

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100  
WALHALLA, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**ROSTER OF SCHOOL OFFICIALS (UNAUDITED)**  
**AS OF JUNE 30, 2024**

Shannon Cosley	President
Jared Hanson	Vice President
Heather Duerre	Board Member
Kirk Morrison	Board Member
Ashley Schafer	Board Member
Nick Chaput	Board Member
DeWilliam Moore	Board Member
Kendra Trupe	Business Manager
Seth Engelstad	Superintendent

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
North Border Public School District No. 100  
Walhalla, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the North Border Public School District No. 100, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of North Border Public School District No. 100, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Border Public School District No. 100 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *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; 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Border Public School District No. 100's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Border Public School District No. 100's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of District's contributions to TFFR/NDPERS retirement plans, schedule of District's Contributions to the NDPERS OPEB plan, schedule of District's proportionate share of net pension liability and schedule of District's proportionate share of net OPEB liability as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

January 6, 2025

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 3,997,420
Grants Receivable	153,754
Taxes Receivable	83,518
Total Current Assets	<u>4,234,692</u>
Non-Current Assets:	
Capital Assets	17,267,536
Less Accumulated Depreciation	(10,148,311)
Total Non-Current Assets	<u>7,119,225</u>
<b>TOTAL ASSETS</b>	<u><b>11,353,917</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Cost Sharing Defined Benefit Pension Plan - TFFR	714,782
Cost Sharing Defined Benefit Pension Plan - NDPERS	788,285
Cost Sharing Defined Benefit OPEB Plan - NDPERS	20,845
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>1,523,912</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Liabilities	47,965
Total Current Liabilities	<u>47,965</u>
Non-Current Liabilities:	
Compensated Absences	11,054
Bonds Payable	2,485,000
Net OPEB Liability	48,663
Net Pension Liability	5,703,040
Total Non-Current Liabilities	<u>8,247,757</u>
<b>TOTAL LIABILITIES</b>	<u><b>8,295,722</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Cost Sharing Defined Benefit Pension Plan - TFFR	927,540
Cost Sharing Defined Benefit Pension Plan - NDPERS	1,053,027
Cost Sharing Defined Benefit OPEB Plan - NDPERS	10,620
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>1,991,187</b></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,634,225
Restricted for Special Reserve	369,242
Restricted for Student Activities	186,724
Restricted for Capital Projects	357,400
Unrestricted	(2,956,671)
<b>TOTAL NET POSITION</b>	<u><u><b>\$ 2,590,920</b></u></u>

See Notes to the Financial Statements



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>GOVERNMENTAL ACTIVITIES</b>				
Student Support Services:				
Business Support Services	\$ 7,025	\$ -	\$ -	\$ (7,025)
Instructional Media Services	167,992	-	-	(167,992)
Guidance Services	75,652	-	-	(75,652)
General Administration	399,613	-	-	(399,613)
School Administration	446,334	-	-	(446,334)
Operations and Maintenance	841,738	-	-	(841,738)
Transportation	263,984	-	157,573	(106,411)
Regular Instruction	2,458,208	-	235,070	(2,223,138)
Tuition	29,498	-	-	(29,498)
Special Education	888,876	-	135,865	(753,011)
Career and Technical Education	287,628	-	37,538	(250,090)
Extracurricular Activities	490,822	221,920	-	(268,902)
Food Service	388,657	111,181	135,010	(142,466)
Interest and Fees on Long-Term Debt	86,918	-	-	(86,918)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,832,945</b>	<b>\$ 333,101</b>	<b>\$ 701,056</b>	<b>(5,798,788)</b>
<b>GENERAL REVENUES</b>				
Property Taxes, Levied for General Purposes				2,056,669
Property Taxes, Levied for Capital Projects				157,908
Aids and Payments from the State				4,150,619
Unrestricted Investment Earnings				9,614
Gain on Sale of Capital Assets				16,310
Other Revenues				109,258
<b>TOTAL GENERAL REVENUES</b>				<b>6,500,378</b>
Change in Net Position				701,590
Net Position - Beginning				1,889,330
Net Position - Ending				<b>\$ 2,590,920</b>

See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2024**

	General Fund	Special Reserve Fund	Building Fund	Food Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 3,201,768	\$ 369,242	\$ 351,365	\$ 75,045	\$ 3,997,420
Property Taxes Receivable	77,483	-	6,035	-	83,518
Grants Receivable	153,754	-	-	-	153,754
<b>TOTAL ASSETS</b>	<u>\$ 3,433,005</u>	<u>\$ 369,242</u>	<u>\$ 357,400</u>	<u>\$ 75,045</u>	<u>\$ 4,234,692</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Accrued Liabilities	\$ 47,965	\$ -	\$ -	\$ -	\$ 47,965
<b>TOTAL LIABILITIES</b>	<u>47,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Delinquent Taxes	64,268	-	4,949	-	69,217
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>64,268</u>	<u>-</u>	<u>4,949</u>	<u>-</u>	<u>69,217</u>
<b>FUND BALANCES</b>					
Restricted	186,724	369,242	352,451	-	908,417
Assigned	-	-	-	75,045	75,045
Unassigned	3,134,048	-	-	-	3,134,048
<b>TOTAL FUND BALANCES</b>	<u>3,320,772</u>	<u>369,242</u>	<u>352,451</u>	<u>75,045</u>	<u>4,117,510</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,433,005</u>	<u>\$ 369,242</u>	<u>\$ 357,400</u>	<u>\$ 75,045</u>	<u>\$ 4,234,692</u>

See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2024**

Total fund balance - governmental funds	\$ 4,117,510
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost	\$ 17,267,536	
Less: Accumulated Depreciation	(10,148,311)	
Net		7,119,225

Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) or resources in the governmental funds.	(467,275)
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Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and, therefore are unearned in the funds.	69,217
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Long-term liabilities are not due and payable in the current period and, therefore are not reported as liabilities in the funds. These long-term liabilities consisted of the following:

Bonds Payable	(2,485,000)	
Compensated Absences	(11,054)	
Net OPEB Liability	(48,663)	
Net Pension Liability	(5,703,040)	
		(8,247,757)

Net Position - Governmental Activities	\$ 2,590,920
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See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Special Reserve Fund	Building Fund	Food Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Property Taxes	\$ 2,060,436	\$ -	\$ 157,908	\$ -	\$ 2,218,344
Other Local Sources	331,178	-	-	111,181	442,359
Revenue from State Sources	4,356,914	-	-	10,605	4,367,519
Revenue from Federal Sources	359,751	-	-	124,405	484,156
Interest	7,608	794	1,062	150	9,614
<b>TOTAL REVENUES</b>	<b>7,115,887</b>	<b>794</b>	<b>158,970</b>	<b>246,341</b>	<b>7,521,992</b>
<b>EXPENDITURES</b>					
Current:					
Student Support Services:					
Business Support Services	7,025	-	-	-	7,025
Instructional Media Services	167,992	-	-	-	167,992
Guidance Services	75,652	-	-	-	75,652
General Administration	399,613	-	-	-	399,613
School Administration	446,334	-	-	-	446,334
Operations and Maintenance	636,026	-	-	-	636,026
Transportation	217,649	-	-	-	217,649
Regular Instruction	2,639,186	-	-	-	2,639,186
Tuition	29,498	-	-	-	29,498
Special Education	888,876	-	-	-	888,876
Career and Technical Education	287,628	-	-	-	287,628
Extracurricular Activities	490,822	-	-	-	490,822
Food Service	164,871	-	-	223,786	388,657
Capital Outlay:					
Capital Outlay	488,072	-	-	-	488,072
Debt and Service:					
Principal Retirement	-	-	185,000	-	185,000
Interest and Fees on Long-Term Debt	-	-	86,918	-	86,918
<b>TOTAL EXPENDITURES</b>	<b>6,939,244</b>	<b>-</b>	<b>271,918</b>	<b>223,786</b>	<b>7,434,948</b>
Excess (Deficiency) of Revenues Over Expenditures	176,643	794	(112,948)	22,555	87,044
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Equipment	68,500	-	-	-	68,500
<b>Net Change in Fund Balances</b>	<b>245,143</b>	<b>794</b>	<b>(112,948)</b>	<b>22,555</b>	<b>155,544</b>
<b>Fund Balances - Beginning of Year</b>	<b>3,075,629</b>	<b>368,448</b>	<b>465,399</b>	<b>52,490</b>	<b>3,961,966</b>
<b>Fund Balances - End of Year</b>	<b>\$ 3,320,772</b>	<b>\$ 369,242</b>	<b>\$ 352,451</b>	<b>\$ 75,045</b>	<b>\$ 4,117,510</b>

See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Total net change in fund balances - Governmental Funds \$ 155,544

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

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

Capital outlay	\$ 488,072	
Depreciation expense	<u>(252,047)</u>	236,025
Loss on Disposal of Capital Assets		(52,190)
Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.		185,000
Change in OPEB liability		13,034
Change in net pension liability		1,008,996
Some revenues will not be collected for several months after the District's fiscal year end. These revenues are not considered "available" revenues in the governmental funds. These consist of:		
Net change in deferred property taxes		(3,767)
Changes in deferred outflows and inflows of resources related to net pension liability		<u>(841,052)</u>
Change in Net Position - Governmental Activities		<u><u>\$ 701,590</u></u>

See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2024**

	Private-Purpose Trust Fund
ASSETS	
Certificate of Deposit	\$ 3,505
NET POSITION	
Restricted for Scholarships	\$ 3,505

See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Private-Purpose Trust Fund
ADDITIONS	
Interest	<u>\$ 92</u>
Net Increase (Decrease) in Fiduciary Net Position	92
Net Position - Beginning	<u>3,413</u>
Net Position - Ending	<u><u>\$ 3,505</u></u>

See Notes to the Financial Statements

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2024**

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

North Border Public School District No. 100 operates the public schools in the Cities of Walhalla, North Dakota and Pembina, North Dakota. There is one elementary school and one junior/senior high school that is enclosed in one building in each City.

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

Based upon the application of these criteria, the following is a brief review of each potential component unit addressed defining the government's reporting entity:

*Included within the reporting entity:*

Blended Component Unit: Blended component units, although legally separate entities, are in substance part of the government's operations and so data from this unit is combined with data from the primary government.

North Border School District Building Authority – the school board as a legally separate entity created the building authority. Its purpose is to promote the educational system of the school district by providing financing for use by the school in altering, repairing, maintaining or constructing buildings and making any improvements connected to school buildings. The school board is the governing board of the building authority.

Financial information of the North Border School District Building Authority, including records of revenues and expenditures, may be obtained by submitting a written request to Superintendent, 605 10th St, Walhalla, North Dakota 58282.

The District's basic financial statements include all of the District's operations. The basic financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from North Border Public School District No. 100.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Basis of Presentation:**

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

**Government-Wide Financial Statements:**

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

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the District-wide statements. The Government-wide financial statements do not include fiduciary funds of component units that are fiduciary in nature.

**Fund Financial Statements:**

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

***Fund Accounting***

The District's funds consist of the following:

**Governmental Funds:**

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**General Fund**

This fund is the general operating fund of the District. It accounts for all financial resources except those requiring to be accounted for in another fund, including the Student Activity Fund.

**Special Reserve Fund**

The Special Reserve fund is used to account for the proceeds of certain specific revenue sources that are committed for specified purposes.

**Building Fund**

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

**Food Service Fund**

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

**Fiduciary Funds:**

**Private-Purpose Trust Fund**

The reporting entity includes a private-purpose trust fund which is used to account for the accumulation of resources for the distribution of scholarships. This fund accounts for assets held by the District for scholarships.

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

**Measurement Focus:**

*Government-wide Financial Statements:*

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

*Fund Financial Statements:*

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

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Basis of Accounting:**

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

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

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

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

**Revenues - Exchange and Non-Exchange Transactions:**

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

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

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

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

**Unearned and Unavailable Revenue:**

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

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Expenses and Expenditures:**

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

**Budgets and Budgetary Accounting:**

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

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.
2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15<sup>th</sup> of each year. The budget is then filed with the county auditor by August 25<sup>th</sup> of each year.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10<sup>th</sup> of each year. The budget amounts shown in the financial statements are the final authorized amounts.
4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

**Cash and Cash Equivalents:**

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Investments:**

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

**Fair Value Measurements:**

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

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

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

**Capital Assets:**

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

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

Building	25 to 50 Years
Equipment	5 to 25 Years
Vehicles	10 Years

**Short-Term and Long-Term Obligations:**

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Compensated Absences:**

Employees of the District have vacation time provided but are not allowed to carry over vacation time. Teachers are granted twelve days of sick leave each year and may accumulate up to ninety days of sick leave, with any days over ninety at year end being paid out at \$20 per day. Sick leave is not paid upon employees leaving the employment of the District. Employees can accumulate Personal Leave and Sick Time. Unused personal leave and accumulated sick time for qualified employees is reported in the Government –Wide Statement of Net Position. Each teacher is granted four days of personal leave each year and may accumulate up to five days of personal leave, with one personal leave day allowed to carry over and four new personal leave days provided on July 1 of each fiscal year.

**Pensions:**

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

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits (OPEB):**

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

**Fund Balance Classifications:**

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

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

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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

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

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

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

The school board has set a General Fund minimum fund balance target at 25% of expenditures and recurring transfers.

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The District has two items reported on the statement of net position as *cost sharing defined benefit pension plan* and *cost sharing defined benefit OPEB plan*, which represents actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has two items reported on the statement of net position as *cost sharing defined benefit plan* and *cost sharing defined benefit OPEB plan*, which represents the actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan.



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Net Position:**

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

**Inter-fund Activity:**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the District's governmental activities and its business-type activities, is eliminated in the statement of activities.

**Estimates:**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Revenue Recognition - Property Taxes:**

Taxes receivable consist of current and delinquent uncollected taxes at June 30, 2024.

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

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



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Significant Group Concentrations of Credit Risk:**

As of June 30, 2024, the District's receivables consist of amounts due from other governmental units within the State of North Dakota.

**NOTE 3 CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk – Deposits:**

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

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

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

At June 30, 2024, the carrying amount of the District's deposits was \$4,000,925 and the bank balance was \$4,466,977. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

**Credit Risk:**

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

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

**Interest Rate Risk:**

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

**Concentration of Credit Risk:**

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Custodial Credit Risk – Investments:**

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

**NOTE 4 CAPITAL ASSETS**

The following is a summary of changes in the capital asset account group during the year:

<b>Governmental Activities</b>	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 58,625	\$ -	\$ -	\$ 58,625
Construction in Progress	47,975	21,658	-	69,633
Total Capital Assets Not Being Depreciated	<u>106,600</u>	<u>21,658</u>	<u>-</u>	<u>128,258</u>
Capital Assets Being Depreciated				
Buildings	15,561,566	-	-	15,561,566
Equipment	709,608	-	-	709,608
Vehicles	463,090	466,414	61,400	868,104
Total Capital Assets Being Depreciated	<u>16,734,264</u>	<u>466,414</u>	<u>61,400</u>	<u>17,139,278</u>
Less Accumulated Depreciation				
Buildings	9,133,227	171,204	-	9,304,431
Equipment	561,442	34,508	-	595,950
Vehicles	210,805	46,335	9,210	247,930
Total Accumulated Depreciation	<u>9,905,474</u>	<u>252,047</u>	<u>9,210</u>	<u>10,148,311</u>
Net Capital Assets Being Depreciated	<u>6,828,790</u>	<u>214,367</u>	<u>52,190</u>	<u>6,990,967</u>
Net Capital Assets for Governmental Activities	<u>\$ 6,935,390</u>	<u>\$ 236,025</u>	<u>\$ 52,190</u>	<u>\$ 7,119,225</u>

Construction in Progress as of June 30, 2024 consisted of \$33,450 for a playground project in Walhalla, North Dakota, \$16,587 for a playground project in Pembina, North Dakota, and \$19,596 for access control systems. The District had construction commitments related to access control project of \$20,068 as of June 30, 2024.

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

Operations and Maintenance	\$ 205,712
Transportation	46,335
Total	<u>\$ 252,047</u>

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT**

The School District issued bonds in prior years to provide funding for the construction of additions and improvements to existing facilities. Long-term debt is as follows:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Due in One Year
Lease Revenue Bond Series 2015	\$ 2,670,000	\$ -	\$ 185,000	\$ 2,485,000	\$ -
Compensated Absences	11,054	-	-	11,054	-
Total	<u>\$ 2,681,054</u>	<u>\$ -</u>	<u>\$ 185,000</u>	<u>\$ 2,496,054</u>	<u>\$ -</u>

The North Border Public School District Building Authority Lease Revenue Bonds, Series 2015 were issued on December 22, 2015, for \$3,970,000. The proceeds of the bonds were used for construction. The issue matures over a period of twenty (20) years and principal payments are due annually through August 1, 2035. Interest is paid semi-annually in August and February at 2% to 3.6%.

Compensated absences are generally liquidated through the general fund.

Interest expense was \$86,918 for the year ended June 30, 2024.

Annual debt service requirements to maturity for the long-term debt are as follows:

Year Ending June 30	2015 Lease Revenue Bonds		
	Principal	Interest	Total
2025	\$ -	\$ 40,260	\$ 40,260
2026	195,000	77,595	272,595
2027	200,000	71,670	271,670
2028	205,000	65,595	270,595
2029	210,000	59,370	269,370
2030-2034	1,155,000	192,070	1,347,070
2035-2036	<u>520,000</u>	<u>18,900</u>	<u>538,900</u>
Total	<u>\$ 2,485,000</u>	<u>\$ 525,460</u>	<u>\$ 3,010,460</u>

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**NOTE 6 FUND BALANCES**

At June 30, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Special Reserve	Building Fund	Food Service Fund	Total
Restricted for:					
Student Activities	\$ 186,724	\$ -	\$ -	\$ -	\$ 186,724
Capital Projects	-	-	352,451	-	352,451
Special Reserve	-	369,242	-	-	369,242
Assigned to:					
Food Service	-	-	-	75,045	75,045
Unassigned					
General Fund	3,134,048	-	-	-	3,134,048
Total	<u>\$ 3,320,772</u>	<u>\$ 369,242</u>	<u>\$ 352,451</u>	<u>\$ 75,045</u>	<u>\$ 4,117,510</u>

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

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

Disclosures relating to these plans follow:

***North Dakota Teachers' Fund For Retirement***

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

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

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**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.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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, the District reported a liability of \$4,557,060 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2023, the Employer's proportion was 0.324736%, which was a decrease of 0.007469% from its proportion measured at July 1, 2022.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

For the year ended June 30, 2024, the Employer recognized pension expense of \$166,614. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 16,980	\$ 241,888
Changes in actuarial assumptions	72,109	-
Difference between projected and actual investment earnings	278,135	-
Changes in proportion	-	685,652
Contributions paid to TFFR subsequent to the measurement date	347,558	-
<b>Total</b>	<b>\$ 714,782</b>	<b>\$ 927,540</b>

\$347,558 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2025	\$ (165,104)
2026	(194,631)
2027	149,792
2028	(123,167)
2029	(122,749)
Thereafter	(104,457)

### 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	2.30%
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
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.



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equities	55.00%	6.20%
Global Fixed Income	26.00%	3.00%
Global Real Assets	18.00%	4.40%
Cash Equivalents	1.00%	0.90%

### **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 assumes 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, the TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 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.



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**Sensitivity of the Employer'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 Employer's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage point higher (8.25 percent) than the current rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
School's proportionate share of the TFFR net pension liability:	\$ 6,344,710	\$ 4,557,060	\$ 3,073,604

**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>.

***North Dakota Public Employees' Retirement System***

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a board comprised of 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. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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

***Death and Disability Benefits***

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

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

***Refunds of Member Account Balance***

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

***Member and Employer Contributions***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of 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.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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, the District reported a liability of \$1,145,980 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the District's proportion was 0.059430%, which was a decrease of 0.005671% from its proportion measured at June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$56,941. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 37,305	\$ 6,320
Difference between contribution and proportionate share contribution	29,318	176,879
Changes in actuarial assumptions	631,907	869,828
Difference between projected and actual investment earnings	30,068	-
Contributions paid to NDPERS subsequent to the measurement date	59,687	-
Total	<u>\$ 788,285</u>	<u>\$ 1,053,027</u>

\$59,687 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

Year Ending June 30:	Pension Expense Amount
2025	\$ (32,751)
2026	(186,081)
2027	(26,595)
2028	(79,002)

**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 weighing 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	31.00%	6.25%
International Equity	20.00%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

**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.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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 6.5%.

***Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 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 in Discount Rate 5.50%	Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
School's proportionate share of the NDPERS net pension liability:	\$ 1,580,031	\$ 1,145,980	\$ 785,901

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

## **NOTE 8 DEFINED BENEFIT 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.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At June 30, 2024, the District reported a liability of \$48,663 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the District's proportion was 0.048675 percent, which was a decrease of 0.002726% from June 30, 2022.



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

For the year ended June 30, 2024, the District recognized OPEB expense of \$7,652. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 916	\$ 557
Changes of assumptions	10,379	4,030
Net difference between projected and actual earnings on OPEB plan investments	3,515	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	921	6,033
District contributions subsequent to the measurement date	5,114	-
Total	<u>\$ 20,845</u>	<u>\$ 10,620</u>

\$5,114 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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

**Year Ending June 30:**

2025	\$ 2,087
2026	1,076
2027	3,524
2028	(1,576)

**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

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

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
S&P 500 Index	33.00%	5.50%
US Small Cap Equity	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Core Fixed Income	28.00%	4.04%

**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 Employer's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the Plans as of June 30, 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 in Discount Rate 4.75%	Discount Rate 5.75%	1% Increase in Discount Rate 6.75%
District's proportionate share of the net OPEB liability	\$ 63,955	\$ 48,663	\$ 35,789

### **Pension Plan Fiduciary Net Position**

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



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**NOTE 9 RISK MANAGEMENT**

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

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

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

The State Bonding Fund currently provides the District with blanket fidelity bond coverage with a limit of \$1,500,000. The State Bonding Fund does not currently charge a premium for this coverage.

The District carries commercial insurance for employee's health and the District also participates in the workers' compensation program through the State of North Dakota. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 10 TRANSFERS**

The District had no transfers during the year ended June 30, 2024.

**NOTE 11 CONTINGENT LIABILITIES**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE 12 NON-MONETARY TRANSACTIONS**

The District receives food commodities from the federal government to subsidize its food service program. The market value of commodities received for the year ended June 30, 2024 was \$13,253.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**AS OF JUNE 30, 2024**

**NOTE 13 NEW PRONOUNCEMENTS**

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**NOTE 14 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through January 6, 2025, which is the date these financial statements were available to be issued.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		
	<u>Original / Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>			
Local Property Taxes	\$ 2,090,969	\$ 2,060,436	\$ (30,533)
Other Local Sources	52,090	331,178	279,088
Revenue from State Sources	4,148,307	4,356,914	208,607
Revenue from Federal Sources	333,911	359,751	25,840
Interest	5,000	7,608	2,608
<b>TOTAL REVENUES</b>	<u>6,630,277</u>	<u>7,115,887</u>	<u>485,610</u>
<b>EXPENDITURES</b>			
Student Support Services:			
Business Support Services	7,000	7,025	25
Instructional Media Services	119,524	167,992	48,468
Guidance Services	90,000	75,652	(14,348)
General Administration	411,668	399,613	(12,055)
School Administration	464,725	446,334	(18,391)
Operations and Maintenance	625,953	636,026	10,073
Transportation	215,866	217,649	1,783
Regular Instruction	2,622,133	2,639,186	17,053
Tuition	15,000	29,498	14,498
Special Education	989,932	888,876	(101,056)
Career and Technical Education	296,161	287,628	(8,533)
Capital Outlay	303,257	488,072	184,815
Food Service	159,536	164,871	5,335
Extracurricular Activities	298,626	490,822	192,196
<b>TOTAL EXPENDITURES</b>	<u>6,619,381</u>	<u>6,939,244</u>	<u>319,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,896</u>	<u>176,643</u>	<u>165,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Sale of Equipment	-	68,500	68,500
Transfer Out	(150,000)	-	150,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(150,000)</u>	<u>68,500</u>	<u>218,500</u>
Net Change in Fund Balances	(139,104)	245,143	384,247
Fund Balances - Beginning of Year	<u>3,075,629</u>	<u>3,075,629</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,936,525</u>	<u>\$ 3,320,772</u>	<u>\$ 384,247</u>

See Notes to the Budgetary Comparison Schedule

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 BUDGETARY COMPARISON**

**Budgets and Budgetary Accounting:**

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

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.
2. The Board reviews the budget, may make revisions, and adopts the final budget on or before August 15<sup>th</sup> of each year. The budget is then filed with the county auditor by August 25<sup>th</sup> of each year.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10<sup>th</sup> of each year. The budget amounts shown in the financial statements are the final authorized amounts.
4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

A District legally adopts a budget for the general fund and does not legally adopt a budget for the Special Reserve, Building, Food Service, and Student Activity funds.

**NOTE 2 EXPENDITURES IN EXCESS OF BUDGET**

Expenditures of the general fund were in excess of budget by \$319,959. Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and the excess has no impact on the financial results of the District.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR/NDPERS RETIREMENT PLANS**  
**LAST TEN YEARS**

**Teachers Fund for Retirement**

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 347,558	\$ (347,558)	-	\$ 2,725,943	12.75%
2023	332,257	(332,257)	-	2,605,930	12.75%
2022	344,198	(344,198)	-	2,699,594	12.75%
2021	355,553	(355,553)	-	2,788,632	12.75%
2020	352,818	(352,818)	-	2,767,199	12.75%
2019	347,860	(347,860)	-	2,728,317	12.75%
2018	360,561	(360,561)	-	2,827,925	12.75%
2017	368,366	(368,366)	-	2,889,141	12.75%
2016	324,502	(324,502)	-	2,545,237	12.75%
2015	284,805	(284,805)	-	2,649,367	10.75%

**North Dakota Public Employees Retirement System**

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 59,687	\$ (59,687)	-	\$ 736,823	8.10%
2023	52,197	(52,197)	-	697,374	7.48%
2022	60,363	(60,363)	-	818,525	7.37%
2021	55,003	(55,003)	-	776,787	7.08%
2020	47,397	(47,397)	-	651,014	7.28%
2019	50,087	(50,087)	-	680,029	7.37%
2018	46,841	(46,841)	-	645,968	7.25%
2017	45,810	(45,810)	-	632,756	7.24%
2016	32,705	(32,705)	-	430,571	7.60%
2015	31,132	(31,132)	-	437,249	7.12%

See Note to the Required Supplementary Information

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLANS**  
**LAST TEN YEARS**

**North Dakota Public Employees Retirement System - OPEB**

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2024	\$ 5,114	\$ 5,114	\$ -	\$ 448,558	1.14%
2023	5,534	5,534	-	485,451	1.14%
2022	6,941	6,941	-	577,226	1.20%
2021	8,286	8,286	-	705,294	1.17%
2020	7,571	7,571	-	651,014	1.16%
2019	7,976	7,976	-	680,029	1.17%
2018	7,509	7,509	-	645,968	1.16%

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

See Note to the Required Supplementary Information

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST TEN YEARS**

**Teachers Fund for Retirement**

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.324736%	\$ 4,557,060	\$ 2,605,720	174.89%	69.34%
2023	0.332205%	4,837,084	2,614,164	185.03%	67.50%
2022	0.350278%	3,690,727	2,699,594	136.71%	75.70%
2021	0.382181%	5,849,309	2,788,632	209.76%	63.40%
2020	0.394453%	5,432,614	2,767,199	196.32%	65.50%
2019	0.401336%	5,349,234	2,728,317	196.06%	65.50%
2018	0.418970%	5,754,656	2,827,925	203.49%	63.20%
2017	0.446710%	6,514,697	2,889,141	225.49%	59.20%
2016	0.413789%	5,411,761	2,545,237	212.62%	62.10%
2015	0.456746%	4,785,888	2,649,367	180.64%	66.60%

**North Dakota Public Employees Retirement System**

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.059430%	\$ 1,145,980	\$ 697,374	164.33%	65.31%
2023	0.065101%	1,874,952	755,718	248.10%	54.47%
2022	0.072283%	753,406	818,525	92.04%	78.26%
2021	0.070417%	2,215,334	776,787	285.19%	48.91%
2020	0.062587%	733,565	651,014	112.68%	71.66%
2019	0.066195%	1,117,113	680,029	164.27%	62.80%
2018	0.063278%	1,017,085	645,968	157.45%	61.98%
2017	0.062788%	611,930	632,756	96.71%	70.46%
2016	0.048331%	328,643	430,571	76.33%	77.15%
2015	0.051906%	329,458	437,219	75.35%	77.70%

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

See Note to the Required Supplementary Information

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**LAST TEN YEARS (PRESENTED PROSPECTIVELY)**

**North Dakota Public Employees Retirement System -OPEB**

For the Fiscal Year Ended June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered - employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	0.0487%	\$ 48,663	\$ 489,276	9.95%	62.74%
2023	0.0514%	61,697	530,671	11.63%	56.28%
2022	0.0529%	29,446	577,226	5.10%	76.63%
2021	0.0619%	52,044	705,294	7.38%	63.38%
2020	0.0583%	46,860	651,014	7.20%	63.13%
2019	0.0621%	48,946	680,029	7.20%	61.89%
2018	0.0597%	47,231	645,968	7.31%	59.78%

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

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

See Note to the Required Supplementary Information



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 1 CHANGES OF BENEFIT TERMS AND ASSUMPTIONS**

**TFFR**

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

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

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

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

**NDPERS**

***Changes of benefit terms.***

The interest rate earned on member contributions will decrease from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

***Changes of assumptions.***

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other 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.

**OPEB**

***Changes of benefit terms.***

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

***Changes of assumptions.***

All 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.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**REVENUES**

**LOCAL PROPERTY TAXES**

Local Property Taxes	\$ 2,060,436
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**OTHER LOCAL SOURCES**

Telecommunications Tax	30,121
Drivers Education Programs	4,000
Other Local Sources	75,137
Student Activity Revenues - Fund 06	221,920
<b>Total Other Local Sources</b>	<b>331,178</b>

**REVENUE FROM STATE SOURCES**

Per Pupil Aid	4,150,619
Transportation Aid	157,573
Vocational Aid	34,450
Other State Sources	14,272
<b>Total Revenue from State Sources</b>	<b>4,356,914</b>

**REVENUE FROM FEDERAL SOURCES**

Title I - Grants to LEA's	88,352
Title II - A	47,513
Carl Perkins	3,088
ESSER III	214,607
Other Federal Sources	6,191
<b>Total Revenue from Federal Sources</b>	<b>359,751</b>

**INTEREST INCOME**

	7,608
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**TOTAL REVENUES**

	<b>\$ 7,115,887</b>
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**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**GENERAL FUND - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**EXPENDITURES**

**STUDENT SUPPORT SERVICES**

Business Support Services	\$ 7,025
Instructional Media Services	167,992
Guidance Services	75,652
General Administration - Board of Education	218,006
General Administration - School Board Election Svc	2,424
General Administration - Superintendent	179,183
School Administration - Principal	446,334
Operations and Maintenance	636,027
Transportation	217,649
<b>Total Student Support Services</b>	<b><u>1,950,292</u></b>

**REGULAR INSTRUCTION**

Kindergarten Instruction	262,903
Elementary Instruction	1,094,248
Junior High Instruction	137,202
Senior High Instruction	790,622
Drivers Education	9,140
Carl Perkins	3,455
Choice Ready	15,994
Title Programs	160,732
ESSER Learning Loss	163,865
Other Federal Programs	1,025
<b>Total Regular Instruction</b>	<b><u>2,639,186</u></b>

<b>TUITION</b>	<b><u>29,498</u></b>
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**SPECIAL EDUCATION**

Special Education Tuition	164,912
Intellectual Disabilities	92,406
Visually Handicapped	12,356
Speech Impaired	62,522
Other Health Impaired	64,922
Autism Programs	83,430
Emotionally Disturbed	30,377
Learning Disabled	377,950
<b>Total Special Education</b>	<b><u>888,875</u></b>

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**GENERAL FUND - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**EXPENDITURES - CONTINUED**

**CAREER AND TECHNICAL EDUCATION**

Family and Consumer Sciences (FACS)	\$ 88,170
Industrial Arts	74,023
Office Occupations	125,434
<b>Total Career and Technical Education</b>	<u>287,627</u>

**EXTRACURRICULAR ACTIVITIES**

Student Transportation (Fund 01)	83,228
Student Activities (Fund 01)	204,108
Student Activities (Fund 06)	203,487
<b>Total Career and Technical Education</b>	<u>490,823</u>

<b>FOOD SERVICE</b>	<u>164,871</u>
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<b>CAPITAL OUTLAY</b>	<u>488,072</u>
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<b>TOTAL EXPENDITURES</b>	<u>6,939,244</u>
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Excess (Deficiency) of Revenues	
Over Expenditures	<u>176,643</u>

**OTHER FINANCING SOURCES (USES)**

Proceeds from Sale of Equipment	<u>68,500</u>
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Net Change in Fund Balances	245,143
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<b>Fund Balances - Beginning of Year</b>	<u>3,075,629</u>
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<b>Fund Balances - End of Year</b>	<u><u>\$ 3,320,772</u></u>
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Education  
North Border Public School District No. 100  
Walhalla, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of North Border Public School District No. 100 as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2025.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Border Public School District No. 100's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002 and 2024-003 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Border Public School District No. 100's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-003.

## The District's Response to Findings

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

## Purpose of This Report

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



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

January 6, 2025

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2024-001 Finding**

**Criteria**

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

**Condition**

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

**Cause**

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

**Effect**

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

**Recommendation**

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

**Management's Response**

The District agrees with the recommendation. Due to additional costs, the District will continue to keep the staff at the current level. The School Board President does approve and sign all checks from all bank accounts before release. The financial statements are also reviewed by the School Board.



**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2024-002 Finding**

**Criteria**

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

**Condition**

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

During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

**Cause**

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

The District's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

**Effect**

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

The District's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

**Recommendation**

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist. Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

**Management's Response**

The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements. The District will work to determine proper balances and post adjustments prior to the audit.

**NORTH BORDER PUBLIC SCHOOL DISTRICT NO. 100**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2024-003    Finding**

**Criteria**

North Dakota Century Code (NDCC) 15.1-09-34 states that the board of a school district may not enter a purchase contract involving the expenditure of an aggregate amount greater than fifty thousand dollars unless the school board has received and accepted the bid of the lowest responsible bidder.

**Condition**

The District purchased new busses and a vehicle in excess of the bid thresholds of the NDCC. No bid documentation was able to be presented by the District to support compliance with NDCC 15.1-09-34.

**Cause**

Bids received by the District were not properly obtained and maintained.

**Effect**

The District is not in compliance with NDCC 15.1-09-34.

**Recommendation**

We recommend the District follow the NDCC and obtain and maintain bid documentation on purchases in accordance with the District's record retention policy.

**Management's Response**

The District concurs with the finding and will evaluate future purchases in relation to North Dakota Century Code requirements.