SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
MINOT, NORTH DAKOTA

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2024

Randy Korslien	President
Sheila Lindbo	Vice-President
Curt Olson	Director
Chad Mosser	Director
Steve Eberle	Director
Wayne Stanley	Superintendent
Barb Manguson	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
South Prairie Public School District No. 70
Minot, North Dakota

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of South Prairie Public School District No. 70, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the South Prairie Public School District No. 70'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 South Prairie Public School District No. 70 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 (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Prairie Public School District No. 70, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Prairie Public School District No. 70'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 South Prairie Public School District No. 70'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 South Prairie Public School District No. 70'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 schedule, schedule of District's contributions to the TFFR and NDPERS pension plans, schedule of District's contributions to the NDPERS OPEB plan, schedule of District's proportionate share of net pension liability, and schedule of District's proportionate share of net OPEB liability 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 required 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.

Other Information

Management is responsible for the other information included on page 1. The other information comprises the roster of school officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 November 16, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

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

November 16, 2024

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current Assets:	
Cash	$ 6,336,415
Property Taxes Receivable (Net)	150,680
Due From Other Governments	178,505
Total Current Assets	6,665,600
Non-Current Assets:	
Capital Assets	
Land	326,912
Buildings	23,251,935
Equipment	653,184
Vehicles	1,296,869
Less Accumulated Depreciation	(5,770,367)
Total Non-Current Assets	19,758,533
TOTAL ASSETS	26,424,133
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	1,016,131
Cost Sharing Defined Benefit Pension Plan - NDPERS	1,050,556
Cost Sharing Defined Benefit OPEB Plan - NDPERS	30,342
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,097,029
LIABILITIES	
Current Liabilities:	
Accounts Payable	19,231
Accrued Payroll	580,960
Interest Payable	92,366
Bonds Payable Within a Year	1,060,603
Total Current Liabilities	1,753,160
Long-Term Liabilities:	
Bonds Payable (Net of Current Portion)	10,202,064
Net Pension Liability	6,586,932
Net OPEB Liability	64,642
Total Non-Current Liabilities	16,853,638
TOTAL LIABILITIES	18,606,798
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	415,607
Cost Sharing Defined Benefit Pension Plan - NDPERS	1,099,134
Cost Sharing Defined Benefit OPEB Plan - NDPERS	6,805
TOTAL DEFERRED INFLOWS OF RESOURCES	1,521,546
NET POSITION	
Net Investment in Capital Assets	9,132,548
Restricted for:	
Debt Service	1,280,745
Building	636,682
Student Activities	17,992
Unrestricted	(2,675,149)
TOTAL NET POSITION	$ 8,392,818

See Notes to the Basic Financial Statements

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
Business Support Services	$ 234,762	$ -	$ -	$ (234,762)
Instructional Support Services	116,650	-	-	(116,650)
Administration	588,538	-	-	(588,538)
Operations and Maintenance	575,497	-	-	(575,497)
Transportation	606,447	-	260,400	(346,047)
Regular Instruction	4,217,640	80,018	428,383	(3,709,239)
Special Education	566,507	-	171,149	(395,358)
Vocational Education	188,995	-	71,922	(117,073)
Extra-Curricular Activities	576,094	368,805	-	(207,289)
Food Services	407,274	210,961	169,199	(27,114)
Interest and Fees on Long-Term Debt	288,901	-	-	(288,901)
TOTAL GOVERNMENTAL ACTIVITIES	$ 8,367,305	$ 659,784	$ 1,101,053	(6,606,468)
	GENERAL REVENUES			
	Property Taxes, Levied for General Purposes			1,198,813
	Property Taxes, Levied for Debt Service			983,077
	Aids and Payments from the State			5,181,839
	Unrestricted Investment Earnings			249,273
	TOTAL GENERAL REVENUES			7,613,002
	Change in Net Position			1,006,534
	Net Position - Beginning			7,386,284
	Net Position - Ending			$ 8,392,818

See Notes to the Basic Financial Statements

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Projects	Debt Service	Nonmajor Food Service	Total Governmental Funds
ASSETS					
Cash	$ 4,326,470	$ 636,682	$ 1,299,706	$ 73,557	$ 6,336,415
Property Taxes Receivable	77,275	-	73,405	-	150,680
Due from Other Governments	178,505	-	-	-	178,505
TOTAL ASSETS	$ 4,582,250	$ 636,682	$ 1,373,111	$ 73,557	$ 6,665,600
LIABILITIES					
Accounts Payable	$ 19,231	$ -	$ -	$ -	$ 19,231
Accrued Payroll	580,960	-	-	-	580,960
TOTAL LIABILITIES	600,191	-	-	-	600,191
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Uncollected Taxes	69,089	-	65,679	-	134,768
TOTAL DEFERRED INFLOWS OF RESOURCES	69,089	-	65,679	-	134,768
FUND BALANCES					
Restricted	17,992	636,682	1,307,432	-	1,962,106
Assigned	-	-	-	73,557	73,557
Unassigned	3,894,978	-	-	-	3,894,978
TOTAL FUND BALANCES	3,912,970	636,682	1,307,432	73,557	5,930,641
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,582,250	$ 636,682	$ 1,373,111	$ 73,557	$ 6,665,600

See Notes to the Basic Financial Statements

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds		$ 5,930,641
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 net assets in government funds:		
Cost of capital assets	$ 25,528,900	
Less: accumulated depreciation	(5,770,367)	
Net		19,758,533
Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		575,483
Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		134,768
Long-term liabilities are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.		
Bonds Payable		(11,262,667)
Net OPEB Liability		(64,642)
Net Pension Liability		(6,586,932)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(92,366)
Net Position - Governmental Activities		$ 8,392,818

See Notes to the Basic Financial Statements

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects	Debt Service	Nonmajor Food Service	Total Governmental Funds
REVENUES					
Local Property Tax Levies	$ 1,208,882	$ -	$ 990,414	$ -	$ 2,199,296
Other Local and County Revenues	447,978	845	-	210,961	659,784
Revenue from State Sources	5,685,310	-	-	-	5,685,310
Revenue from Federal Sources	428,383	-	-	169,199	597,582
Interest	209,826	31,199	8,245	3	249,273
TOTAL REVENUES	7,980,379	32,044	998,659	380,163	9,391,245
EXPENDITURES					
Current:					
Business Support Services	234,762	-	-	-	234,762
Instructional Support Services	116,650	-	-	-	116,650
Administration	588,538	-	-	-	588,538
Operations and Maintenance	536,749	30,123	-	-	566,872
Transportation	441,770	-	-	-	441,770
Regular Instruction	3,587,490	-	-	-	3,587,490
Special Education	566,507	-	-	-	566,507
Vocational Education	188,995	-	-	-	188,995
Extra-Curricular Activities	576,094	-	-	-	576,094
Food Services	-	-	-	406,224	406,224
Capital Outlay	219,875	283,860	-	-	503,735
Debt Service:					
Principal Retirement	-	-	1,046,021	-	1,046,021
Interest and Fiscal Charges on Long-Term Debt	-	-	296,919	-	296,919
TOTAL EXPENDITURES	7,057,430	313,983	1,342,940	406,224	9,120,577
Excess (Deficiency) of Revenues over Expenditures	922,949	(281,939)	(344,281)	(26,061)	270,668
OTHER FINANCING SOURCES					
Transfers Out	(314,395)	-	-	-	(314,395)
Transfers In	-	-	314,395	-	314,395
TOTAL OTHER FINANCING SOURCES (USES)	(314,395)	-	314,395	-	-
Net Change in Fund Balances	608,554	(281,939)	(29,886)	(26,061)	270,668
Fund Balance - Beginning of Year	3,304,416	918,621	1,337,318	99,618	5,659,973
Fund Balance - End of Year	$ 3,912,970	$ 636,682	$ 1,307,432	$ 73,557	$ 5,930,641

See Notes to the Basic Financial Statements

SOUTH PRAIRIE PUBLIC SCHOOL DISRICT NO. 70
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - Governmental Funds		$ 270,668
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.		
Capital Outlays	$ 503,735	
Depreciation Expense	(589,891)	
Excess of depreciation expense over capital outlay		(86,156)
Some revenues will not be collected for several months after the District's fiscal year end. These revenues are considered "available" revenues in the government funds. These revenues consist of:		
Net change in unavailable property taxes		(17,406)
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.		1,046,021
Changes in deferred outflows and inflows of resources related to net pension liability		(1,088,653)
Change in net OPEB liability		12,778
Change in net pension liability		861,264
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		8,018
Change in net position - Governmental Activities		$ 1,006,534

See Notes to the Basic Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The South Prairie Public School District No. 70 operates the public schools in the City of Minot, North Dakota. There is a combined elementary school, and junior/senior high school.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements display information about the District as a whole. The statement of net position presents the financial condition of the governmental activities of the District at year-end.

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

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

Fund Financial Statements:

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

Fund Accounting

The District's funds consist of the following:

Governmental Funds:

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

General Fund:
The general fund is the general operating fund of the school district. It accounts for all financial resources except those requiring to be accounted for in another fund, including the student Activity fund.

Capital Projects:
Capital projects funds are used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds:
The Debt Service fund is used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest, and related costs.

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

Special Revenue Funds:

Special Revenue fund is used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. Included in this category is the food service operating fund. It accounts for all financial resources related to food service.

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.

Basis of Accounting:

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

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

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

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

Revenues - Exchange and Non-Exchange Transactions:

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

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

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

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

Unearned Revenues:

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

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

Expenses and Expenditures:

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

Budgets and Budgetary Accounting:

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

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget at the September board meeting to ensure it is adopted before the fifteenth of October each year. The budget is then filed with the county auditor by October tenth of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 15 of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

Cash and Cash Equivalents:

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

Investments:

Investments are recorded at market value. North Dakota State 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, 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:

Buildings	50 Years
Equipment	10 Years
Vehicles	10 Years

Accrued Liabilities and Long-term Obligations:

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

Pensions:

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

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* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors, or constraints imposed by state statutory provisions and administered by the North Dakota Department of Education. The District does not have any fund balance classified as restricted.
>
> *Committed* – consists of internally imposed constraints. These constraints are established by resolution of the Board of Education. The District does not have any fund balance classified as committed.
>
> *Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management.
>
> *Unassigned* – is the residual classification for the general funds and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for us, it is the District policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The District has adopted a minimum fund balance requirement of 20% of expenditures.

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 three types of items, one 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 pension plan* and *cost sharing defined benefit OPEB plan*, which represents the actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan.

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 or 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.

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 and the federal government.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

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

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

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

At June 30, 2024, the carrying amount of the District's deposits was $6,336,415 and the bank balance was $6,390,018. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

Interest Rate Risk

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

Concentration of Credit Risk

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

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in general fixed assets account group during the year:

	Restated Balance 7/1/2023	Additions	Disposals	Transfers	Balance 6/30/2024
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	$ 317,912	$ 9,000	$ -	$ -	$ 326,912
Construction in Progress	514,327	283,860	-	(798,187)	-
Total	832,239	292,860	-	(798,187)	326,912
Capital Assets Being Depreciated					
Buildings	22,435,308	18,440	-	798,187	23,251,935
Equipment	602,749	50,435	-	-	653,184
Vehicles	1,154,869	142,000	-	-	1,296,869
Total	24,192,926	210,875	-	798,187	25,201,988
Less Accumulated Depreciation					
Buildings	4,325,504	452,977	-	-	4,778,481
Equipment	240,010	49,610	-	-	289,620
Vehicles	614,962	87,304	-	-	702,266
Total	5,180,476	589,891	-	-	5,770,367
Net Capital Assets Being Depreciated	19,012,450	(379,016)	-	798,187	19,431,621
Net Capital Assets for Governmental Activities	$ 19,844,689	$ (86,156)	$ -	$ -	$ 19,758,533

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

Regular Instruction	$ 415,539
Operation and maintenance	8,625
Transportation	164,677
Food Service	1,050
Total	$ 589,891

NOTE 5 LONG-TERM DEBT

The School District issued bonds 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
State Aid Certificates of Indebtedness Series 2020	$ 3,090,000	$ -	$ 210,000		$ 2,880,000	$ 215,000
General Obligation School Building Bonds, Series 2014B	5,153,688	-	431,021		4,722,667	440,603
General Obligation Refunding Bonds Series 2013	1,400,000	-	225,000		1,175,000	225,000
General Obligation School Building Bonds Series 2014	2,265,000	-	180,000		2,085,000	180,000
QSCB Bonds Payable	400,000	-	-		400,000	-
Net OPEB Liability	77,420	12,972	25,750	*	64,642	-
Net Pension Liability	7,448,196	2,111,583	2,972,847	*	6,586,932	-
Total	$ 19,834,304	$ 2,124,555	$ 4,044,618		$ 17,914,241	$ 1,060,603

* Retirements of Net OPEB Liability and Net Pension Liability are performed through the General Fund. Remaining retirements are performed through the Debt Service Fund.

Debt payable at June 30, 2024, is comprised of the following individual issues:

State Aid Certificates of Indebtedness Series 2020, Originally issued $3,500,000
Payments are due in annual installments of $200,000 to $275,000
plus interest through August 1, 2035, Effective interest rate of 2% - 5%.

General Obligation Refunding Bonds, Series 2014B, originally issued $8,400,000
payments are due in annual installments of $431,021 plus interest through June 1, 2034.
Effective interest rate of 1.52%.

General Obligation Refunding Bonds Series 2013, Originally issued $3,275,000,
payments are due in annual installments of $200,000 to $245,000
plus interest through August 1, 2028. Effective interest rate is 1%-2%.

General Obligation School Building Bonds Series 2014, Originally issued $3,600,000,
payments are due in annual installments of $160,000 to $240,000
plus interest through August 1, 2033, Effective interest rate is 2%-3.25%.

QSCB Bonds Payable, Taxable appropriation Bonds Series 2010 for the remodeling of the school.
Originally issued $400,000. The bonds call for refundable interest from U.S Treasury at 5.35%
and annual mandatory deposits of $21,400 with total maturity at June 30, 2025.

Interest expense was $288,901 for the year ended June 30, 2024.

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

QSBC Bond

Fiscal Year	Principal	Interest	Total
2025	$ -	$ 21,400	$ 21,400
2026	400,000	10,700	410,700
	$ 400,000	$ 32,100	$ 432,100

General Obligation School Building Bonds Series 2014B

Fiscal Year	Principal	Interest	Total
2025	$ 440,603	$ 71,739	$ 512,342
2026	447,300	65,042	512,342
2027	454,099	58,243	512,342
2028	461,002	51,341	512,343
2029	468,009	44,333	512,342
2030-2034	2,451,654	109,789	2,561,443
	$ 4,722,667	$ 400,487	$ 5,123,154

State Aid Certificates of Indebtness Series 2020

Fiscal Year	Principal	Interest	Total
2025	$ 215,000	$ 92,575	$ 307,575
2026	220,000	81,700	301,700
2027	220,000	70,700	290,700
2028	225,000	59,575	284,575
2029	230,000	48,200	278,200
2030-2034	1,230,000	120,225	1,350,225
2035-2036	540,000	10,900	550,900
	$ 2,880,000	$ 483,875	$ 3,363,875

General Obligation Refunding Bond Series 2013

Fiscal Year	Principal	Interest	Total
2025	$ 225,000	$ 20,856	$ 245,856
2026	230,000	16,700	246,700
2027	235,000	12,050	247,050
2028	240,000	7,300	247,300
2029	245,000	2,450	247,450
	$ 1,175,000	$ 59,356	$ 1,234,356

General Obligation School Building Bonds Series 2014

Fiscal Year	Principal	Interest	Total
2025	$ 180,000	$ 58,962	238,962
2026	185,000	54,625	239,625
2027	190,000	49,699	239,699
2028	200,000	44,087	244,087
2029	205,000	38,012	243,012
2030-2034	1,125,000	91,530	1,216,530
	$ 2,085,000	$ 336,915	$ 2,421,915

NOTE 6 FUND BALANCES

A. CLASSIFICATIONS

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

Restricted for:	General Fund	Capital Projects	Debt Service	Food Service	Total
Student Activities	$ 17,992	$ -	$ -	$ -	$ 17,992
Capital Projects	-	636,682	-	-	636,682
Debt Service	-	-	1,307,432	-	1,307,432
Total Restricted	$ 17,992	$ 636,682	$ 1,307,432	$ -	$ 1,962,106
Assigned for:					
Food Service	$ -	$ -	$ -	$ 73,557	$ 73,557
Unassigned:	$ 3,894,978	$ -	$ -	$ -	$ 3,894,978
Total	$ 3,912,970	$ 636,682	$ 1,307,432	$ 73,557	$ 5,930,641

Restricted fund balances reflect resources restricted for statutorily defined purposes not accounted for in a separate fund. At June 30, 2024, there were the following accounts:

Restricted for Student Activities:
This account represents funds held by the School District available for student activity programs.

Restricted for Debt Service:
This account represents funds held by the School District available to service long-term debt.

Restricted for Capital Project:
This account represents funds held by the School District available to provide future capital outlay.

Assigned fund balance reflects resources that can be used for the specific purpose determined by formal action of the School District's Board of Education. At June 30, 2024, there was following account:

Assigned for Food Service:
This account represents funds held by the School District available for Food Service expenditures.

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 Teacher's Fund for Retirement (TFFR) or the North Dakota Public Employee Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

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

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

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

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65 or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

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

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

Death and Disability Benefits

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

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

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 $5,210,526 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 0.371300 percent which was a decrease of 0.0000812 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of $549,589. 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	$ 19,415	$ 276,574
Net Investment Income		
Changes in actuarial assumptions	82,450	-
Difference between projected and actual investment earnings	318,019	-
Changes in proportion	184,723	139,033
Contributions paid to TFFR subsequent to the measurement date	411,524	-
Total	$ 1,016,131	$ 415,607

$411,524 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	$ 49,641
2026	(37,926)
2027	327,564
2028	(30,373)
2029	(29,900)
Thereafter	(90,006)

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, including inflation
Cost-of-living adjustments	None

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

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2023, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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, 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.

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 percent as of June 30, 2023, 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 or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.25%	7.25%	8.25%
School's proportionate share of the TFFR net pension liability:	$ 7,254,519	$ 5,210,526	$ 3,514,349

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 House Bill 1040. The closure of the plan will be effective on January 1, 2025.

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.

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 $1,376,406 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 0.071380 percent which was an increase of 0.0000459 from its proportion measured July 1, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $149,389. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 44,807	$ 7,591
Changes in actuarial assumptions	758,966	1,044,727
Difference between projected and actual investment earnings	36,114	-
Changes in proportion	132,522	46,816
Contributions paid to NDPERS subsequent to the measurement date	78,147	-
Total	$ 1,050,556	$ 1,099,134

$78,147 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:

Year ending June 30:	Pension Expense Amount
2024	$ 33,445
2025	(127,468)
2026	36,949
2027	(69,651)

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 Increase	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00%	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.

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

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

Sensitivity of the 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	Discount Rate	1% Increase in Discount Rate
	5.50%	6.50%	7.50%
School's proportionate share of the NDPERS net pension liability:	$ 1,897,733	$ 1,376,406	$ 943,925

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.

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 employees, 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 $64,642 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 0.064658 percent which was an increase of 0.000002 from its proportion measured as of July 1, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of $13,098. 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	$ 1,216	$ 740
Changes of assumptions	13,787	5,353
Net difference between projected and actual earnings on OPEB plan investments	4,669	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	2,685	712
District contributions subsequent to the measurement date	7,985	-
Total	$ 30,342	$ 6,805

$7,985 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:	OPEB Expense Amount
2024	$ 5,693
2025	4,849
2026	6,742
2027	(1,732)

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:

For active members, inactive members and healthy retirees, mortality rates were based on the

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

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 Employee), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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	$ 84,955	$ 64,642	$ 47,541

Pension Plan Fiduciary Net Position

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

NOTE 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, and inland marine insurance coverage. The coverage by NDIRF is limited to losses on one million dollars per occurrence.

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

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

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

NOTE 10 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2024, were as follows:

Transfers In	Transfers Out	Amount
Debt Service Fund	General Fund	$ 314,395
		$ 314,395

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is complete.

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 hot lunch program.

NOTE 13 NEW PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62,* enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

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 what 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 November 16, 2024, which is the date these financial statements were available to be issued.

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		
	Original/Final	Actual	Variance
REVENUES			
Local Property Tax Levies	$ 1,238,306	$ 1,208,882	$ (29,424)
Other Local & County Revenues	137,500	447,978	310,478
Revenue From State Sources	5,656,737	5,685,310	28,573
Revenue From Federal Sources	388,982	428,383	39,401
Interest	25,000	209,826	184,826
Other Revenue	2,500	-	(2,500)
TOTAL REVENUES	7,449,025	7,980,379	531,354
EXPENDITURES			
Business Support Services	279,410	234,762	(44,648)
Instructional Support Services	116,783	116,650	(133)
Administration	632,172	588,538	(43,634)
Operations and Maintenance	639,425	536,749	(102,676)
Transportation	467,592	441,770	(25,822)
Regular Instruction	3,660,178	3,587,490	(72,688)
Special Education	675,273	566,507	(108,766)
Vocational Education	198,203	188,995	(9,208)
Extra-Curricular Activities	276,993	576,094	299,101
Capital Outlay	234,896	219,875	(15,021)
TOTAL EXPENDITURES	7,180,925	7,057,430	(123,495)
Excess (Deficiency) of Revenues Over Expenditures	268,100	922,949	654,849
OTHER FINANCING SOURCES (USES)			
Transfers Out	(325,000)	(314,395)	10,605
TOTAL OTHER FINANCING SOURCES (USES)	(325,000)	(314,395)	10,605
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(56,900)	608,554	665,454
Fund Balance - Beginning of Year	3,304,416	3,304,416	-
Fund Balances - Ending	$ 3,247,516	$ 3,912,970	$ 665,454

See Notes to the Required Supplementary Information

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN FISCAL 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	$ 411,524	$ (411,524)	$ -	$ 3,227,641	12.75%
2023	379,870	(379,870)	-	2,979,372	12.75%
2022	380,678	(380,678)	-	2,985,711	12.75%
2021	376,981	(376,981)	-	2,956,721	12.75%
2020	348,134	(348,134)	-	2,730,461	12.75%
2019	326,104	(326,104)	-	2,557,680	12.75%
2018	307,577	(307,577)	-	2,428,054	12.67%
2017	299,129	(299,129)	-	2,346,109	12.75%
2016	254,981	(254,981)	-	1,999,849	12.75%
2015	173,303	(173,303)	-	1,359,306	12.75%

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	$ 78,147	$ (78,147)	$ -	$ 981,279	7.96%
2023	63,934	(63,934)	-	869,308	7.35%
2022	58,396	(58,932)	(536)	775,337	7.60%
2021	58,474	(55,296)	3,178	792,913	6.97%
2020	48,031	(53,208)	(5,177)	678,325	7.84%
2019	51,041	(49,236)	1,805	701,061	7.02%
2018	47,155	(52,429)	(5,274)	640,229	8.19%
2017	46,508	(44,299)	2,209	641,382	6.91%
2016	45,449	(44,351)	1,098	627,761	7.06%

See Notes to the Required Supplementary Information

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN FISCAL YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2024	$ 7,985	$ (7,985)	-	$ 981,279	0.81%
2023	7,778	(7,778)	-	869,308	0.89%
2022	8,105	(7,592)	513	665,898	1.22%
2021	8,010	(7,764)	246	666,117	1.20%
2020	7,851	(8,469)	(618)	668,325	1.17%
2019	8,153	(7,883)	270	701,061	1.16%
2018	7,509	(8,395)	(886)	640,229	1.17%

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

See Notes to the Required Supplementary Information

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL 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	0.371300%	$ 5,210,526	$ 2,979,371	174.89%	69.34%
2023	0.379421%	5,524,571	2,985,711	185.03%	67.50%
2022	0.383641%	4,042,253	2,956,719	136.71%	75.70%
2021	0.374210%	5,727,293	2,730,461	209.76%	63.40%
2020	0.364589%	5,021,282	2,557,680	196.32%	65.50%
2019	0.357167%	4,760,528	2,428,054	196.06%	65.50%
2018	0.347586%	4,774,189	2,346,109	203.49%	63.20%
2017	0.307799%	4,509,442	1,999,849	225.49%	59.20%
2016	0.220988%	2,890,203	1,359,306	212.62%	62.10%
2015	0.205494%	2,153,213	1,191,974	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	0.071380%	$ 1,376,406	$ 869,308	158.33%	65.31%
2023	0.066790%	1,923,625	775,337	248.10%	54.47%
2022	0.070021%	729,829	792,913	92.04%	78.26%
2021	0.061491%	1,934,520	678,325	285.19%	48.91%
2020	0.067390%	789,965	701,061	112.68%	71.66%
2019	0.062320%	1,051,718	640,229	164.27%	62.80%
2018	0.062829%	1,009,868	641,382	157.45%	61.98%
2017	0.062292%	607,096	627,761	96.71%	70.46%
2016	0.049416%	336,020	440,239	76.33%	77.70%

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

See Notes to the Required Supplementary Information

SOUTH PRAIRIE PUBLIC SCHOOL DISTRICT NO. 70
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN FISCAL 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	0.0647%	$ 64,642	$ 649,933	9.95%	62.74%
2023	0.0645%	77,420	665,898	11.63%	56.28%
2022	0.0611%	33,980	666,117	5.10%	76.63%
2021	0.0586%	49,317	668,325	7.38%	63.38%
2020	0.0628%	50,462	701,061	7.20%	63.13%
2019	0.0585%	46,081	640,229	7.20%	61.89%
2018	0.0593%	46,896	641,382	7.31%	59.78%

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

See Notes to the Required Supplementary Information

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. During the current year in the General Fund, budgeted expenditures exceeded actual expenditures by $123,495.

The Food Service Fund does not have a legally adopted budget.

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 before August fifteenth of each year. The budget is then filed with the county auditor by August twenty-fifth 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 tenth 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.

NOTE 2 – CHANGES OF BENEFIT TERMS AND ASSUMPTIONS

TFFR

Changes of assumptions

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

- Investment return assumption lowered from 7.75% to 7.25%.
- Inflation assumption lowered from 2.75% to 2.30%.
- Individual salary increases were lowered.
- Rates of turnover, retirement and disability were changed to better reflect anticipated future experience.
- The post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019.
- The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.
- 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 assumptions changes based on the results of an actuarial experience study dated April 30, 2015.

- Investment return assumption lowered from 8.0% to 7.75%.
- Inflation assumption lowered from 3.00% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expenses 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.

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

Changes of assumptions.

All actual 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 the first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

OPEB

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, 2022.

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.

BradyMartz

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
South Prairie Public School District No. 70
Minot, 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 the District as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise South Prairie Public School District No. 70's basic financial statements and have issued our report thereon dated November 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Prairie Public School District No. 70's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 over financial reporting was for the limited purpose described in the first paragraph of this section 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether South Prairie Public School District No. 70's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response To Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response 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 them.

Purpose Of This Report

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

Brady Martz

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

November 16, 2024

Section II - Financial Statement Findings

2024-001 Segregation of Duties

Criteria
Generally, a system of internal control has the proper separation of duties between the authorization, custody, record keeping and reconciliation functions.

Condition
The District's internal control structure does not provide for the proper segregation of duties and reconciliations.

Cause
The number of personnel within the District's accounting department is limited.

Effect
The design of the 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 will implement proper segregation of duties when it becomes feasible.

2024-002 Preparation of the Financial Statements

Criteria
An appropriate system of internal control requires the District to prepare financial statements 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. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

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

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

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.

Management's Response
The District will continue to have the auditor prepare the financial statements.