or changes in net position of the Williston Basin Public School District No. 7. Expenditures represent only the federally funded portions of the program. School District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 NON-CASH AWARDS

The amount of commodities reported on the schedule is the value of the supplemental food program distributed by the district during the year as priced by the North Dakota Department of Public Instruction.

NOTE 4 PASS-THROUGH GRANT NUMBER

For federal programs marked "N/A", the School District was unable to obtain a pass-through grant number.

NOTE 5 INDIRECT COST RATE

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

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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

Independent Auditor's Report

Williston Basin Public School Board
Williston Basin Public School District No. 7
Williston, 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 Williston Basin Public School District No. 7, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Williston Basin Public School District No. 7's basic financial statements, and have issued our report thereon dated April 9, 2024. Our report issued a qualified opinion over each major fund and aggregate remaining fund information because we were unable to obtain sufficient and appropriate audit evidence surrounding opening cash and fund balance amounts and ending cash and fund balance amounts as the School District did not complete monthly bank reconciliations during the year. In addition, material audit adjustments were made for cash balances during the audit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Williston Basin Public School District No. 7'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 Williston Basin Public School District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of the Williston Basin Public School District No. 7's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *Schedule of Audit Findings and Questioned Costs* as items 2022-001 through 2022-005, that we consider to be material weaknesses.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williston Basin Public School District No. 7's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Audit Findings and Questioned Costs* as items 2022-005 and 2022-006.

Williston Basin Public School District No. 7's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Williston Basin Public School District No. 7's response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Williston Basin Public School District No. 7's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 9, 2024



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

Independent Auditor's Report

Williston Basin Public School Board
Williston Basin Public School District No. 7
Williston, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Williston Basin Public School District No. 7's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Williston Basin Public School District No. 7's major federal programs for the year ended June 30, 2022. Williston Basin Public School District No. 7's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Williston Basin Public School District No. 7 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Williston Basin Public School District No. 7 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 Williston Basin Public School District No. 7's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Williston Basin Public School District No. 7's federal programs.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance - Continued

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 Williston Basin Public School District No. 7'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 GAAS, *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 Williston Basin Public School District No. 7's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Williston Basin Public School District No. 7'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 Williston Basin Public School District No. 7'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 Williston Basin Public School District No. 7'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.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying *Schedule of Audit Findings and Questioned Costs* as item 2022-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Williston Basin Public School District No. 7's response to the noncompliance findings identified in our audit described in the accompanying *Schedule of Audit Findings and Questioned Costs*. Williston Basin Public School District No. 7'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.

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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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*

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance - Continued

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 Audit Findings and Questioned Costs* as items 2022-007 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 Williston Basin Public School District No.7's response to the internal control over compliance findings identified in our audit described in the accompanying *Schedule of Audit findings and Questioned Costs*. Williston Basin Public School District No. 7'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.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 9, 2024

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Summary of Auditor's Results
For the Year Ended June 30, 2022

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Major Funds	Qualified
Aggregate Remaining Fund Information	Qualified

Internal control over financial reporting

Material weaknesses identified?	<u> X </u> Yes	<u> </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Noted
Noncompliance material to financial statements noted?	<u> X </u> Yes	<u> </u> None Noted

Federal AwardsInternal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None noted
Reportable conditions identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None noted

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 CFR §200.516 (Uniform Guidance) requirements? X Yes None noted

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I
84.425D, 84.425W	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I – FINANCIAL STATEMENT FINDINGS

2022-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS

Condition

Williston Basin Public School District No. 7 was unable to identify the internal controls in place during fiscal year 2022. During our review of records, we could not verify whether accounting duties were properly segregated. For example, there was no evidence to see the person opening the invoices was not the same person that processed the payments of the invoices. Additional areas of proper segregation that should exist in a proper system of internal control could not be verified.

Effect

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the School District's financial condition whether due to error or fraud.

Cause

During fiscal year 2022, the School District did not have sufficient understanding and did not develop an appropriate system of internal control that included segregating duties.

Criteria

Proper internal control according to the COSO framework include controls surrounding the custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements. The framework dictates there should be sufficient accounting personnel so that duties of employees are properly segregated. Proper segregation of duties would provide better control over the assets of the School District.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 develop an appropriate system of internal control which includes segregation of duties within the accounting function.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2022-002 – LACK OF BANK RECONCILIATIONS – MATERIAL WEAKNESS

Condition

Williston Basin Public School District No. 7 did not perform bank reconciliations of any of their accounts during fiscal year 2022. The School District chose not to go back and attempt to complete the reconciliations.

Effect

There is an increased risk of material misstatement to Williston Basin Public School District No. 7's financial statements whether due to error or fraud if bank reconciliations are not complete and accurate. Additionally, due to not having bank reconciliations the audit opinion required to have a qualified opinion due to the material differences identified.

Cause

During fiscal year 2022, the School District did not have sufficient understanding and did not develop an appropriate system of internal control that included completing bank reconciliations timely and accurately.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the bank reconciliations, management is responsible for the policies and procedures to ensure accurate and timely bank reconciliations.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 develop procedures to ensure all bank reconciliations are completed timely and accurate.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2022-003 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

Material auditor-identified adjusting entries related to cash, payables, receivables, and the schedule of expenditures of federal awards were proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustments and were approved by management.

Effect

The financial statements may have been misstated if the cash, receivables, payables, and the schedule of expenditures of federal awards had not been adjusted during the audit.

Cause

Williston Basin Public School District #7 does not have sufficient procedures in place to ensure the schedule of expenditures of federal awards are accurate or an accurate listing of receivables and payables are used in the preparation of its financial statements. Additionally, no bank reconciliations were performed causing cash adjustments to be needed. The school district had issues surrounding the recording of receivables and payables along with completing monthly bank reconciliations before the reorganization.

Criteria

Williston Basin Public School District #7 is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District # 7 review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2022-004 – LACK OF FRAUD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition

The Williston Basin Public School District No. 7 did not complete a fraud risk assessment during fiscal year 2022.

Effect

There is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

Cause

During fiscal year 2022, the School District did not have sufficient understanding and did not develop an appropriate system of internal control that included preparation of a fraud risk assessment.

Criteria

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 prepare a fraud risk assessment to identify and mitigate areas of risk for fraudulent financial reporting, misappropriation of assets, and corruption.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2022-005 – BUDGET PREPARATION – MATERIAL WEAKNESS AND MATERIAL NON-COMPLIANCE

Condition

Williston Basin Public School District No. 7 did not have supporting documentation for their annual budget. We were unable to determine whether the budget was in compliance with N.D.C.C. §57-15-13. Although there was no support, we were able to confirm the tax revenues from the county were received by the school and the maximum mill amount was not exceeded.

Effect

Williston Public School District No. 7 may have improperly calculated the tax levies. In addition, the district may not have been in compliance with N.D.C.C. §57-15-13.

Cause

Williston Basin Public School District No. 7 did not have established policies and procedures for maintaining support documentation for their annual budget in accordance with N.D.C.C. §57-15-13. In addition, it was noted that before the reorganization that the Williston Basin Public School District No. 7 did not have support for their budgets in compliance with N.D.C.C. §57-15-13.

Criteria

N.D.C.C. §57-15-13 states "School district taxes must be levied by the governing body of each school district on or before the tenth day of August of each year. The governing body of the school district may increase or decrease its tax levy and budget for the current fiscal year on or before the tenth day of October of each year but the certification must be filed with the county auditor within the time limitations under section 57-15-31.1. Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure 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 of each public school district, 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 thereof at maturity."

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to estimates, management is responsible for adequate internal controls surrounding the use of estimates during the budget process.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 establish procedures to ensure compliance with all aspects of N.D.C.C. §57-15-13 and maintain appropriate support documentation for estimates within the budget.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2022-006 – DEBT COVENANT VIOLATION – MATERIAL NON-COMPLIANCE

Condition

As of June 30, 2022, Williston Public School District No. 7 did not create a separate debt service fund for principal and interest payments related to the State Aid Certificates of Indebtedness, Series 2019.

Effect

Williston Basin Public School District No. 7 is in violation of the debt covenant of the State Aid Certificates of Indebtedness, Series 2019.

Cause

It was noted before the reorganization took place that the Williston Basin Public School District No. 7 was in violation of the debt covenants for the State Aid Certificates of Indebtedness, Series 2019. The school district did not establish policies and procedures to ensure this violation did not take place.

Criteria

The State Aid Certificates of Indebtedness, Series 2019 debt covenants state: "So long as any of the Certificates are outstanding and unpaid, the Business Manager shall maintain a sinking fund to be designated "State Aid Refunding Certificates of Indebtedness, Series 2019 Fund" as a separate and special bookkeeping account on the official books and records of the district to be used for no purpose other than the payment of the principal of and interest of the Certificates and such other certificates of the district as have been or may be directed to be paid from the Certificate Fund."

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 review the debt covenants and create a separate debt service fund for principal and interest payments to ensure compliance with the State Aid Certificates of Indebtedness, Series 2019 bond covenants.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-007 – TITLE I – INADEQUATE SUPPORTING DOCUMENTATION– ALN 84.010 – SIGNIFICANT DEFICIENCY & OTHER NONCOMPLIANCE

FINDING TYPE: SIGNIFICANT DEFICIENCY & OTHER NONCOMPLIANCE

Finding	2022-007
Federal Program:	Title I
ALN:	84.010
Federal Award Number(s) and Year(s):	S010A200034, 2022
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	\$7,591

Condition

We were unable to verify whether 6 of 60 expenditures totaling \$7,591 were for costs allowed under the Title I grant. When projected against the total population of \$1,628,283, the total projected error is \$15,939.

Effect

Williston Basin Public School District No. 7 may have charged unallowable expenditures to the grant program.

Cause

Williston Basin Public School District No. 7 did not maintain support documentation for all expenditures charged to the Title I grant. In addition, there was no evidence of approval on these transactions.

Criteria

Uniform Guidance 2 CFR 200.303(a) states "The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Uniform Guidance 2 CFR 200.403(g) requires costs to be adequately documented.

"Standards for Internal Control in the Federal Government" (Green Book) requires management to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. Management is to design appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system.

Questioned Costs

\$7,591

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 maintain support to ensure all expenditures charged to the Title I grant were approved and were for costs allowed under the grant.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Management's Corrective Action Plan
For the Year Ended June 30, 2022



Date: April 1, 2024

To: Joshua C. Gallion, ND State Auditor

FROM: Kent Anderson, Business Manager

RE: Williston Basin Public School District No. 7 – FY2022 Corrective Action Plan

Contact Person Responsible for Corrective Action Plan: Kent Anderson, Business Manager

Section I – Financial Statement Findings:

2022-001 – LACK OF SEGREGATION OF DUTIES – MATERIAL WEAKNESS

Condition:

Williston Basin Public School District No. 7 was unable to identify the internal controls in place during fiscal year 2022. During our review of records, we could not verify whether accounting duties were properly segregated. For example, there was no evidence to see the person opening the invoices was not the same person that processed the payments of the invoices. Additional areas of proper segregation that should exist in a proper system of internal control could not be verified.

Corrective Action Plan:

Agreed.

Williston Basin School District #7 (WBSD#7) hired a new Business Manager in January 2023 and one of the assigned tasks was for the Business Manager to review processes, procedures and internal controls within the business office and to implement changes as deemed necessary. Evaluation of these processes and implementation of changes is ongoing and certain processes have been implemented, such as cross-training and rotating job responsibilities amongst the business office staff, to address some of the segregation of duties issues.

Anticipated Completion Date:

- Fiscal year 2024/Ongoing

2022-002 – LACK OF BANK RECONCILIATIONS – MATERIAL WEAKNESS

Condition:

Williston Basin Public School District No. 7 did not perform bank reconciliations of any of their accounts during fiscal year 2022. The School District chose not to go back and attempt to complete the reconciliations.

Corrective Action Plan:

Agreed.

The Business Manager currently performs monthly bank reconciliations and provides a copy of the most recent reconciliation to the District Administrative Finance Committee at their monthly regular meeting.

Anticipated Completion Date:

- Implemented/Ongoing

2022-003 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

Material auditor-identified adjusting entries related to cash, payables, receivables, and the schedule of expenditures of federal awards were proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustments and were approved by management.

Corrective Action Plan:

Agreed.

Many of the material adjusting entries from prior years were related to bank reconciliations not being performed on a regular basis. These reconciliations are now being completed regularly which will reduce the number of auditor-identified material adjusting journal entries.

Anticipated Completion Date:

- Implemented in Fiscal Year 2023

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Management's Corrective Action Plan - Continued

2022-004 – LACK OF FRAUD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition:

The Williston Basin Public School District No. 7 did not complete a fraud risk assessment during fiscal year 2022.

Corrective Action Plan:

Agreed.

WBSD#7 administration will complete a fraud risk assessment.

Anticipated Completion Date:

- Fiscal year 2024

2022-005 – BUDGET PREPARATION – MATERIAL WEAKNESS AND MATERIAL NON-COMPLIANCE

Condition:

Williston Basin Public School District No. 7 did not have supporting documentation for their annual budget. We were unable to determine whether the budget was in compliance with N.D.C.C. §57-15-13. Although there was no support, we were able to confirm the tax revenues from the county were received by the school and the maximum mill amount was not exceeded.

Corrective Action Plan:

Agreed.

WBSD#7 had supporting documentation for budget estimates prior to the FY24 budget being filed with Williams County.

Anticipated Completion Date:

- Implemented October 2023

2022-006 DEBT COVENANT VIOLATION – MATERIAL NON-COMPLIANCE

Condition:

As of June 30, 2022, Williston Public School District No. 7 did not create a separate debt service fund for principal and interest payments related to the State Aid Certificates of Indebtedness, Series 2019.

Corrective Action Plan:

Agreed.

This was also an audit finding for Williston Public School District #1 from FY21 and subsequent to that audit, a separate debt service fund was created.

Anticipated Completion Date:

- Implemented in Fiscal Year 2023

Section II – Federal Awards Findings and Questioned Costs:

2022-007 – TITLE I – INADEQUATE SUPPORTING DOCUMENTATION– ALN 84.010 – SIGNIFICANT DEFICIENCY & OTHER NONCOMPLIANCE

FINDING TYPE: SIGNIFICANT DEFICIENCY & OTHER NONCOMPLIANCE

Finding	2022-007
Federal Program:	Title I
ALN:	84.010
Federal Award Number(s) and Year(s):	S010A200034, 2022
Federal Agency:	U.S. Department of Education
Questioned Cost:	\$7,591

Condition:

We were unable to verify whether 6 of 60 expenditures totaling \$7,591 were for costs allowed under the Title I grant. When projected against the total population of \$1,628,283, the total projected error is \$15,939.

Corrective Action Plan:

Agreed.

WBSD#7 created a new Grants Coordinator position in July 2023 with one of the specific responsibilities for that position being oversight of all Federal Title programs. This oversight responsibility includes monitoring expenditures to ensure all expenditures are allowable within the parameters of each program and also that proper documentation for those expenditures has been maintained.

Anticipated Completion Date:

- **Fiscal Year 2024**



GOVERNANCE COMMUNICATION

April 9, 2024

Williston Basin Public School Board
Williston Basin Public School District No. 7
Williston, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williston Basin Public School District No. 7, North Dakota, for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2023. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Williston Basin Public School District No. 7 are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by Williston Basin Public School District No. 7 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities financial statements were:

Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit other than what is listed below:

The major funds and aggregate remaining fund information received a qualified opinion due to the following reasons:

For the year ended June 30, 2022, we were unable to obtain sufficient and appropriate evidence surrounding the beginning and ending cash and fund balance amounts for each major fund and the aggregate remaining fund information. During the year, Williston Basin Public School District No. 7 did not perform any bank reconciliations. At year end, an initial difference of \$2,802,963 existed between the bank balance and the general ledger overall cash balance in which the bank balance was higher than the general ledger balance. Material audit adjustments were identified during the audit resulting in debits to cash of \$3,843,875 and credits of \$3,228,988. Additionally, during the audit, \$1,125,313 in

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7Governance Communication – Continued

outstanding checks were identified. This resulted in a remaining unreconciled difference between the bank statements and the general ledger in an amount of \$1,062,763 after the audit adjustments and the identified outstanding checks were taken into consideration. This remaining difference was then adjusted into the financial statements by increasing General Fund miscellaneous revenue and General Fund cash. Thus, in total, \$4,906,639 in debits and \$3,228,988 in credits were made to various cash accounts during the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules list all misstatements provided by management or detected as a result of audit procedures that were corrected by management.

2022 Adjustments	Audit Adjustments	
	Debit	Credit
Governmental Funds		
General Fund		
<u>To Adjust Cash and Fund Balance</u>		
Cash	2,637,069	
Fund Balance		2,637,069
<u>To Adjust Cash and Revenue for Unreconciled Amounts</u>		
Cash	1,062,763	
Revenue		1,062,763
<u>To Correct Client Opening Balance Adjustments</u>		
Expenditures	1,000,000	
Cash		1,000,000
<u>To Correct Client Receivable Balance</u>		
Intergovernmental Receivable	173,789	
Accounts Receivable	3,173,703	
Revenue		3,347,492
<u>To Record Audit Found Receivables</u>		
Revenue	309,988	
Intergovernmental Receivable	1,472,556	
Revenue		1,472,556
Accounts Receivable		309,988
<u>To Add Unavailable Revenue - Intergovernmental Receivable</u>		
Intergovernmental Receivable	2,800,740	
Deferred Inflows of Resources - Unavailable Revenue		2,800,740
<u>To Remove Client Recorded Payables Balance</u>		
Expenditures	3,382,748	
Retirement Payable	512,683	
Salaries & Benefits Payable		3,613,756
Reorganization Payable		281,675
<u>To Record Audit Found Payables</u>		
Expenditures	2,918,349	
Salaries & Benefits Payable		1,772,084
Retirement Payable		1,146,265
<u>To Record Prior Period Adjustment</u>		
Fund Balance	38,948	
Expenditures		38,948

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7
Governance Communication – Continued

Building Fund

To Adjust Cash and Fund Balance

Fund Balance	840,179	
Cash		840,179

To Record Prior Period Adjustment

Expenditures	38,948	
Fund Balance		38,948

Non Major Funds

To Adjust Cash and Fund Balance

Cash - Student Activity Fund	1,206,806	
Fund Balance	182,003	
Cash - Debt Service Fund		712,258
Cash - Food Service Fund		573,997
Cash - Special Reserve Fund		102,554

To Record Audit Found Receivables

Intergovernmental Receivable - Food Service	40,767	
Revenue		40,767

To Remove Client Recorded Payables Balance

Expenditures	21,708	
Salaries & Benefits Payable - Food Service		4,088
Reorganization Payable - Debt Service		1,525
Reorganization Payable - Food Service		3,611
Reorganization Payable - Student Activity		12,484

Government Wide Adjustments

To Record Audit Found Capital Assets

Capital Assets, Net	164,985	
Net Position		164,985

To Remove Capital Assets

Net Position	72,933	
Capital Assets, Net		72,933

To Add Government Wide Intergovernmental Receivable

Intergovernmental Receivable	2,800,740	
Revenue		2,800,740

Prior Period Adjustment

To Record portion of missing Special Assessment Debt

Net Position	56,371	
Long Term Debt		56,371

Schedule of Expenditures of Federal Awards Adjustments

To Record Audit Found Schedule of Federal Award Adjustments

SEFA - Expenditures	2,800,740	
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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Williston Basin Public School District No. 7's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We provided a qualified opinion over each major fund and the aggregate remaining fund information. Because of the significance of the matter described in the Difficulties Encountered in Performing the Audit paragraph, we were unable to obtain sufficient and appropriate evidence over the beginning and ending cash and fund balance amounts for each major fund and the aggregate remaining fund information.

Other Matters

We applied certain limited procedures to the *budgetary comparison information, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Governance Communication – Continued

Restriction on Use

This information is intended solely for the use of Williston Basin Public School District No. 7 board members and management of Williston Basin Public School District No. 7, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Williston Basin Public School District No. 7 for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Williston Basin Public School District No. 7.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 9, 2024



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505