



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 Years Ended June 30, 2024 and 2023

Client Code: PS53300



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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, 2024 and June 30, 2023

At June 30, 2024

Kyle Renner	Board President
Christ Jundt	Board Member
Sarah Williams	Board Member
John Kasmer	Board Member
Cory Swint	Board Member
Heather Wheeler	Board Member
John Walstad	Board Member
Dr. Richard Faidley	Superintendent
Vacant	Business Manager

At June 30, 2023

Christ Jundt	Board President
Kyle Renner	Board Member
Sarah Williams	Board Member
John Kasmer	Board Member
Cory Swint	Board Member
Heather Wheeler	Board Member
John Walstad	Board Member
Dr. Richard Faidley	Superintendent
Kent Anderson	Business Manager



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

Disclaimer of Opinion

We were engaged to audit 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, North Dakota, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Basin Public School District No. 7's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the Williston Basin Public School District No. 7. Because of the significance of the matter(s) described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

Williston Basin Public School District No. 7 did not maintain adequate accounting records to provide sufficient information for the preparation of the financial statements for the years ended June 30, 2024 and 2023 for the governmental activities, each major fund, and the aggregate remaining fund information. The lack of sufficient information included the following:

Year Ended June 30, 2023

- Williston Basin Public School District No. 7 did not perform bank reconciliations during 2023, except for the month of June. This initially caused cash to have an unreconciled net difference of \$771,625 at year end. During the audit, additional reconciling items and adjustments were identified, proposed, and accepted by the District which increased the unreconciled net difference to \$6,027,957. This difference was then "plugged" to "District-wide expenses" in the General Fund for the 2023 financial statements.
- The General Fund's fiscal year 2023 opening fund balance was adjusted in the District's trial balance by \$1,877,494 in comparison to the ending 2022 trial balance. The District was unable to provide support for this adjustment.
- The District failed to record deposit activity on the District's 2023 ledger. During the audit, unrecorded ledger activity identified by the audit team included the following:
 - \$2,305,882 in state and federal revenue from the North Dakota Department of Public Instruction.
 - \$378,454 in property tax revenue from Williams County.
- In February of 2023, the District paid the IRS \$2,790,894. The District was only able to provide support for \$757,923 leaving an unsupported difference of \$2,032,971.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Independent Auditor's Report – Continued

- For fiscal year 2023, 11 of 20 adjusting entries to cash that were tested lacked sufficient supporting documentation, representing a net debit amount of \$1,957,488. Based on projection to the population, these deficiencies could result in a potential net debit misstatement of \$3,047,933.

Year Ended June 30, 2024

- In fiscal year 2024, Williston Basin Public School District No. 7 did not perform bank reconciliations for the months of August, October, March, and May. The bank reconciliation performed for the month of June had an unreconciled net difference of \$86,978. During the audit, additional reconciling items and adjustments were identified, proposed, and accepted by the District which increased the unreconciled net difference to \$403,167. This difference was then “plugged” to “District-wide expenses” in the General Fund for the 2024 financial statements.
- In September of 2023, the District paid the IRS \$894,423. The District was only able to provide support for \$750,776 leaving an unsupported difference of \$143,647.
- For fiscal year 2024, 17 of 30 entries to cash that were tested lacked sufficient supporting documentation, representing a net credit amount of \$4,514,138. Based on projection to the population, these deficiencies could result in a potential net credit misstatement of \$14,757,305.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 responsibility is to conduct an audit of the Williston Basin Public School District No. 7's financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards and to issue an auditor's report. However, because of the matter(s) described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of 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.

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.

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 engagement was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Williston Basin 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.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are not able to obtain sufficient evidence to provide a basis for an opinion and accordingly we do not opine on the *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2026, on our consideration of the Williston Basin Public School District No. 7's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Williston Basin Public School District No. 7's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
July 7, 2026

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 25,538,010
Investments	23,500,000
Interest Receivable	465,403
Intergovernmental Receivable	4,667,591
Due from County Treasurer	128,036
Other Assets	196,861
Taxes Receivable	1,902,557
Capital Assets	
Nondepreciable	23,778,062
Depreciable, Net	<u>113,629,506</u>
Total Assets	<u>\$ 193,806,026</u>
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension & OPEB	<u>\$ 71,050,666</u>
LIABILITIES	
Salaries Payable	\$ 1,634,131
Retirement Payable	1,202,675
Accounts Payable	1,687,181
Benefits Payable	442,977
Retainage Payable	669,238
Other Payables	14,243
Interest Payable	607,318
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	4,699,455
Compensated Absences Payable	34,293
Due After One Year	
Long Term Debt	50,375,719
Compensated Absences Payable	137,170
Net Pension & OPEB Liability	<u>68,667,118</u>
Total Liabilities	<u>\$ 130,171,518</u>
DEFERRED INFLOWS OF RESOURCES	
Derived from Pension & OPEB	<u>\$ 64,821,078</u>
NET POSITION	
Net Investment in Capital Assets	\$ 82,332,394
Restricted for	
Capital Projects	29,484,379
Debt Service	2,429,859
Special Purposes	1,759,120
Unrestricted	<u>(46,141,656)</u>
Total Net Position	<u>\$ 69,864,096</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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Regular Instruction	\$ 50,558,085	\$ -	\$ -	\$ -	\$ (50,558,085)
Special Education	1,234,624	-	1,031,620	-	(203,004)
Vocational Education	9,586,509	-	20,037	13,717,816	4,151,344
Federal Programs	5,324,185	-	4,421,017	-	(903,168)
District Wide Services	9,084,145	-	-	-	(9,084,145)
Administration	5,573,351	-	-	-	(5,573,351)
School Food Services	4,201,770	1,564,362	1,691,524	-	(945,884)
Operations and Maintenance	1,361,391	-	-	-	(1,361,391)
Transportation	4,334,161	18,322	256,504	-	(4,059,335)
Co-curricular Activities	3,194,208	1,159,388	-	-	(2,034,820)
Interest and Fees on Long-Term Debt	1,561,786	-	-	-	(1,561,786)
Total Governmental Activities	\$ 96,014,215	\$ 2,742,072	\$ 7,420,702	\$ 13,717,816	\$ (72,133,625)
General Revenues					
Property Taxes					\$ 25,001,156
State Aid-Unrestricted					47,203,354
Interest Earnings					3,798,180
Miscellaneous Revenue					575,519
Total General Revenues					\$ 76,578,209
Changes in Net Position					\$ 4,444,584
Net Position - July 1					\$ 65,419,512
Net Position - June 30					\$ 69,864,096

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, 2024

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 10,078,494	\$ 11,190,369	\$ 4,269,147	\$ 25,538,010
Investments	1,500,000	20,000,000	2,000,000	23,500,000
Due From County	99,292	14,297	14,447	128,036
Intergovernmental Receivable	4,537,639	20,037	109,915	4,667,591
Interest Receivable	64,297	364,038	37,068	465,403
Other Assets	196,861	-	-	196,861
Taxes Receivable	1,472,595	226,756	203,206	1,902,557
Total Assets	\$ 17,949,178	\$ 31,815,497	\$ 6,633,783	\$ 56,398,458
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Salaries Payable	\$ 1,634,131	\$ -	\$ -	\$ 1,634,131
Retainage Payable	-	669,238	-	669,238
Retirement Payable	1,202,675	-	-	1,202,675
Benefits Payable	442,977	-	-	442,977
Other Payables	14,243	-	-	14,243
Accounts Payable	74	1,661,880	25,227	1,687,181
Total Liabilities	\$ 3,294,100	\$ 2,331,118	\$ 25,227	\$ 5,650,445
Deferred Inflows of Resources				
Taxes Receivable	\$ 1,472,595	\$ 226,756	\$ 203,206	\$ 1,902,557
Total Deferred Inflows of Resources	\$ 1,472,595	\$ 226,756	\$ 203,206	\$ 1,902,557
Total Liabilities and Deferred Inflows of Resources	\$ 4,766,695	\$ 2,557,874	\$ 228,433	\$ 7,553,002
Fund Balances				
Restricted				
Building Fund	\$ -	\$ 29,257,623	\$ -	\$ 29,257,623
Student Activities	-	-	1,640,296	1,640,296
Debt Service	-	-	2,833,971	2,833,971
Special Reserve	-	-	1,901,687	1,901,687
Food Service	-	-	29,396	29,396
Unassigned	13,182,483	-	-	13,182,483
Total Fund Balances	\$ 13,182,483	\$ 29,257,623	\$ 6,405,350	\$ 48,845,456
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,949,178	\$ 31,815,497	\$ 6,633,783	\$ 56,398,458

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, 2024

Total Fund Balances for Governmental Funds		\$ 48,845,456
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.		137,407,568
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		1,902,557
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	\$ 71,050,666	
Deferred Inflows Related to Pensions & OPEB	<u>(64,821,078)</u>	6,229,588
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	\$ (54,518,799)	
Interest Payable	(607,318)	
Bond Premium	(556,375)	
Compensated Absences Payable	(171,463)	
Net Pension & OPEB Liability	<u>(68,667,118)</u>	<u>(124,521,073)</u>
Total Net Position of Governmental Activities		\$ 69,864,096

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, 2024

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 21,182,551	\$ 5,211,271	\$ 5,287,928	\$ 31,681,750
State Sources	48,379,776	20,037	-	48,399,813
Federal Sources	4,421,017	13,717,816	1,691,524	19,830,357
Other Local Sources	180,345	-	-	180,345
Total Revenues	\$ 74,163,689	\$ 18,949,124	\$ 6,979,452	\$ 100,092,265
EXPENDITURES				
Current				
Regular Instruction	\$ 47,355,896	\$ -	\$ -	\$ 47,355,896
Special Education	1,070,016	-	-	1,070,016
Vocational Education	8,458,241	-	-	8,458,241
Federal Programs	5,264,108	-	-	5,264,108
District Wide Services	5,726,154	3,074,471	-	8,800,625
Administration	5,295,447	-	-	5,295,447
School Food Services	-	-	3,956,730	3,956,730
Operations and Maintenance of Plant	1,451,357	-	-	1,451,357
Transportation	4,106,039	-	-	4,106,039
Co-curricular Activities	2,138,096	-	1,183,786	3,321,882
Capital Outlay	-	18,470,915	-	18,470,915
Debt Service				
Principal	-	1,391,142	2,987,631	4,378,773
Interest	-	772,466	918,266	1,690,732
Fees	-	2,025	1,750	3,775
Total Expenditures	\$ 80,865,354	\$ 23,711,019	\$ 9,048,163	\$ 113,624,536
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,701,665)	\$ (4,761,895)	\$ (2,068,711)	\$ (13,532,271)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 1,385,800	\$ 1,385,800
Transfers Out	(1,385,800)	-	-	(1,385,800)
Total Other Financing Sources and Uses	\$ (1,385,800)	\$ -	\$ 1,385,800	\$ -
Net Change in Fund Balances	\$ (8,087,465)	\$ (4,761,895)	\$ (682,911)	\$ (13,532,271)
Fund Balances - July 1	\$ 21,269,948	\$ 34,019,518	\$ 7,088,261	\$ 62,377,727
Fund Balances - June 30	\$ 13,182,483	\$ 29,257,623	\$ 6,405,350	\$ 48,845,456

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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (13,532,271)

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	\$ 19,069,797	
Current Year Depreciation Expense	<u>(4,110,483)</u>	14,959,314

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		4,378,773
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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	\$ (41,616)	
Net Change in Interest Payable	<u>49,590</u>	91,105

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 not reported in the funds.

Net Change in Net Pension & OPEB Liability	\$ 10,413,879	
Net Change in Deferred Outflows of Resources	(17,972,019)	
Net Change in Deferred Inflows of Resources	<u>5,739,269</u>	(1,818,871)

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		366,534
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Change in Net Position of Governmental Activities \$ 4,444,584

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

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Statement of Net Position

June 30, 2023

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 23,350,118
Investments	32,000,000
Other Asset	196,917
Intergovernmental Receivable	11,715,614
Interest Receivable	348,559
Due from County Treasurer	139,514
Prepaid Expenses	24,149
Taxes Receivable	1,536,021
Capital Assets	
Nondepreciable	6,303,068
Depreciable, Net	116,145,188
Total Assets	<u>\$ 191,759,148</u>
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension & OPEB	<u>\$ 89,022,685</u>
LIABILITIES	
Salaries Payable	\$ 1,596,196
Accounts Payable	1,530,879
Other Payables	14,245
Retirement Payable	1,792,956
Benefits Payable	438,896
Retainage Payable	23,972
Interest Payable	656,908
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	4,461,904
Compensated Absences Payable	25,969
Due After One Year	
Long Term Debt	55,075,174
Compensated Absences Payable	103,878
Net Pension & OPEB Liability	79,080,997
Total Liabilities	<u>\$ 144,801,974</u>
DEFERRED INFLOWS OF RESOURCES	
Derived from Pension & OPEB	<u>\$ 70,560,347</u>
NET POSITION	
Net Investment in Capital Assets	\$ 62,911,178
Restricted for	
Capital Projects	34,195,784
Debt Service	2,400,347
Special Purposes	2,449,112
Unrestricted	<u>(36,536,909)</u>
Total Net Position	<u>\$ 65,419,512</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, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Regular Instruction	\$ 37,374,185	\$ -	\$ -	\$ (37,374,185)	
Special Education	1,445,408	-	1,335,781	(109,627)	
Vocational Education	8,428,322	-	-	(3,428,322)	
Federal Programs	13,315,078	-	12,348,248	(966,830)	
District Wide Services	11,797,529	-	-	(11,797,529)	
Administration	3,929,443	-	-	(3,929,443)	
School Food Services	4,187,724	1,781,020	1,984,871	(421,833)	
Operations and Maintenance	1,736,582	-	-	(1,736,582)	
Transportation	1,490,085	10,096	379,749	(1,100,240)	
Co-curricular Activities	2,555,612	797,056	-	(1,758,556)	
Interest and Fees on Long-Term Debt	1,707,321	-	-	(1,707,321)	
Total Governmental Activities	\$ 87,967,289	\$ 2,588,172	\$ 16,048,649	\$ 5,000,000	\$ (64,330,468)
General Revenues					
Property Taxes				\$ 24,990,025	
State Aid-Unrestricted				46,080,036	
Interest Earnings				1,241,589	
Miscellaneous Revenue				164,353	
Total General Revenues				\$ 72,476,003	
Changes in Net Position				\$ 8,145,535	
Net Position - July 1				\$ 57,280,178	
Prior Period Adjustment				\$ (6,201)	
Net Position - July 1, as restated				\$ 57,273,977	
Net Position - June 30				\$ 65,419,512	

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, 2023

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 5,021,091	\$ 11,321,499	\$ 7,007,528	\$ 23,350,118
Investments	8,000,000	24,000,000	-	32,000,000
Due From County	105,760	16,021	17,733	139,514
Intergovernmental Receivable	11,667,543	-	48,071	11,715,614
Interest Receivable	121,004	227,555	-	348,559
Other Assets	196,917	-	-	196,917
Prepaid Expenses	-	-	24,149	24,149
Taxes Receivable	1,176,670	176,266	183,085	1,536,021
Total Assets	\$ 26,288,985	\$ 35,741,341	\$ 7,280,566	\$ 69,310,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Salaries Payable	\$ 1,596,196	\$ -	\$ -	\$ 1,596,196
Retainage Payable	-	23,972	-	23,972
Retirement Payable	1,792,956	-	-	1,792,956
Benefits Payable	438,896	-	-	438,896
Accounts Payable	74	1,521,585	9,220	1,530,879
Other Payables	14,245	-	-	14,245
Total Liabilities	\$ 3,842,367	\$ 1,545,557	\$ 9,220	\$ 5,397,144
Deferred Inflows of Resources				
Taxes Receivable	\$ 1,176,670	\$ 176,266	\$ 183,085	\$ 1,536,021
Total Deferred Inflows of Resources	\$ 1,176,670	\$ 176,266	\$ 183,085	\$ 1,536,021
Total Liabilities and Deferred Inflows of Resources	\$ 5,019,037	\$ 1,721,823	\$ 192,305	\$ 6,933,165
Fund Balances				
Non-spendable				
Prepaid Expenses	\$ -	\$ -	\$ 24,149	\$ 24,149
Restricted				
Building Fund	-	34,019,518	-	34,019,518
Student Activities	-	-	1,664,695	1,664,695
Debt Service	-	-	2,879,840	2,879,840
Special Reserve	-	-	1,819,293	1,819,293
Food Service	-	-	700,284	700,284
Unassigned	21,269,948	-	-	21,269,948
Total Fund Balances	\$ 21,269,948	\$ 34,019,518	\$ 7,088,261	\$ 62,377,727
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,288,985	\$ 35,741,341	\$ 7,280,566	\$ 69,310,892

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, 2023

Total Fund Balances for Governmental Funds		\$ 62,377,727
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.		122,448,256
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		1,536,021
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	\$ 89,022,685	
Deferred Inflows Related to Pensions & OPEB	<u>(70,560,347)</u>	18,462,338
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	\$ (58,897,572)	
Interest Payable	(656,908)	
Bond Premium	(639,506)	
Compensated Absences Payable	(129,847)	
Net Pension & OPEB Liability	<u>(79,080,997)</u>	<u>(139,404,830)</u>
Total Net Position of Governmental Activities		<u>\$ 65,419,512</u>

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, 2023

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 20,103,124	\$ 8,591,035	\$ 5,386,795	\$ 34,080,954
State Sources	47,652,833	-	25,381	47,678,214
Federal Sources	15,148,988	-	1,959,490	17,108,478
Other Local Sources	58,253	-	-	58,253
Total Revenues	\$ 82,963,198	\$ 8,591,035	\$ 7,371,666	\$ 98,925,899
EXPENDITURES				
Current				
Regular Instruction	\$ 29,584,800	\$ -	\$ -	\$ 29,584,800
Special Education	1,266,197	-	-	1,266,197
Vocational Education	8,213,009	-	-	8,213,009
Federal Programs	12,821,834	-	-	12,821,834
District Wide Services	12,093,911	-	-	12,093,911
Administration	3,515,319	-	-	3,515,319
School Food Services	-	-	3,791,708	3,791,708
Operations and Maintenance of Plant	1,462,951	-	-	1,462,951
Transportation	1,230,902	-	-	1,230,902
Co-curricular Activities	1,716,736	-	605,413	2,322,149
Capital Outlay	-	2,335,062	-	2,335,062
Debt Service				
Principal	-	1,349,799	2,790,020	4,139,819
Interest	-	813,397	1,017,877	1,831,274
Fees	-	3,500	1,525	5,025
Total Expenditures	\$ 71,905,659	\$ 4,501,758	\$ 8,206,543	\$ 84,613,960
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,057,539	\$ 4,089,277	\$ (834,877)	\$ 14,311,939
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 10,000,000	\$ 1,383,500	\$ 11,383,500
Transfers Out	(11,383,500)	-	-	(11,383,500)
Total Other Financing Sources and Uses	\$ (11,383,500)	\$ 10,000,000	\$ 1,383,500	\$ -
Net Change in Fund Balances	\$ (325,961)	\$ 14,089,277	\$ 548,623	\$ 14,311,939
Fund Balances - July 1	\$ 21,595,909	\$ 19,930,241	\$ 6,545,839	\$ 48,071,989
Prior Period Adjustment	\$ -	\$ -	\$ (6,201)	\$ (6,201)
Fund Balances - July 1 Restated	\$ 21,595,909	\$ 19,930,241	\$ 6,539,638	\$ 48,065,788
Fund Balances - June 30	\$ 21,269,948	\$ 34,019,518	\$ 7,088,261	\$ 62,377,727

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, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ 14,311,939**

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	\$ 3,330,992	
Current Year Depreciation Expense	<u>(4,194,676)</u>	(863,684)

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		4,139,819
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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	\$ (21,099)	
Net Change in Interest Payable	<u>45,847</u>	107,879

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 not reported in the funds.

Net Change in Net Pension & OPEB Liability	\$ (29,227,188)	
Net Change in Deferred Outflows of Resources	59,901,331	
Net Change in Deferred Inflows of Resources	<u>(37,411,487)</u>	(6,737,344)

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	\$ (12,334)	
Net Change in Unavailable Revenue - Intergovernmental Receivables	<u>(2,800,740)</u>	<u>(2,813,074)</u>

Change in Net Position of Governmental Activities **\$ 8,145,535**

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 Years Ended June 30, 2024 and June 30, 2023

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 Statements. The government-wide 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.

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. 7

Notes 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 Leasehold Improvements	20 - 40
Buildings	20 - 50
Vehicles	8 - 15
Furniture and Equipment	5 - 10

Compensated Absences

Vacation leave is accumulated at a rate of 8 to 20 days per year, depending on years of service. The School District allows up to 40 hours of unused vacation leave to be carried over to the next fiscal year. Vacation leave is paid out at termination. 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 Teachers’ Fund for Retirement (TFFR) and additions to/deductions from TFFR’s fiduciary net position have been determined on the same basis as they are reported by TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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).

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: 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, 2024, the School District’s carrying amount of deposits totaled \$49,038,010 and the bank balances totaled \$51,209,494. Of the bank balances, \$26,562,440 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.

At year ended June 30, 2023, the School District’s carrying amount of deposits totaled \$55,350,117 and the bank balances totaled \$55,907,013. Of the bank balances, \$21,263,216 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 3: 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.

NOTE 4: TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended June 30, 2024 and 2023:

	2024 Transfers		2023 Transfers	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Major Funds				
General Fund	\$ -	\$ 1,385,800	\$ -	\$ 11,383,500
Building Fund	-	-	10,000,000	-
Non-Major Funds				
Cert of Indebtedness 2019-11 Fund	1,385,800	-	1,383,500	-
Total Transfers	\$ 1,385,800	\$ 1,385,800	\$ 11,383,500	\$ 11,383,500

Transfers were primarily used to move funds from the general fund into the building fund to cover expenses for on-going and future construction projects. The remaining transfer from the general fund to the cert of indebtedness 2019-11 fund was to cover annual debt service principal and interest payments.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024, for the School District:

Governmental Activities - 2024	Balance July 1	Increases	Decreases	Transfers	Balance June 30
Capital Assets Not Being Depreciated					
Land	\$ 3,941,096	\$ -	\$ -	\$ -	\$ 3,941,096
Construction in Progress	2,361,972	17,474,994	-	-	19,836,966
Total Capital Assets, Not Being Depreciated	\$ 6,303,068	\$ 17,474,994	\$ -	\$ -	\$ 23,778,062
Capital Assets Being Depreciated					
Buildings	\$ 138,264,750	\$ -	\$ -	\$ -	\$ 138,264,750
Modular Leasehold Improvements	4,025,848	-	-	-	4,025,848
Furniture and Equipment	6,932,836	885,758	-	-	7,818,594
Textbooks	-	599,557	-	-	599,557
Vehicles	3,077,663	-	-	-	3,077,663
Land and Building Improvements	4,581,800	109,487	-	-	4,691,287
Total Capital Assets, Being Depreciated	\$ 156,882,897	\$ 1,594,802	\$ -	\$ -	\$ 158,477,699
Less Accumulated Depreciation					
Buildings	\$ 28,698,270	\$ 3,274,730	\$ -	\$ -	\$ 31,973,000
Modular Leasehold Improvements	1,259,354	143,907	-	-	1,403,261
Furniture and Equipment	5,641,526	287,330	-	-	5,928,856
Textbooks	-	26,528	-	-	26,528
Vehicles	1,940,296	225,750	-	-	2,166,046
Land and Building Improvements	3,198,263	152,239	-	-	3,350,502
Total Accumulated Depreciation	\$ 40,737,709	\$ 4,110,484	\$ -	\$ -	\$ 44,848,193
Total Capital Assets Being Depreciated, Net	\$ 116,145,188	\$ (2,515,682)	\$ -	\$ -	\$ 113,629,506
Governmental Activities Capital Assets, Net	\$ 122,448,256	\$ 14,959,312	\$ -	\$ -	\$ 137,407,568

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

Regular Instruction	\$ 2,505,264
Special Education	152,799
Vocational Education	76,400
District Wide Services	282,172
Administration	190,999
Operations/Maintenance	403,202
Food Service	190,999
Student Activities	82,899
Transportation	225,750
Total Depreciation Expense	\$ 4,110,484

The following is a summary of changes in capital assets for the year ended June 30, 2023, for the School District:

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

Governmental Activities - 2023	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	2,470,722	-	(217,500)	2,361,972
Total Capital Assets, Not Being Depreciated	\$ 4,049,846	\$ 2,470,722	\$ -	\$ (217,500)	\$ 6,303,068
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	706,588	-	-	6,932,836
Vehicles	2,995,186	82,477	-	-	3,077,663
Land and Building Improvements	4,293,095	71,205	-	217,500	4,581,800
Total Capital Assets, Being Depreciated	\$ 155,805,127	\$ 860,270	\$ -	\$ 217,500	\$ 156,882,897
Less Accumulated Depreciation					
Buildings	\$ 25,420,321	\$ 3,277,949	\$ -	\$ -	\$ 28,698,270
Modular Leasehold Improvements	1,115,448	143,906	-	-	1,259,354
Furniture and Equipment	5,240,248	401,278	-	-	5,641,526
Vehicles	1,701,412	238,884	-	-	1,940,296
Land and Building Improvements	3,065,604	132,659	-	-	3,198,263
Total Accumulated Depreciation	\$ 36,543,033	\$ 4,194,676	\$ -	\$ -	\$ 40,737,709
Total Capital Assets Being Depreciated, Net	\$ 119,262,094	\$ (3,334,406)	\$ -	\$ 217,500	\$ 116,145,188
Governmental Activities Capital Assets, Net	\$ 123,311,940	\$ (863,684)	\$ -	\$ -	\$ 122,448,256

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

Regular Instruction	\$ 2,556,584
Special Education	157,208
Vocational Education	78,604
District Wide Services	290,312
Administration	196,510
Operations/Maintenance	401,460
Food Service	196,510
Student Activities	78,604
Transportation	238,884
Total Depreciation Expense	\$ 4,194,676

NOTE 6: SUBSEQUENT EVENTS

On October 23, 2024, the School District issued a general building bond in the amount of \$35,000,000 for the purpose of financing the expected construction cost for a new elementary school. Future bond principal payments are due annually and range from \$1,455,000 to \$2,535,000, with an interest rate of 5%.

On September 11, 2024, the School District signed a construction contract with JE Dunn Construction Company for the purpose of constructing a new elementary school. \$35,000,000 of the total construction costs are expected to be paid using the District's newly issued general obligation building bond proceeds as noted above. The remaining cost is expected to be paid from the District's building fund. Total construction costs are projected to be \$47,000,000.

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

NOTE 7: LONG-TERM LIABILITIES

During the year ended June 30, 2024 and June 30, 2023, the following changes occurred in governmental activities long-term liabilities:

2024	Balance Jul 1	Increases	Decreases	Balance June 30	Due Within One Year
Long Term Debt					
Loans Payable	\$ 13,792,957	\$ -	\$ 1,027,631	\$ 12,765,326	\$ 1,048,286
Certificate of Indebtedness	9,845,000	-	1,090,000	8,755,000	1,135,000
General Obligation Bonds	29,585,000	-	1,915,000	27,670,000	2,070,000
Special Assessment Debt	5,674,615	-	346,142	5,328,473	363,034
Bond Premium	639,506	-	83,131	556,375	83,135
Total Long Term Debt	\$ 59,537,078	\$ -	\$ 4,461,904	\$ 55,075,174	\$ 4,699,455
Compensated Absences *	\$ 129,847	\$ 41,616	\$ -	\$ 171,463	\$ 34,293
Net Pension & OPEB Liability *	79,080,997	-	10,413,879	68,667,118	-
Total Governmental Activities	\$ 138,747,922	\$ 41,616	\$ 14,875,783	\$ 123,913,755	\$ 4,733,748

2023	Balance Jul 1	Increases	Decreases	Balance June 30	Due Within One Year
Long Term Debt					
Loans Payable	\$ 14,787,978	\$ -	\$ 995,021	\$ 13,792,957	\$ 1,027,631
Certificate of Indebtedness	10,890,000	-	1,045,000	9,845,000	1,090,000
General Obligation Bonds	31,355,000	-	1,770,000	29,585,000	1,915,000
Special Assessment Debt	6,004,414	-	329,799	5,674,615	346,142
Bond Premium	722,637	-	83,131	639,506	83,131
Total Long Term Debt	\$ 63,760,029	\$ -	\$ 4,222,951	\$ 59,537,078	\$ 4,461,904
Compensated Absences*	\$ 108,748	\$ 21,099	\$ -	\$ 129,847	\$ 25,969
Net Pension & OPEB Liability *	49,853,809	29,227,188	-	79,080,997	-
Total Governmental Activities	\$ 113,722,586	\$ 29,248,287	\$ 4,222,951	\$ 138,747,922	\$ 4,487,873

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

Compensated absences are expected to be paid from the general fund and food service fund.

Debt service requirements on long-term debt as of June 30, 2024, are as follows:

Year Ending June 30	Governmental Activities								
	Loans Payable		Certificate of Indebtedness		General Obligation Bonds		Special Assessment Debt		Bond Premium
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Premium
2025	1,048,286	237,186	1,135,000	251,300	2,070,000	809,985	363,034	264,309	83,135
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	1,112,776	172,695	1,250,000	138,000	2,160,000	649,497	419,770	207,574	64,247
2029	1,135,144	150,328	1,285,000	99,975	2,220,000	586,640	440,589	186,751	64,247
2030-2034	6,027,275	400,084	2,690,000	81,300	12,160,000	1,871,605	2,404,901	587,948	187,186
2035-2039	1,281,638	26,321	-	-	4,970,000	231,745	919,205	66,127	29,066
Total	\$ 12,765,326	\$ 1,397,351	\$ 8,755,000	\$ 956,450	\$ 27,670,000	\$ 5,615,147	\$ 5,328,473	\$ 1,786,423	\$ 556,375

NOTE 8: 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.

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, 2024 and 2023, for its respective proportionate share of the net pension liability, the following net pension liability was reported:

	Net Pension Liability	
	2024	2023
School District	\$ 51,578,712	\$ 53,913,920

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

The net pension liability was measured as of June 30, 2023 and 2022, 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. At June 30, 2023 and 2022, the entity had the following proportions, change in proportions, and pension expense:

		Increase (Decrease) in Proportion from June 30, 2022 Measurement	Pension Expense
2024	Proportion		
School District	3.675498%	-0.027246%	\$ 5,312,787

		Increase (Decrease) in Proportion from June 30, 2021 Measurement	Pension Expense
2023	Proportion		
School District	3.702744%	-0.059252%	\$ 4,544,113

At June 30, 2024 and 2023, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 192,190	\$ 2,737,795
Changes of Assumptions	816,166	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	3,148,053	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	41,670,820	38,764,666
District Contributions Subsequent to the Measurement Date	4,008,773	-
Total	\$ 49,836,002	\$ 41,502,461

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 232,338	\$ 1,439,475
Changes of Assumptions	1,096,288	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	4,038,231	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	49,164,332	44,879,275
District Contributions Subsequent to the Measurement Date	3,760,314	-
Total	\$ 58,291,503	\$ 46,318,750

\$4,008,773, 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, 2024.

\$3,760,314, 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.

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:

2025	\$	1,080,119
2026		345,233
2027		3,806,554
2028		(85,185)
2029		(741,473)

Actuarial Assumptions

The total pension liability in July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	Composed of 3.80% wage inflations, plus step rate promotional increases for members with less than 30 years of service
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, 2023, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2023, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	6.2%
Global Fixed Income	26%	3.0%
Global Real Assets	18%	4.4%
Cash Equivalents	1%	0.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at rates equal to those based on the July 1, 2023, 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, TFFR's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of July 1, 2023. Therefore, the long-term expected rate of return on TFFR investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25% as of June 30, 2023, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher 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	\$ 71,812,083	\$ 51,578,712	\$ 34,788,342

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/annualreport2023.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.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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:

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, 2024 and 2023, for its respective proportionate share of the net pension liability, the following net pension liabilities were reported:

	Net Pension Liability	
	2024	2023
School District	\$ 16,563,437	\$ 24,424,722

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Notes to the Financial Statements – Continued

The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023 and 2022, the entity had the following proportions, change in proportion, and pension expense:

		Increase (Decrease) in Proportion from June 30, 2022 Measurement	Pension Expense
2024	Proportion		
School District	0.858987%	0.010926%	\$ 1,446,238

		Increase (Decrease) in Proportion from June 30, 2021 Measurement	Pension Expense
2023	Proportion		
School District	0.848061%	-0.092111%	\$ 3,332,583

At June 30, 2024 and 2023, the following deferred outflows of resources and deferred inflows of resources were reported related to pension from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 539,193	\$ 91,346
Changes of Assumptions	9,133,273	12,572,069
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	434,595	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	9,590,325	10,224,992
District Contributions Subsequent to the Measurement Date	1,014,402	-
Total	\$ 20,711,788	\$ 22,888,407

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 127,406	\$ 466,554
Changes of Assumptions	14,606,343	9,055,124
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	893,939	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	13,494,044	14,269,293
District Contributions Subsequent to the Measurement Date	851,163	-
Total	\$ 29,972,895	\$ 23,790,971

\$1,014,402 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, 2024.

\$851,163 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.

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:

2025	\$	3,238,417
2026		1,264,245
2027		2,107,293
2028		(934,063)

Actuarial Assumptions

The total pension liability in the July 1, 2023 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	6.5%, 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	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

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

The following presents the Employer’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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 Pension Liability	\$ 22,837,000	\$ 16,563,437	\$ 11,359,030

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 9: 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. 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 in-creases. 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, 2024 and 2023, for its respective proportionate share of the net OPEB liability, the following net OPEB liabilities were reported:

	Net OPEB Liability	
	2024	2023
School District	\$ 524,969	\$ 742,355

The net OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the Main System OPEB plan relative to the covered payroll of all participating Main System employers. At June 30, 2023 and 2022, the entity had the following proportions, change in proportions, and OPEB expense:

2024	Proportion	Increase (Decrease) in Proportion from June 30, 2022 Measurement	Pension Expense
School District	0.525100%	-0.093370%	\$ 74,297

2023	Proportion	Increase (Decrease) in Proportion from June 30, 2021 Measurement	Pension Expense
School District	0.618470%	-0.129345%	\$ 112,125

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

At June 30, 2024 and 2023, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 9,877	\$ 6,008
Changes of Assumptions	111,964	43,474
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	37,917	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	281,205	380,728
Employer Contributions Subsequent to the Measurement Date	61,914	-
Total	\$ 502,877	\$ 430,210

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 17,598	\$ 6,384
Changes of Assumptions	186,991	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	99,956	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	387,298	444,242
Employer Contributions Subsequent to the Measurement Date	66,444	-
Total	\$ 758,287	\$ 450,626

\$61,914 was reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

\$66,444 was reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

2025	\$ 13,992
2026	1,159
2027	17,581
2028	(21,979)

Actuarial assumptions

The total OPEB liability in the July 1, 2023 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	5.75%, net of investment expenses
Cost-of-Living Adjustments	None

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

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

Discount rate

The discount rate used to measure the total OPEB liability was 5.75%. 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, 2023, calculated using the discount rate of 5.75%, 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
School District's Proportionate Share of the Net OPEB Liability	\$ 689,938	\$ 524,969	\$ 386,086

NOTE 10: CONTINGENT LIABILITIES

The District is a defendant in various lawsuits incident to its operations. In the opinion of District Counsel and management, such claims against the District not covered by insurance would not materially affect the financial condition of the District.

NOTE 11: CONSTRUCTION COMMITMENTS

The School District had open constructions commitments as of June 30, 2024, as follows:

Project	Original Contract w/ Change Orders	Amount Completed	Retainage	Remaining Plus Retainage	Percent Completed
<u>CTE Center - Engineering & Architecture:</u>					
Schematic Design	\$ 179,255	\$ 179,255	\$ -	\$ -	100%
Design Development	239,007	239,007	-	-	100%
Construction Documents	418,262	418,262	-	-	100%
Construction Administration	358,510	279,638	-	78,872	78%
<u>CTE Center Construction</u>					
Construction	20,533,720	17,450,586	669,238	3,752,372	85%
<u>Deferred Maintenance - Phase 2:</u>					
Construction Documents	342,844	17,142	-	325,702	5%
Bid	24,844	-	-	24,844	0%
Construction Administration	129,188	-	-	129,188	0%
<u>New Elementary School - Engineering & Architecture:</u>					
Schematic Design	239,850	239,850	-	-	100%
Design Development	479,700	479,700	-	-	100%
Pre-Referendum	70,000	70,000	-	-	100%
Design Development w/ Verification Phase	353,475	353,475	-	-	100%
Construction Documents	706,949	91,903	-	615,046	13%
Bid	53,021	-	-	53,021	0%
Construction Administration	653,928	-	-	653,928	0%
FF&E	15,000	-	-	15,000	0%
Scheduling	34,000	13,600	-	20,400	40%
Totals	\$ 24,831,553	\$ 19,832,418	\$ 669,238	\$ 5,668,373	80%

NOTE 12: 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 (NDRIF), 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 NDRIF for its general liability, automobile, and inland marine insurance coverage. For the School District the coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability, two million for automobile, and \$734,000 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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Budgetary Comparison Schedule - General Fund

June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	\$ 20,893,141	\$ 20,893,141	\$ 21,182,551	\$ 289,410
State Sources	49,381,088	49,381,088	48,379,776	(1,001,312)
Federal Sources	4,451,022	4,451,022	4,421,017	(30,005)
Other Sources	-	-	180,345	180,345
Total Revenues	\$ 74,725,251	\$ 74,725,251	\$ 74,163,689	\$ (561,562)
EXPENDITURES				
Current				
Regular Instruction	\$ 41,433,348	\$ 41,433,348	\$ 47,355,896	\$ (5,922,548)
Special Education	3,660,398	3,660,398	1,070,016	2,590,382
Vocational Education	1,382,110	1,382,110	8,458,241	(7,076,131)
Federal Programs	4,199,723	4,199,723	5,264,108	(1,064,385)
District Wide Services	3,347,082	3,347,082	5,726,154	(2,379,072)
Administration	6,201,192	6,201,192	5,295,447	905,745
Operations and Maintenance	7,045,956	7,045,956	1,451,357	5,594,599
Transportation	3,060,000	3,060,000	4,106,039	(1,046,039)
Co-curricular Activities	2,435,191	2,435,191	2,138,096	297,095
Total Expenditures	\$ 72,765,000	\$ 72,765,000	\$ 80,865,354	\$ (8,100,354)
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,960,251	\$ 1,960,251	\$ (6,701,665)	\$ (8,661,916)
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ (1,385,800)	\$ (1,385,800)	\$ (1,385,800)	\$ -
Total Other Financing Sources	\$ (1,385,800)	\$ (1,385,800)	\$ (1,385,800)	\$ -
Net Changes in Fund Balances	\$ 574,451	\$ 574,451	\$ (8,087,465)	\$ (8,661,916)
Fund Balances - July 1	\$ 21,269,948	\$ 21,269,948	\$ 21,269,948	\$ -
Fund Balances - June 30	\$ 21,844,399	\$ 21,844,399	\$ 13,182,483	\$ (8,661,916)

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

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Budgetary Comparison Schedule - General Fund

June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	\$ 20,368,821	\$ 20,368,821	\$ 20,103,124	\$ (265,697)
State Sources	44,512,523	44,512,523	47,652,833	3,140,310
Federal Sources	7,308,174	7,308,174	15,148,988	7,840,814
Other Sources	-	-	58,253	58,253
Total Revenues	\$ 72,189,518	\$ 72,189,518	\$ 82,963,198	\$ 10,773,680
EXPENDITURES				
Current				
Regular Instruction	\$ 42,255,449	\$ 42,255,449	\$ 29,584,800	\$ 12,670,649
Special Education	1,668,300	1,668,300	1,266,197	402,103
Vocational Education	9,770,370	9,770,370	8,213,009	1,557,361
Federal Programs	7,494,222	7,494,222	12,821,834	(5,327,612)
District Wide Services	6,586,653	6,586,653	12,093,911	(5,507,258)
Administration	3,789,772	3,789,772	3,515,319	274,453
Operations and Maintenance	2,114,800	2,114,800	1,462,951	651,849
Transportation	283,000	283,000	1,230,902	(947,902)
Co-curricular Activities	1,969,500	1,969,500	1,716,736	252,764
Total Expenditures	\$ 75,932,066	\$ 75,932,066	\$ 71,905,659	\$ 4,026,407
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,742,548)	\$ (3,742,548)	\$ 11,057,539	\$ 14,800,087
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ -	\$ -	\$ (11,383,500)	\$ (11,383,500)
Total Other Financing Sources	\$ -	\$ -	\$ (11,383,500)	\$ (11,383,500)
Net Changes in Fund Balances	\$ (3,742,548)	\$ (3,742,548)	\$ (325,961)	\$ 3,416,587
Fund Balances - July 1	\$ 21,595,909	\$ 21,595,909	\$ 21,595,909	\$ -
Fund Balances - June 30	\$ 17,853,361	\$ 17,853,361	\$ 21,269,948	\$ 3,416,587

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 Years Ended June 30, 2024 and June 30, 2023

**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
2024	3.675498%	\$ 51,578,712	\$ 29,482,663	174.95%	69.34%
2023	3.702744%	53,913,920	29,137,357	185.03%	67.50%
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
2024	\$ 4,008,773	\$ 4,008,773	-	\$ 31,441,356	12.75%
2023	3,760,314	3,760,314	-	29,492,663	12.75%
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
2024	0.858987%	\$ 16,563,437	\$ 10,504,301	157.68%	65.31%
2023	0.848061%	24,424,722	9,844,605	248.10%	54.47%
2022	0.940172%	9,799,418	10,500,637	93.32%	78.26%
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
2024	\$ 947,723	\$ 1,014,402	\$ (66,679)	\$ 12,223,205	8.30%
2023	851,163	851,163	-	11,109,042	7.66%
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%

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 Years Ended June 30, 2024 and June 30, 2023

**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
2024	0.525100%	\$ 524,969	\$ 5,278,216	9.95%	62.74%
2023	0.618470%	742,355	6,385,114	11.63%	56.28%
2022	0.747815%	415,915	7,244,551	5.74%	76.63%
2021	0.618470%	742,355	6,385,114	11.63%	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
2024	\$ 61,914	\$ 61,914	\$ -	\$ 5,431,027	1.14%
2023	66,444	66,444	-	5,828,407	1.14%
2022	98,043	109,142	(11,099)	7,244,551	1.51%
2021	110,548	122,949	(12,401)	6,385,114	1.93%
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 Years Ended June 30, 2024 and 2023

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

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

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, 2022.

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 used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

OPEB

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

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.

NOTE 6: LEGAL COMPLIANCE – BUDGETS

The school board did not amend the district's budget for FY2024 or FY2023.

NOTE 7: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2024, the District had the following general fund expenditures in excess of budgeted amounts.

2024	Final Budgeted Expenditures/Transfers Out	Actual Expenditures/Transfers Out	Overspent
General Fund	\$ 74,150,800	\$ 82,251,154	\$ 8,100,354

During fiscal year 2023, the District had the following general fund expenditures in excess of budgeted amounts.

2023	Final Budgeted Expenditures/Transfers Out	Actual Expenditures/Transfers Out	Overspent
General Fund	\$ 75,932,066	\$ 83,289,159	\$ 7,357,093

Excess expenditures were covered by excess fund balance. No remedial action is anticipated.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

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	\$ 946,162
10.555	National School Lunch Program - Commodities **	36001	166,748
10.553	School Breakfast Program	F10553	226,707
10.559	Summer Food Service Program for Children - Cash	F10559	92,367
10.559	Summer Food Service Program for Children - Commodities **	F10559	407
10.582	Fresh Fruit and Vegetable Program	F10582	211,507
	Child Nutrition Cluster		<u>\$ 1,643,898</u>
10.560	State Administrative Expenses for Child Nutrition	F10560A	<u>\$ 4,936</u>
Total U.S Department of Agriculture			<u>\$ 1,648,835</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed through the North Dakota Department of Career and Technical Education:			
21.029	Coronavirus Capital Projects Fund	N/A	<u>\$ 13,558,472</u>
Total U.S Department of the Treasury			<u>\$ 13,558,472</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Program			
16.071	School Violence Prevention Program	N/A	<u>\$ 164,979</u>
Total U.S. Department of Justice			<u>\$ 164,979</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the North Dakota Department of Public Instruction			
84.010	Title I - Grants to LEA's	F84010	\$ 1,490,669
84.027	Special Education Grants to States		10,668
84.365A	English Language acquisition State Grants	F84365	35,043
84.371C	Comprehensive Literacy Development	F84371C	384,339
84.424A	Student Support and Academic Enrichment Program	F84424A	383,485
	Education Stabilization Fund		
84.425U	American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	F84425U	\$ 1,561,186
84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	F84425W	27,802
	Education Stabilization Fund Total		<u>\$ 1,588,988</u>
Total U.S Department of Education			<u>\$ 3,893,192</u>
Total Amount of Federal Awards			<u><u>\$ 19,265,478</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, 2024

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 years ended June 30, 2024. 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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

ALN Number	Program Title	Pass-Through Grantor's Number	2023 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	\$ 1,189,691
10.555	National School Lunch Program - Commodities **	F10555	242,266
10.553	School Breakfast Program	F10553	215,714
10.559	Summer Food Service Program for Children - Cash	F10559	74,680
10.559	Summer Food Service Program for Children - Commodities **	F10559	18,270
10.582	Fresh Fruit and Vegetable Program	F10582	<u>212,825</u>
	Child Nutrition Cluster Total		<u>1,953,446</u>
10.560	State Administrative Expenses for Child Nutrition	F10560A	\$ 10,223
10.579	Child Nutrition Discretionary Grants Limited Availability	N/A	<u>5,454</u>
Total U.S Department of Agriculture			<u>\$ 1,969,123</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Program			
16.071	School Violence Prevention Program	N/A	<u>\$ 335,021</u>
Total U.S Department of the Justice			<u>\$ 335,021</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the North Dakota Department of Public Instruction			
84.010	Title I - Grants to LEA's	F84010	\$ 1,439,653
84.365A	English Language acquisition State Grants	F84365	77,385
84.367A	Supporting Effective Instruction State Grant	F84367A	433,633
84.369A	Grant for State Assessments and Related Activities	84.369A	9,106
84.371C	Comprehensive Literacy Development	F84371C	261,610
84.424A	Student Support and Academic Enrichment Program	F84424A	<u>158,625</u>
	Education Stabilization Fund		
84.425D	COVID 19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	F84425D	\$ 2,198,983
84.425U	American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	F84425U	6,812,385
84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	F84425W	<u>84,345</u>
	Education Stabilization Fund Total		<u>\$ 9,095,713</u>
Total U.S Department of Education			<u>\$ 11,475,724</u>
Total Amount of Federal Awards			<u>\$ 13,779,868</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, 2023

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 years ended June 30, 2023. 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***

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

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2024 and 2023, 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 July 7, 2026. Our report disclaims an opinion on such financial statements because of the issues described in the *Basis for Disclaimer of Opinion* paragraph in the Auditor's Report.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Williston Basin Public School District No. 7's we considered the 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 Williston Basin Public School District No. 7'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 2024-001 through 2024-007, 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

In connection with our engagement to audit the financial statements of the Williston Basin Public School District No. 7, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, instances of noncompliance or other matters may have been identified and reported herein..

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 Williston Basin Public School District No. 7's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
July 7, 2026

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**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

Qualified, Unmodified and Disclaimer of Opinions

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 Williston Basin Public School District No. 7's major federal programs for the Comprehensive Literacy Development Fund and the Coronavirus Capital Projects Fund for the year ended June 30, 2024; and we were engaged to audit 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 the Education Stabilization Fund, for the year ended June 30, 2024. Williston Basin Public School District No. 7's major federal programs are identified in the Summary of Opinions section of our report.

Summary of Opinions

<u>Major Federal Program</u>	<u>Type of Opinion</u>
Education Stabilization Fund	Disclaimer
Coronavirus Capital Projects Fund	Qualified
Comprehensive Literacy Development Fund	Unmodified

Disclaimer of Opinion on the Education Stabilization Fund

We do not express an opinion on 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 the Education Stabilization Fund. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Education Stabilization Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Education Stabilization Fund.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

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

Qualified Opinion on the Coronavirus Capital Projects Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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 the Coronavirus Capital Projects Fund for the year ended June 30, 2024.

Unmodified Opinion on the Comprehensive Literacy Development Fund

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 the Comprehensive Literacy Development Fund federal program identified in the summary of auditor’s results section of the accompanying *schedule of findings and questioned costs* for the year ended June 30, 2024.

Basis for Disclaimer of Opinion on the Education Stabilization Fund

As described in the accompanying schedule of audit findings and questioned costs, we were unable to obtain audit evidence supporting the Williston Basin Public School District No. 7’s compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting requirements applicable to the Education Stabilization Fund as described in findings 2024-010 and 2024-011. As a result of these matters, we were unable to determine whether the Williston Basin Public School District No. 7 complied with the requirements applicable to the Education Stabilization Fund.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions 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.

Matter(s) Giving Rise to Qualified Opinion on the Coronavirus Capital Projects Fund

As described in Findings 2024-008 in the accompanying *schedule of findings and questioned costs*, Williston Basin Public School District No. 7 did not comply with the requirements regarding the following:

Fiscal Year	Finding #	Assistance Listing #	Program Name	Compliance Requirement
2024	2024-008	21.029	Coronavirus Capital Project Fund	Procurement

Compliance with such requirements is necessary, in our opinion, for Williston Basin Public School District No. 7 to comply with the requirements applicable to that program.

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

Auditor's Responsibilities for the Audit of Compliance for the Education Stabilization Fund

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Education Stabilization Fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of Williston Basin Public School District No. 7 and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of Compliance for the Capital Projects Fund and the Comprehensive Literacy Development Fund

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.

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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-008 through 2024-011 to be material weaknesses.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

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

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 did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

Our audit of the Comprehensive Literacy Development Fund and the Coronavirus Capital Projects Fund 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 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
July 7, 2026

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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

Unmodified Opinion and Disclaimer of Opinions

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 Williston Basin Public School District No. 7's Comprehensive Literacy Development Fund for the year ended June 30, 2023; and we were engaged to audit 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 the Education Stabilization Fund, for the year ended June 30, 2023. Williston Basin Public School District No. 7's major federal programs are identified in the Summary of Opinions section of our report.

Summary of Opinions

<u>Major Federal Program</u>	<u>Type of Opinion</u>
Education Stabilization Fund	Disclaimer
Comprehensive Literacy Development Fund	Unmodified

Disclaimer of Opinion on the Education Stabilization Fund

We do not express an opinion on 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 the Education Stabilization Fund. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Education Stabilization Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Education Stabilization Fund.

Unmodified Opinion on the Comprehensive Literacy Development Fund

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 the Comprehensive Literacy Development Fund federal program for the year ended June 30, 2023.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

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

Basis for Disclaimer of Opinion on the Education Stabilization Fund

As described in the accompanying schedule of audit findings and questioned costs, we were unable to obtain audit evidence supporting the Williston Basin Public School District No. 7's compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting requirements applicable to the Education Stabilization Fund as described in findings 2023-012 through 2023-013. As a result of these matters, we were unable to determine whether the Williston Basin Public School District No. 7 complied with the requirements applicable to the Education Stabilization Fund.

Basis for Unmodified Opinion

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.

Auditor's Responsibilities for the Audit of Compliance

Auditor's Responsibilities for the Audit of Compliance for the Education Stabilization Fund

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Education Stabilization Fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of Williston Basin Public School District No. 7 and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of Compliance for the Comprehensive Literacy Development Fund

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.

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

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

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.

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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying *schedule of audit findings and questioned costs* as items 2023-012 through 2023-014 to be material weaknesses.

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 did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

Our audit of the Comprehensive Literacy Development Fund 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 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
July 7, 2026

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Summary of Auditor’s Results

For the Years Ended June 30, 2024 and 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

	<u>2024</u>	<u>2023</u>
Type of Report Issued		
Governmental Activities	Disclaimer	Disclaimer
Major Funds	Disclaimer	Disclaimer
Aggregate Remaining Fund Information	Disclaimer	Disclaimer
Internal Control over Financial Reporting:		
Material Weaknesses Identified?	Yes	Yes
Significant deficiencies identified not considered to be material weaknesses?	None Noted	None Noted
Noncompliance material to financial statements noted?	None Noted	None Noted

Federal Awards

Internal Control Over Major Programs:		
Material Weaknesses Identified?	Yes	Yes
Reportable conditions identified not considered to be material weaknesses?	None Noted	None Noted
Type of auditor’s report issued on compliance for major programs:		
Coronavirus Capital Project Fund	Qualified	
Comprehensive Literacy Development Fund	Unmodified	Unmodified
Education Stabilization Fund	Disclaimer	Disclaimer
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	Yes	Yes

Identification of Major Programs:

Name of Federal Program

	<u>ALN Number</u>	<u>ALN Number</u>
Coronavirus Capital Project Fund	21.029	
Comprehensive Literacy Development Fund	84.371	84.371
Education Stabilization Fund	84.425	84.425

Dollar threshold used to distinguish between Type A and B programs:	\$750,000	\$750,000
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Auditee qualified as a low-risk auditee?	No	No
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WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Schedule of Audit Findings and Questioned Costs
For the Years Ended June 30, 2024 and 2023

SECTION II – FINANCIAL STATEMENT FINDINGS – FY2023-FY2024

2024-001 – IMPROPER AND LACK OF BANK RECONCILIATIONS – MATERIAL WEAKNESS

Condition

Williston Basin Public School District No. 7 had the following issues noted regarding bank reconciliations during fiscal years 2024 and 2023:

- 2023
 - Bank reconciliations were not performed from July 2022 through May 2023.
 - The bank reconciliation performed for the month of June 2023 had an unreconciled net difference of \$771,625.
 - During the audit, reconciling items identified by the audit team increased the difference between the District's ledger and bank statements to \$6,027,957, resulting in an overall net plug to 'District-wide expenses' in the general fund for this amount.
- 2024
 - Bank reconciliations were not performed for the months of August 2023, October 2023, March 2024 and May 2024.
 - Bank reconciliations performed for the month of June 2024 had an unreconciled net difference of \$86,978.
 - During the audit, reconciling items identified by the audit team increased the unreconciled difference between the District's ledger and bank statements to \$403,167, resulting in an overall net plug to 'District-wide expenses' in the general fund for this amount.

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 a disclaimer of opinion was given on the financial statements, in part, due to the School District not having bank reconciliations and due to the plug adjustments for the unreconciled net differences.

Cause

During fiscal year 2024 and 2023, 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

Yes.

Recommendation

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

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-002 – UNRECORDED LEDGER ACTIVITY – MATERIAL WEAKNESS

Condition

For fiscal year 2023, the District failed to record multiple revenue items on their ledger. The following activity was identified on the clients bank statements by the audit team and adjusted during the audit:

- The District failed to record \$2,305,882 in state and federal revenue from the North Dakota Department of Public Instruction on the ledger.
- The District failed to record \$378,454 in property tax revenue from Williams County on the ledger.

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 revenues are not properly recorded in the District's ledger. Additionally, due in part to the increased risk that other items may have not been recorded in the ledger, a disclaimer of opinion was given in 2023.

Cause

During fiscal year 2023, the School District did not have adequate procedures in place to ensure all activity was being recorded in its general ledger.

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 unrecorded ledger activity, management is responsible for the policies and procedures to ensure all revenue activity is properly recorded on the ledger.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 develop procedures to ensure that all revenue and activity is recorded on the District's ledger.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-003 – LACK OF SUPPORT FOR OPENING BALANCE AMOUNTS – MATERIAL WEAKNESS

Condition

For fiscal year 2023, the District's July 1, 2022 general fund's trial balance fund balance amounts had material fluctuations compared to the June 30, 2022 general fund's trial balance fund balance amounts. No supporting documentation could be provided for the opening balance fluctuation. The opening balance fluctuation decreased the General fund balance by \$1,877,494, respectively. These fluctuations were reversed during the audit due to the lack of support, and the reversals are reflected in the audited financial statements.

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 the District does not ensure opening fund balances agree to the prior year ending fund balances.

Cause

During fiscal year 2023, the School District did not have procedures in place to ensure proper support is maintained for adjustments to opening fund balance amounts.

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 opening balance fluctuations, management is responsible for the policies and procedures to ensure ending proper supporting documentation is maintained for any adjustments made to opening fund balance amounts.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 develop procedures to ensure that fund balances are properly carried over from one year to the next. In addition, if opening balance adjustments are deemed necessary by management, that proper supporting documentation is maintained for the adjustments.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-004 – LACK OF SUPPORTING DOCUMENTATION AND CONTROLS OVER CASH ADJUSTING ENTRIES – MATERIAL WEAKNESS

Condition

For fiscal years 2023 and 2024, the District did not design or implement adequate internal controls to ensure that adjusting journal entries prepared by the business manager were independently reviewed and approved prior to posting to the general ledger.

- In fiscal year 2023, the District recorded 34 cash adjusting entries with a net credit balance of \$47,986,894. Of this amount, \$6,391,503 consisted of entries prepared and posted by the business manager without evidence of independent review and approval.
- In fiscal year 2024, the District recorded 203 cash adjusting entries with a net debit balance of \$5,516,627. Of this amount, \$5,353,372 consisted of entries prepared and posted by the business manager without evidence of independent review and approval.

In addition, the District did not maintain adequate supporting documentation for certain cash adjusting entries.

- For fiscal year 2023, 11 of 20 entries tested lacked sufficient supporting documentation, representing a net debit amount of \$1,957,488. Based on projection to the population, these deficiencies could result in a potential net debit misstatement of \$3,047,933.
- For fiscal year 2024, 17 of 30 entries tested lacked sufficient supporting documentation, representing a net credit amount of \$4,514,138. Based on projection to the population, these deficiencies could result in a potential net credit misstatement of \$14,757,305.

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 adjusting entries do not have proper approvals and supporting documentation. Additionally a disclaimer of opinion was given over 2023 and 2024, due in part, from the lack of supporting documentation for the adjusting journal entries.

Cause

The district did not have adequate procedures in place to ensure journal entries were reviewed and approved prior to being posted to the general ledger. Additionally, the district did not have adequate procedures in place to ensure supporting documentation was maintained for the adjusting journal entries.

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 cash adjusting entries, management is responsible for the policies and procedures to ensure all adjusting entries maintain proper support and go through the proper approval process.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District No. 7 develop procedures to ensure that all adjusting entries made in the District's ledger have proper approvals and support.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-005 – LACK OF SUPPORT FOR IRS PAYROLL TAX PAYMENTS - MATERIAL WEAKNESS

Condition

For fiscal year 2023, the audit team identified a potential overpayment to the IRS in February 2023. For the month of February 2023, the District reported payroll taxes of \$757,923 on the 941-report submitted to the IRS. However, the District's bank statement for February 2023 showed that \$2,790,894 was paid to the IRS. The District was unable to provide support for the overpayment, totaling \$2,032,971.

For fiscal year 2024, the audit team identified a potential overpayment to the IRS in September 2023. For the month of September 2023, the District reported payroll taxes of \$750,776 on the 941-report submitted to the IRS. However, the District's bank statement for September 2023 showed that \$894,423 was paid to the IRS. The District was unable to provide support for the overpayment, totaling \$143,647.

Effect

Williston Basin Public School District No. 7 may not be in compliance with IRS reporting requirements. In addition, Williston Basin Public School District may not be withholding the proper amount of taxes from employee wages.

Cause

The School District may be unaware of the Internal Revenue Service (IRS) rules and reporting requirements.

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 payroll tax payments, management is responsible for the policies and procedures to ensure all expense activity is properly recorded on the ledger.

Repeat Finding

No.

Recommendation

We recommend Williston Basin Public School District ensures that all payments to the IRS are made for the appropriate amounts and have proper supporting documentation.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-006 – MATERIAL AUDIT ADJUSTMENTS - MATERIAL WEAKNESS

Condition

During the audit of Williston Basin Public School District, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Effect

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

Cause

Williston Basin Public School District may not have procedures in place to ensure the financial statements are complete and accurate.

Criteria

Williston Basin Public School District is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

Repeat Finding

Yes.

Recommendation

We recommend Williston Basin Public School District review procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-007 - 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 years 2024 and 2023. During our review of records, we could not verify whether accounting duties were properly segregated. For example, there was no evidence to see whether 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 2024 and 2023, 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 includes 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

Yes.

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.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – FY2024

2024-008 – CORONAVIRUS CAPITAL PROJECT FUND – LACK OF SUPPORT FOR PROCUREMENT – ALN 21.029 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2024-008
Federal Program:	Coronavirus Capital Project Fund
ALN:	21.029
Federal Award Number(s) and Year(s):	CPFFN0155, 2024
Federal Agency:	U.S. Department of the Treasury
Pass Through Agency:	North Dakota Department of Career and Technical Education
Questioned Cost:	Unknown

Condition

Williston Basin Public School District No. 7 did not maintain support surrounding the selection process for the construction management at-risk (CMAR) for the CTE Center. Therefore, we were unable to determine if the CMAR selection was properly completed. In addition, Willison Basin Public School did not have a procurement policy.

Effect

Without support for the selection of the CMAR of the CTE Center, Williston Basin Public School District is unable to demonstrate that contracts were properly awarded.

Cause

Williston Basin Public School District No. 7 does not have sufficient procedures in place to ensure documentation is maintained to ensure the selection process was completed in accordance with NDCC.

Criteria

- N.D.C.C. §48-01.2-20 (selection process for construction management at-risk planning and design phase services) includes, but is not limited to, the following requirements:
 - The selection committee shall establish the content of the request for qualifications, which must include (but is not limited to); the identity of the governing body and a list of the members of the selection committee, description of the proposed public improvement, proposed budget limits of the public improvement, commencement and completion date of the proposed public improvement, and the description of the scope of services to be provided.
- 2 CFR 200.318 states: "The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."
- Under 2 CFR 200.303(a), recipients and subrecipients must "establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Context

Williston Basin Public School District entered into one contract for the CTE Center with a value of \$20,390,114.

Repeat Finding

No.

Recommendation

We recommend the Willison Basin Public School District maintain support surrounding the selection process for the construction manager at-risk. We also recommend that a procurement policy is established.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-009 – TITLE I –INADEQUATE SUPPORTING DOCUMENTATION – ALN 84.010 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2024-009
Federal Program:	Title I – Grants to LEA’s
ALN:	84.010
Federal Award Number(s) and Year(s):	S010A240034, 2024
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	\$136,372

Condition

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Title I program. 54 of the 60 expenditures we sampled did not have any support, leaving them with known questioned costs of \$136,372.

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 for 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.

Context

Williston Basin Public School District No. 7 had total Title I expenditures of \$1,527,887 in fiscal year 2024. Projected questioned costs identified during testing totaled \$1,463,906.

Repeat Finding

Yes. See finding 2023-014. Finding 2022-007 was reported in previous years.

Recommendation

We recommend that Williston Basin Public School District No. 7 establishes proper internal controls and policies to ensure they are maintaining proper support documentation for all federal grants.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-010 – EDUCATION STABILIZATION FUND - LACK OF SUPPORT OVER ESSER FUNDS – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2024-010
Federal Program:	Education Stabilization Fund
ALN:	84.425
Federal Award Number(s) and Year(s):	S425U210007, 2024
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	\$171,408

Condition

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Education Stabilization Fund. 13 of the 60 we sampled did not have any support, leaving them with known questioned costs of \$171,408.

Effect

By not having the correct supporting documentation, the School District may be subject to an increased risk of error, fraudulent financial reporting, asset misappropriation, and corruption.

Cause

Williston Basin Public School District No. 7 does not have sufficient procedures in place to ensure that support documentation for federal grants is maintained.

Criteria

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.

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)."

Context

Williston Basin Public School District No. 7 had total Education Stabilization Fund expenditures of \$1,613,557 in fiscal year 2024. Projected questioned costs identified during testing totaled \$257,784.

Repeat Finding

Yes. See finding 2023-013.

Recommendation

We recommend that Williston Basin Public School District No. 7 establishes proper internal controls and policies to ensure they are maintaining proper support documentation for all federal grants.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2024-011– EDUCATION STABILIZATION FUND - REPORTING – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2024-011
Federal Program:	Education Stabilization Fund
ALN:	84.425
Federal Award Number(s) and Year(s):	S425U210007, 2024
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	N/A

Condition

Williston Basin Public School District No. 7 did not maintain documentation for the data that was submitted to the North Dakota Department of Public Instruction (NDDPI) for the state’s completion of the Annual Report for the Education Stabilization Fund program. We were able to obtain the information that was submitted from NDDPI; however, due to issues identified with the accuracy of underlying accounting records we were unable to determine if the information included in the report is accurate.

Effect

The School District may have reported incorrect data to NDDPI, which was then improperly reported to the U.S. Department of Education in the Annual Report on the use of Education Stabilization Funds.

Cause

Williston Basin Public School District No. 7 does not have sufficient procedures in place to ensure that support documentation for federal grants is maintained and tracked accurately.

Criteria

Per the grant agreement, "the LEA will comply with all reporting requirements, including those in Section 15011(b)(2) of Division B of the CARES Act, and submit required quarterly reports to the NDDPI at such time and in such manner and containing such information as the Secretary may subsequently require. (See also 2 CFR 200.327-200.329). Additional reporting may be required in the future, which may include: the methodology LEAs will use to provide services or assistance to students and staff in both public and non-public schools, the uses of funds by the LEAs or other entities and demonstration of their compliance with Section 18003(d), such as any use of funds addressing the digital divide, including securing access to home-based connectivity and remote-use devices, related issues in supporting remote learning for all students, including disadvantaged populations."

Context

Williston Basin Public School District No. 7 had ESSER expenses of \$1,588,987.54 during the year.

Repeat Finding

Yes. See finding 2023-012.

Recommendation

We recommend that Williston Basin Public School District No. 7 maintain documentation for the data that is submitted to NDDPI for the completion of the Annual Report for the Educations Stabilization Fund.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – FY2023

2023-012– EDUCATION STABILIZATION FUND - REPORTING – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2023-012
Federal Program:	Education Stabilization Fund
ALN:	84.425
Federal Award Number(s) and Year(s):	S425U210007, 2023
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	N/A

Condition

Williston Basin Public School District No. 7 did not maintain documentation for the data that was submitted to the North Dakota Department of Public Instruction (NDDPI) for the state’s completion of the Annual Report for the Education Stabilization Fund program. We were able to obtain the information that was submitted from NDDPI; however, due to issues identified with the accuracy of underlying accounting records we were unable to determine if the information included in the report is accurate.

Effect

The School District may have reported incorrect data to NDDPI, which was then improperly reported to the U.S. Department of Education in the Annual Report on the use of Education Stabilization Funds.

Cause

The School District may have reported incorrect data to NDDPI, which was then improperly reported to the U.S. Department of Education in the Annual Report on the use of Education Stabilization Funds.

Criteria

Per the grant agreement, "the LEA will comply with all reporting requirements, including those in Section 15011(b)(2) of Division B of the CARES Act, and submit required quarterly reports to the NDDPI at such time and in such manner and containing such information as the Secretary may subsequently require. (See also 2 CFR 200.327-200.329). Additional reporting may be required in the future, which may include: the methodology LEAs will use to provide services or assistance to students and staff in both public and non-public schools, the uses of funds by the LEAs or other entities and demonstration of their compliance with Section 18003(d), such as any use of funds addressing the digital divide, including securing access to home-based connectivity and remote-use devices, related issues in supporting remote learning for all students, including disadvantaged populations."

Context

Williston Basin Public School District No. 7 had ESSER expenses of \$9,095,712.87 during the year.

Repeat Finding

No.

Recommendation

We recommend that Williston Basin Public School District No. 7 maintain documentation for the data that is submitted to NDDPI for the completion of the Annual Report for the Educations Stabilization Fund.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2023-013 – EDUCATION STABILIZATION FUND - LACK OF SUPPORT OVER ESSER FUNDS – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2023-013
Federal Program:	Education Stabilization Fund
ALN:	84.425
Federal Award Number(s) and Year(s):	S425U210007, 2023
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	\$6,391,442

Condition

Williston Basin Public School District No. 7 was unable to provide supporting documentation for journal entries that were done to reallocate payroll. There were 3 journal entries totaling \$6,391,442 that were completed at year end to move salaries into the Education Stabilization Fund program that did not have documentation to support the salary expenditures.

Effect

By not having the correct supporting documentation, the School District may be subject to an increased risk of error, fraudulent financial reporting, asset misappropriation, and corruption.

Cause

Williston Basin Public School District No. 7 does not have sufficient procedures in place to ensure that support documentation for federal grants is maintained.

Criteria

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.

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)."

Context

The Williston Basin Public School District No.7 was unable to provide supporting documentation for 3 of the 5 ISI amounts totaling \$6,391,442. All ISI items were selected for testing. Due to this, there is no projected error only a known error of \$6,391,442 as all errors are related to these items.

Repeat Finding

No.

Recommendation

We recommend that Williston Basin Public School District No. 7 establishes proper internal controls and policies to ensure they are maintaining proper support documentation for all federal grants.

Williston Basin Public School District No. 7's Response

See Corrective Action Plan.

2023-014 –TITLE I – INADEQUATE SUPPORTING DOCUMENTATION – ALN 84.010 – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE	
Finding	2023-014
Federal Program:	Title I – Grants to LEA’s
ALN:	84.010
Federal Award Number(s) and Year(s):	S010A230034, 2023
Federal Agency:	U.S. Department of Education
Pass Through Agency:	North Dakota Department of Public Instruction
Questioned Cost:	\$318,881

Condition

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Title I program. 47 of the 60 expenditures we sampled did not have any support, leaving them with known questioned costs of \$318,881.

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 for 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.

Context

Williston Basin Public School District No. 7 had total Title I expenditures of \$1,491,469 in fiscal year 2023. Projected questioned costs identified during testing totaled \$1,279,591.

Repeat Finding

Yes. Finding 2022-007 was reported in the immediate prior year.

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 Years Ended June 30, 2024 and 2023

FINANCIAL STATEMENT FINDINGS – 2023-2024



Williston Basin School District #7

820 E Broadway
PO Box 1407
Williston, ND 58802

(701)572-1580

WillistonSchools.org

Date: June 30, 2026
To: Joshua C. Gallion, ND State Auditor
From: Mike Arnold, Business Manager
RE: Williston Basin Public School District #7– FY2023 & FY2024 Management’s Response

Contact Person Responsible for Corrective Acton Plan: Mike Arnold, Business Manager

Section II – Financial Statement Findings (FY2023 & FY2024):

2024-001 – IMPROPER AND LACK OF BANK RECONCILIATIONS – MATERIAL WEAKNESS

Condition:

Williston Basin Public School District No. 7 had the following issues noted regarding bank reconciliations during fiscal years 2024 and 2023:

- 2023
 - Bank reconciliations were not performed from July 2022 through May 2023.
 - The bank reconciliation performed for the month of June 2023 had an unreconciled net difference of \$771,625.
 - During the audit, reconciling items identified by the audit team increased the difference between the District’s ledger and bank statements to \$6,027,957, resulting in an overall net plug to ‘District-wide expenses’ in the general fund for this amount.
- 2024
 - Bank reconciliations were not performed for the months of August 2023, October 2023, March 2024 and May 2024.
 - Bank reconciliations performed for the month of June 2024 had an unreconciled net difference of \$86,978.
 - During the audit, reconciling items identified by the audit team increased the unreconciled difference between the District’s ledger and bank statements to \$403,167, resulting in an overall net plug to ‘District-wide expenses’ in the general fund for this amount.

Management’s Response:

We agree. 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:

FY 2025

2024-002 – UNRECORDED LEDGER ACTIVITY – MATERIAL WEAKNESS

Condition:

For fiscal year 2023, the District failed to record multiple revenue items on their ledger. The following activity was identified on the clients bank statements by the audit team and adjusted during the audit:

- The District failed to record \$2,305,882 in state and federal revenue from the North Dakota Department of Public Instruction on the ledger.
- The District failed to record \$378,454 in property tax revenue from Williams County on the ledger.

Management's Response:

We agree. The unrecorded ledger activity noted above primarily stemmed from a lack of bank reconciliations being prepared on a regular basis. These reconciliations are now being completed regularly which will help ensure ledger activity is properly recorded.

Anticipated Completion Date:

FY 2025

2024-003 – LACK OF SUPPORT FOR OPENING BALANCE AMOUNTS – MATERIAL WEAKNESS

Condition:

For fiscal year 2023, the District's July 1, 2022 general fund's trial balance fund balance amounts had material fluctuations compared to the June 30, 2022 general fund's trial balance fund balance amounts. No supporting documentation could be provided for the opening balance fluctuation. The opening balance fluctuation decreased the General fund balance by \$1,877,494, respectively. These fluctuations were reversed during the audit due to the lack of support, and the reversals are reflected in the audited financial statements.

Management's Response:

We agree. Going forward, the District will ensure proper balances are carried forward each fiscal year.

Anticipated Completion Date:

FY 2025

2024-004 – LACK OF SUPPORTING DOCUMENTATION AND CONTROLS OVER CASH ADJUSTING ENTRIES – MATERIAL WEAKNESS

Condition:

For fiscal years 2023 and 2024, the District did not design or implement adequate internal controls to ensure that adjusting journal entries prepared by the business manager were independently reviewed and approved prior to posting to the general ledger.

- In fiscal year 2023, the District recorded 34 cash adjusting entries with a net credit balance of \$47,986,894. Of this amount, \$6,391,503 consisted of entries prepared and posted by the business manager without evidence of independent review and approval.
- In fiscal year 2024, the District recorded 203 cash adjusting entries with a net debit balance of \$5,516,627. Of this amount, \$5,353,372 consisted of entries prepared and posted by the business manager without evidence of independent review and approval.

In addition, the District did not maintain adequate supporting documentation for certain cash adjusting entries.

- For fiscal year 2023, 11 of 20 entries tested lacked sufficient supporting documentation, representing a net debit amount of \$1,957,488. Based on projection to the population, these deficiencies could result in a potential net debit misstatement of \$3,047,933.
- For fiscal year 2024, 17 of 30 entries tested lacked sufficient supporting documentation, representing a net credit amount of \$4,514,138. Based on projection to the population, these deficiencies could result in a potential net credit misstatement of \$14,757,305.

Management's Response:

We agree. The District will ensure adjusting entries are properly supported going forward.

Anticipated Completion Date:

FY 2025

2024-005 – LACK OF SUPPORT FOR IRS PAYROLL TAX PAYMENTS - MATERIAL WEAKNESS

Condition:

For fiscal year 2023, the audit team identified a potential overpayment to the IRS in February 2023. For the month of February 2023, the District reported payroll taxes of \$757,923 on the 941-report submitted to the IRS. However, the District's bank statement for February 2023 showed that \$2,790,894 was paid to the IRS. The District was unable to provide support for the overpayment, totaling \$2,032,971.

For fiscal year 2024, the audit team identified a potential overpayment to the IRS in September 2023. For the month of September 2023, the District reported payroll taxes of \$750,776 on the 941-report submitted to the IRS. However, the District's bank statement for September 2023 showed that \$894,423 was paid to the IRS. The District was unable to provide support for the overpayment, totaling \$143,647.

Management's Response:

We agree. The District will retain documentation for IRS payroll tax payments going forward.

Anticipated Completion Date:

FY 2025

2024-006 – MATERIAL AUDIT ADJUSTMENTS - MATERIAL WEAKNESS

Condition:

During the audit of Williston Basin Public School District, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Management's Response:

We agree. 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:

FY 2025

2024-007 - 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 years 2024 and 2023. During our review of records, we could not verify whether accounting duties were properly segregated. For example, there was no evidence to see whether 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.

Management's Response:

We agree. 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 that proper documentation for those expenditures has been maintained.

Anticipated Completion Date:

FY 2025

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Management's Corrective Action Plan - Continued

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – FY2024



Williston Basin School District #7

820 E Broadway
PO Box 1407
Williston, ND 58802

(701)572-1580

WillistonSchools.org

Date: June 18, 2026
To: Joshua C. Gallion, ND State Auditor
From: Mike Arnold, Business Manager
RE: Williston Basin Public School District #7– FY2023 & FY2024 Management's Response

Contact Person Responsible for Corrective Acton Plan: Mike Arnold, Business Manager

Section III – Federal Award Findings & Questioned Costs (FY2024):

2024-008 – CORONAVIRUS CAPITAL PROJECT FUND – LACK OF SUPPORT FOR PROCUREMENT – ALN 21.029 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 did not maintain support surrounding the selection process for the construction management at-risk (CMAR) for the CTE Center. Therefore, we were unable to determine if the CMAR selection was properly completed. In addition, Willison Basin Public School did not have a procurement policy.

Management's Response:

We agree. The District will work to ensure that future projects are properly procured within state law and federal guidelines.

Anticipated Completion Date:

FY 2025

2024-009 – TITLE I –INADEQUATE SUPPORTING DOCUMENTATION – ALN 84.010 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Title I program. 54 of the 60 expenditures we sampled did not have any support, leaving them with known questioned costs of \$136,372.

Management's Response:

We agree. 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 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. It has taken the district some time to get this area cleaned up.

Anticipated Completion Date:

FY 2025

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Management's Corrective Action Plan - Continued

2024-010 – EDUCATION STABILIZATION FUND - LACK OF SUPPORT OVER ESSER FUNDS – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Education Stabilization Fund. 13 of the 60 we sampled did not have any support, leaving them with known questioned costs of \$171,408.

Management's Response:

We agree. 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 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. It has taken the district some time to get this area cleaned up.

Anticipated Completion Date:

FY 2025

2024-011– EDUCATION STABILIZATION FUND - REPORTING – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 did not maintain documentation for the data that was submitted to the North Dakota Department of Public Instruction (NDDPI) for the state's completion of the Annual Report for the Education Stabilization Fund program. We were able to obtain the information that was submitted from NDDPI; however, due to issues identified with the accuracy of underlying accounting records we were unable to determine if the information included in the report is accurate.

Management's Response:

We agree. 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 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. It has taken the district some time to get this area cleaned up.

Anticipated Completion Date:

FY 2025

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Management's Corrective Action Plan - Continued

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – FY2023



Williston Basin School District #7

820 E Broadway
PO Box 1407
Williston, ND 58802

(701)572-1580

WillistonSchools.org

Date: June 18, 2026
To: Joshua C. Gallion, ND State Auditor
From: Mike Arnold, Business Manager
RE: Williston Basin Public School District #7– FY2023 & FY2024 Management's Response

Contact Person Responsible for Corrective Acton Plan: Mike Arnold, Business Manager

Section III – Federal Award Findings & Questioned Costs (FY2023):

2023-012– EDUCATION STABILIZATION FUND - REPORTING – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 did not maintain documentation for the data that was submitted to the North Dakota Department of Public Instruction (NDDPI) for the state's completion of the Annual Report for the Education Stabilization Fund program. We were able to obtain the information that was submitted from NDDPI; however, due to issues identified with the accuracy of underlying accounting records we were unable to determine if the information included in the report is accurate.

Management's Response:

We agree. The District will work to ensure that all federal programs reporting requirements are met going forward. The district has implemented new documentation retention requirements.

Anticipated Completion Date:

FY 2025

2023-013 – EDUCATION STABILIZATION FUND - LACK OF SUPPORT OVER ESSER FUNDS – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 was unable to provide supporting documentation for journal entries that were done to reallocate payroll. There were 3 journal entries totaling \$6,391,442 that were completed at year end to move salaries into the Education Stabilization Fund program that did not have documentation to support the salary expenditures.

Management's Response:

We agree. 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 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. It has taken the district some time to get this area cleaned up.

Anticipated Completion Date:

FY 2025

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Management's Corrective Action Plan - Continued

2023-014 –TITLE I – INADEQUATE SUPPORTING DOCUMENTATION – ALN 84.010 – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Title I program. 47 of the 60 expenditures we sampled did not have any support, leaving them with known questioned costs of \$318,881.

Management's Response:

We agree. 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 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. It has taken the district some time to get this area cleaned up. The district is adding another position to this department to assist in maintaining documentation.

Anticipated Completion Date:

FY 2025

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Status of Prior Recommendations
For the Years Ended June 30, 2024 and 2023

FINANCIAL STATEMENT FINDINGS – 2023-2024



Williston Basin School District #7

820 E Broadway
PO Box 1407
Williston, ND 58802

(701)572-1580

WillistonSchools.org

Date: April 21, 2026

To: Joshua C. Gallion, ND State Auditor

FROM: Mike Arnold, Business Manager

RE: Williston Basin Public School District No. 7 - FY2023 Schedule of Prior Year 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.

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.

Current Status – Williston Basin Public School District No. 7

Partially Implemented –

A new business manager was hired in January 2023 and one of the assigned tasks was for this new person 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. User security has also been reviewed and user roles have been updated to reflect access to the system that reflect their specific job duties.

Anticipated Completion Date

FY2023 and Ongoing

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Status of Prior Recommendations - Continued

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.

Recommendation

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

Current Status – Williston Basin Public School District No. 7

Partially Implemented –

The prior business manager was completing bank reconciliations monthly, but on an external spreadsheet. When I was hired in September 2024, I converted to using our current accounting program to complete the bank reconciliations monthly. Each month the cash reports and transactions are presented to the school board.

Anticipated Completion Date

FY2023 and 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.

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.

Current Status – Williston Basin Public School District No. 7

Partially Implemented –

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

FY2023 and Ongoing

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.

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.

Current Status – Williston Basin Public School District No. 7

Fully implemented.

Anticipated Completion Date

FY2024

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.

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.

Current Status – Williston Basin Public School District No. 7

Fully implemented.

Budget is presented to the board annually with supporting documentation for county tax mills and state funding amounts.

Anticipated Completion Date

FY2023

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.

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.

Current Status – Williston Basin Public School District No. 7

Fully implemented.

The district has a Debt Service fund with all appropriate revenue and expenditure transactions flowing thru this fund.

Anticipated Completion Date

FY2023

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Status of Prior Recommendations - Continued

FEDERAL AWARD FINDINGS & QUESTIONED COSTS – FY2024



Williston Basin School District #7

820 E Broadway
PO Box 1407
Williston, ND 58802

(701)572-1580

WillistonSchools.org

Date: June 18, 2026
To: Joshua C. Gallion, ND State Auditor
FROM: Mike Arnold, Business Manager
RE: Williston Basin Public School District No. 7 - FY2024 Schedule of Prior Year Findings

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (FY2023)

2023-012– EDUCATION STABILIZATION FUND - REPORTING – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition

Williston Basin Public School District No. 7 was unable to provide the Annual Performance Report that is required under the Education Stabilization Fund program.

Recommendation

We recommend that Williston Basin Public School District No. 7 maintain documentation for the data that is submitted to NDDPI for the completion of the Annual Report for the Educations Stabilization Fund.

Current Status – Williston Basin Public School District No. 7

Not implemented/Partially Implemented.
The district has been behind in getting audits completed on a regular schedule. FY23 audit was completed late in FY24, FY24 would not have fixes implemented.

Anticipated Completion Date

FY2025

2023-013 – EDUCATION STABILIZATION FUND - LACK OF SUPPORT OVER ESSER FUNDS – ALN 84.425 - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition

Williston Basin Public School District No. 7 was unable to provide supporting documentation for journal entries that were done to reallocate payroll. There were 3 journal entries totaling \$6,391,442 that were completed at year end to move salaries into the Education Stabilization Fund program that did not have documentation to support the salary expenditures.

Recommendation

We recommend that Williston Basin Public School District No. 7 establishes proper internal controls and policies to ensure they are maintaining proper support documentation for all federal grants.

Current Status – Williston Basin Public School District No. 7

Not implemented/Partially Implemented.
The district has been behind in getting audits completed on a regular schedule. FY23 audit was completed late in FY24, FY24 would not have fixes implemented.

Anticipated Completion Date

FY2025

WILLISTON BASIN PUBLIC SCHOOL DISTRICT NO. 7

Status of Prior Recommendations - Continued

2023-014 –TITLE I – INADEQUATE SUPPORTING DOCUMENTATION – ALN 84.010 – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition

Williston Basin Public School District No. 7 was unable to provide supporting documentation for expenses charged to the Title I program. 47 of the 60 expenditures we sampled did not have any support, leaving them with known questioned costs of \$318,881.

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.

Current Status – Williston Basin Public School District No. 7

Not implemented/Partially Implemented.

The district has been behind in getting audits completed on a regular schedule. FY23 audit was completed late in FY24, FY24 would not have fixes implemented.

Anticipated Completion Date

FY2025

FEDERAL AWARD FINDINGS & QUESTIONED COSTS – FY2023



Williston Basin School District #7

820 E Broadway
PO Box 1407
Williston, ND 58802

(701)572-1580

WillistonSchools.org

Date: April 21, 2026

To: Joshua C. Gallion, ND State Auditor

FROM: Mike Arnold, Business Manager

RE: Williston Basin Public School District No. 7 - FY2023 Schedule of Prior Year Findings

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

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.

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.

Current Status – Williston Basin Public School District No. 7

Partially Implemented –

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. It has taken the district some time to get this area cleaned up. Since my arrival, I have added another person from my staff to assist with Federal Program tracking. This person has helped to clean up transactions and get grant requests submitted on a monthly basis.

Anticipated Completion Date

FY2023 and Ongoing



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