

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

AUDITED FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

TABLE OF CONTENTS
June 30, 2023 and 2022

	<u>Page(s)</u>
Official Directory	1
INDEPENDENT AUDITOR’S REPORT	2 – 4
BASIC FINANCIAL STATEMENTS	
Statements of Net Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis	6 – 7
Balance Sheet – Governmental Funds – Modified Cash Basis	8 – 9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Modified Cash Basis	10 – 11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – Modified Cash Basis	12 – 13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Modified Cash Basis	14 – 15
Notes to Financial Statements	16 – 26
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund – Modified Cash Basis	27 – 28
Nonmajor Governmental Funds – Combining Balance Sheet – Modified Cash Basis	29 – 30
Nonmajor Governmental Funds – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis	31 – 32
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 <i>GOVERNMENT AUDITING STANDARDS</i>	33 – 34
Schedule of Current Year Findings	35 – 36
Summary Schedule of Prior Audit Findings	37

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

OFFICIAL DIRECTORY
June 30, 2023

Jeff Williams	President
Lindi Heflin	Vice-President
Thomas Wilen	Board Member
Jon Metz	Board Member
Connie Rivinius	Board Member
Mark Berg	Superintendent
Lisa Zenker	Business Manager



INDEPENDENT AUDITOR'S REPORT

School Board
Gackle-Streeter Public School District
Gackle, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gackle-Streeter Public School District (the "District"), as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 financial audits contained in *Government Auditing Standards* (GAS), 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 District 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule, nonmajor governmental funds – combining balance sheet, and nonmajor governmental funds – schedule of revenues, expenditures, and changes in fund balance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule, nonmajor governmental funds – combining balance sheet, and nonmajor governmental funds – schedule of revenues, expenditures, and changes in fund balance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule, nonmajor governmental funds – combining balance sheet, and nonmajor governmental funds – schedule of revenues, expenditures, and changes in fund balance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the official directory 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 any form of 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 July 10, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Nadine Julson, LLC
Wahpeton, North Dakota
July 10, 2025

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

STATEMENTS OF NET POSITION – MODIFIED CASH BASIS
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 602,485	\$ 618,112
Savings and CD's	434,967	435,281
Total Current Assets	1,037,452	1,053,393
Capital Assets		
Depreciable, net of accumulated depreciation		
Buildings and Improvements	525,091	579,334
Vehicles	9,873	12,645
Equipment	48,762	62,703
Total Capital Assets	583,726	654,682
Total Assets	1,621,178	1,708,075
LIABILITIES		
Current Liabilities		
Current Portion of Long-term Debt		
Notes Payable	16,019	15,416
Total Current Liabilities	16,019	15,416
Due After One Year		
Notes Payable	-	16,019
Total Long-term Liabilities	-	16,019
Total Liabilities	16,019	31,435
NET POSITION		
Net Investment in Capital Assets	567,707	623,247
Restricted	237,623	231,098
Unrestricted	799,829	822,295
Total Net Position	\$ 1,605,159	\$ 1,676,640

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Regular Instruction	\$ 1,205,794	\$ 24,739	\$ 156,559	\$ (1,024,496)
Special Instruction	262,540	-	15,555	(246,985)
Vocational Instruction	77,917	-	19,030	(58,887)
Pupil Services	62,716	-	-	(62,716)
General Administration Services	160,102	-	-	(160,102)
School Administration Services	100,658	-	-	(100,658)
Operation and Maintenance	345,045	-	-	(345,045)
Pupil Transportation	166,151	-	87,580	(78,571)
Student Activities	107,458	66,196	35,798	(5,464)
School Food Services	115,156	30,360	52,624	(32,172)
Interest and Other Charges	1,229	-	-	(1,229)
	<u>\$ 2,604,766</u>	<u>\$ 121,295</u>	<u>\$ 367,146</u>	<u>(2,116,325)</u>
General Revenues				
Taxes				
Taxes Levied for General Purposes				977,090
Taxes Levied for Building Purposes				36,138
State Aid, not restricted for specific purpose				997,913
Interest and Investment Earnings				1,625
Miscellaneous				32,078
Total General Revenues				<u>2,044,844</u>
Change in Net Position				(71,481)
Net Position, Beginning of Year				<u>1,676,640</u>
Net Position, End of Year				<u>\$ 1,605,159</u>

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Regular Instruction	\$ 1,331,277	\$ 25,651	\$ 432,908	\$ (872,718)
Special Instruction	259,931	-	92,841	(167,090)
Vocational Instruction	95,349	-	18,680	(76,669)
Pupil Services	62,573	-	-	(62,573)
General Administration Services	154,545	-	-	(154,545)
School Administration Services	134,488	-	-	(134,488)
Operation and Maintenance	380,168	-	-	(380,168)
Pupil Transportation	162,305	-	91,369	(70,936)
Student Activities	65,419	48,152	36,779	19,512
School Food Services	105,474	6,122	86,442	(12,910)
Interest and Other Charges	1,810	-	-	(1,810)
	<u>\$ 2,753,339</u>	<u>\$ 79,925</u>	<u>\$ 759,019</u>	(1,914,395)
General Revenues				
Taxes				
Taxes Levied for General Purposes				926,620
Taxes Levied for Building Purposes				34,925
State Aid, not restricted for specific purpose				877,544
Interest and Investment Earnings				811
Gain on Sale of Assets				16,500
Miscellaneous				4,851
Total General Revenues				<u>1,861,251</u>
Change in Net Position				(53,144)
Net Position, Beginning of Year				<u>1,729,784</u>
Net Position, End of Year				<u>\$ 1,676,640</u>

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
June 30, 2023

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 445,663	\$ 156,822	\$ 602,485
Savings and CD's	434,967	-	434,967
Total Assets	880,630	156,822	1,037,452
FUND BALANCE			
Restricted	89,653	147,970	237,623
Assigned	-	8,852	8,852
Unassigned	790,977	-	790,977
Total Fund Balance	\$ 880,630	\$ 156,822	\$ 1,037,452

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
June 30, 2022

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 462,798	\$ 155,314	\$ 618,112
Savings and CD's	435,281	-	435,281
Total Assets	898,079	155,314	1,053,393
FUND BALANCE			
Restricted	95,034	136,064	231,098
Assigned	-	19,250	19,250
Unassigned	803,045	-	803,045
Total Fund Balance	\$ 898,079	\$ 155,314	\$ 1,053,393

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS
June 30, 2023

Total Fund Balance - Governmental Funds		\$	1,037,452
Total net position reported for government activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.			
Cost of Capital Assets	3,272,455		
Less Accumulated Depreciation	<u>(2,688,729)</u>		
Net Capital Assets			583,726
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at the end of the year are reported in the statement of net position.			
Notes Payable	<u>(16,019)</u>		
Total Long-term Liabilities			<u>(16,019)</u>
Total Net Position of Governmental Activities		\$	<u>1,605,159</u>

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS
June 30, 2022

Total Fund Balance - Governmental Funds		\$	1,053,393
Total net position reported for government activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.			
Cost of Capital Assets	3,257,948		
Less Accumulated Depreciation	<u>(2,603,266)</u>		
Net Capital Assets			654,682
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at the end of the year are reported in the statement of net position.			
Notes Payable	<u>(31,435)</u>		
Total Long-term Liabilities			<u>(31,435)</u>
Total Net Position of Governmental Activities		\$	<u>1,676,640</u>

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**
Year Ended June 30, 2023

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local Sources	\$ 1,102,512	\$ 66,498	\$ 1,169,010
State Sources	1,121,389	627	1,122,016
Federal Sources	156,559	51,997	208,556
Interest Income	1,625	-	1,625
Miscellaneous Income	32,078	-	32,078
Total Revenues	2,414,163	119,122	2,533,285
EXPENDITURES			
Current			
Regular Instruction	1,198,365	-	1,198,365
Special Instruction	262,540	-	262,540
Vocational Instruction	77,917	-	77,917
Pupil Services	62,716	-	62,716
General Administration Services	160,102	-	160,102
School Administration Services	100,658	-	100,658
Operation and Maintenance	260,832	9,725	270,557
Pupil Transportation	163,379	-	163,379
Student Activities	107,458	-	107,458
School Food Services	-	114,382	114,382
Debt Service			
Principal	15,416	-	15,416
Interest and Other Charges	1,229	-	1,229
Facilities Acquisition and Construction	-	14,507	14,507
Total Expenditures	2,410,612	138,614	2,549,226
Excess (Deficiency) of Revenues over Expenditures	3,551	(19,492)	(15,941)
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	-	21,000	21,000
Operating Transfer Out	(21,000)	-	(21,000)
Total Other Financing Sources (Uses)	(21,000)	21,000	-
NET CHANGE IN FUND BALANCE	(17,449)	1,508	(15,941)
FUND BALANCE, BEGINNING OF YEAR	898,079	155,314	1,053,393
FUND BALANCE, END OF YEAR	\$ 880,630	\$ 156,822	\$ 1,037,452

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**
Year Ended June 30, 2022

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local Sources	\$ 1,036,970	\$ 41,047	\$ 1,078,017
State Sources	1,080,666	109	1,080,775
Federal Sources	432,908	86,333	519,241
Interest Income	803	8	811
Miscellaneous Income	21,131	220	21,351
Total Revenues	2,572,478	127,717	2,700,195
EXPENDITURES			
Current			
Regular Instruction	1,323,259	-	1,323,259
Special Instruction	259,931	-	259,931
Vocational Instruction	95,349	-	95,349
Pupil Services	62,573	-	62,573
General Administration Services	154,545	-	154,545
School Administration Services	134,488	-	134,488
Operation and Maintenance	271,572	34,399	305,971
Pupil Transportation	157,317	-	157,317
Student Activities	65,419	-	65,419
School Food Services	-	104,700	104,700
Debt Service			
Principal	14,835	-	14,835
Interest and Other Charges	1,810	-	1,810
Total Expenditures	2,541,098	139,099	2,680,197
Excess (Deficiency) of Revenues over Expenditures	31,380	(11,382)	19,998
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	-	8,541	8,541
Operating Transfer Out	(8,541)	-	(8,541)
Total Other Financing Sources (Uses)	(8,541)	8,541	-
NET CHANGE IN FUND BALANCE	22,839	(2,841)	19,998
FUND BALANCE, BEGINNING OF YEAR	875,240	158,155	1,033,395
FUND BALANCE, END OF YEAR	\$ 898,079	\$ 155,314	\$ 1,053,393

See Notes to Financial Statements

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (15,941)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	(70,956)
Repayment of debt principal and other long-term liabilities is an expenditure in the governmental fund financial statements, but repayment reduces long-term liabilities in the statement of net position.	15,416
Change in Net Position of Governmental Activities	<u>\$ (71,481)</u>

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 19,998
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	(87,977)
Repayment of debt principal and other long-term liabilities is an expenditure in the governmental fund financial statements, but repayment reduces long-term liabilities in the statement of net position.	14,835
Change in Net Position of Governmental Activities	<u>\$ (53,144)</u>

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gackle-Streeter Public School District, Gackle, North Dakota (the “District”) are presented on a modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide statements – The statement of net position and the statement of activities display information about the primary government, the Gackle-Streeter Public School District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, fees and other non-exchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements – The fund financial statements provide reports on the financial condition and results of operations for governmental categories. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Additionally, the District reports the following governmental fund types that are included in non-major funds:

- Governmental Funds
 - Special Reserve Fund – Used to account for resources restricted to, or designated for, specific purposes by the District.
 - Capital Projects Fund – Used to account for financial resources related to capital outlays made by the District.
 - Food Service Fund – Used to account for food service revenues and expenditures.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental funds are reported using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts. Cash equivalents on the statement of cash flows consist of certificates of deposit with a maturity of three months or less. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the uninsured balance.

E. Capital Assets

Capital assets include land, buildings, and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings/Improvements	20 – 50
Equipment	10
Busses/Vehicles	10

F. Vacation Pay and Sick Pay

Ancillary staff shall receive the following leave benefits:

Service	Full-Time Employment	School-Year Employment
Year 1 – 5	10 vacation days 4 sick days	3 sick days
Year 6 – 10	13 vacation days 5 sick days	4 sick days
Year 11 – 15	15 vacation days 6 sick days	5 sick days
Year 16 – 20	20 vacation days 7 sick days	6 sick days
Year 21+	25 vacation days 8 sick days	7 sick days

Sick and vacation leave is accumulative to 30 days total (combined leaves) for full-time employment. Sick leave is accumulative to 15 days for school-year employment.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

Teachers' sick days accumulated over 60 days at the end of the contract would be paid out at \$50 dollars per day in the spring upon signing a contract for the next school year. Retiring teachers will be paid at \$20 per unused sick day, up to 60 days. Unused personal leave will be paid at \$100 per day.

G. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material. In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

H. Fund Balance and Net Position

In the fund financial statements, governmental funds report fund balance in the classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- Nonspendable
 - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. They include items such as, but not limited to, inventories, prepaid items, or the permanent principal of endowment funds.
- Restricted
 - Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed
 - A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the School Board. Formal action is required to be taken to establish, modify, or rescind a fund balance commitment.
- Assigned
 - Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes but are under the direction of the board and the business manager.
- Unassigned
 - Unassigned fund balance is the lowest classification for the General Fund. This is a fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

It is the policy of the District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the District to spend unrestricted resources in the following order: committed, assigned, and then unassigned.

I. 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.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

J. Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. In the government-wide financial statements, interfund transactions have been eliminated.

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

Expenditures over Appropriations – General fund expenditures did not exceed budgeted amounts for the years ended June 30, 2023 and 2022.

NOTE 3 – DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designed by the governing board. All depositories are members of the Federal Reserve System.

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board. For the years ended June 30, 2023 and 2022, the District's carrying amounts of deposits were \$1,037,452 and \$1,053,393. The bank balances were \$1,127,840 and \$1,139,792. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the District's name.

Credit Risk:

The District may invest idle funds as authorized in North Dakota Statutes, as follows:

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

At June 30, 2023 and 2022, the District held \$374,641 and \$375,175 in certificates of deposit.

Interest Rate Risk:

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

Concentration of Credit Risk:

The District does not have a limit on the amount it may invest in any one issuer.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

NOTE 4 – PROPERTY TAXES

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

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2023 and 2022:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Governmental Activities				
Capital Assets, being depreciated				
Buildings and Improvements	\$ 3,034,670	\$ 14,507	\$ -	\$ 3,049,177
Vehicles	77,977	-	-	77,977
Equipment	145,301	-	-	145,301
Total Capital Assets, being depreciated	3,257,948	14,507	-	3,272,455
Less Accumulated Depreciation for				
Buildings and Improvements	2,455,336	68,750	-	2,524,086
Vehicles	65,332	2,772	-	68,104
Equipment	82,598	13,941	-	96,539
Total Accumulated Depreciation	2,603,266	85,463	-	2,688,729
Total Capital Assets Being Depreciated, net	654,682	(70,956)	-	583,726
Governmental Activities Capital Assets, net	<u>\$ 654,682</u>	<u>\$ (70,956)</u>	<u>\$ -</u>	<u>\$ 583,726</u>
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities				
Capital Assets, being depreciated				
Buildings and Improvements	\$ 3,074,270	\$ -	\$ (39,600)	\$ 3,034,670
Vehicles	77,977	-	-	77,977
Equipment	145,301	-	-	145,301
Total Capital Assets, being depreciated	3,297,548	-	(39,600)	3,257,948
Less Accumulated Depreciation for				
Buildings and Improvements	2,426,476	68,460	(39,600)	2,455,336
Vehicles	60,344	4,988	-	65,332
Equipment	68,069	14,529	-	82,598
Total Accumulated Depreciation	2,554,889	87,977	(39,600)	2,603,266
Total Capital Assets Being Depreciated, net	742,659	(87,977)	-	654,682
Governmental Activities Capital Assets, net	<u>\$ 742,659</u>	<u>\$ (87,977)</u>	<u>\$ -</u>	<u>\$ 654,682</u>

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

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

	2023	2022
Governmental Activities		
Regular Instruction	\$ 7,429	\$ 8,018
Operation and Maintenance	74,488	74,197
Pupil Transportation	2,772	4,988
School Food Services	774	774
Total Depreciation Expense - Governmental Activities	<u>\$ 85,463</u>	<u>\$ 87,977</u>

NOTE 6 – LONG-TERM LIABILITIES

During the years ended June 30, 2023 and 2022, the following changes occurred in long-term liabilities:

	Long-term Liabilities at July 1, 2022	Increases	Decreases	Long-term Liabilities at June 30, 2023	Due Within One Year
Governmental Activities					
Notes Payable	\$ 31,435	\$ -	\$ (15,416)	\$ 16,019	\$ 16,019
Total - Governmental Activities	<u>\$ 31,435</u>	<u>\$ -</u>	<u>\$ (15,416)</u>	<u>\$ 16,019</u>	<u>\$ 16,019</u>

	Long-term Liabilities at July 1, 2021	Increases	Decreases	Long-term Liabilities at June 30, 2022	Due Within One Year
Governmental Activities					
Notes Payable	\$ 46,270	\$ -	\$ (14,835)	\$ 31,435	\$ 15,416
Total - Governmental Activities	<u>\$ 46,270</u>	<u>\$ -</u>	<u>\$ (14,835)</u>	<u>\$ 31,435</u>	<u>\$ 15,416</u>

Outstanding debt at June 30, 2023 and 2022, is comprised of the following individual issuance:

- 2019 Note Payable
 - From an original issuance of \$74,287 at 3.91% At June 30, 2023 and 2022, \$16,019 and \$31,435 remained outstanding. The principal and interest are payable through June 14, 2024.

The debt service requirement are as follows:

Note Payable			
Year Ending June 30,	Principal	Interest	Payment
2024	\$ 16,019	\$ 626	\$ 16,645
Totals	<u>\$ 16,019</u>	<u>\$ 626</u>	<u>\$ 16,645</u>

NOTE 7 – RISK MANAGEMENT

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

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDRF for its general liability, auto and public assets insurance coverage. The coverage by NDRF is limited to losses of \$4,000,000 per occurrence for general liability and auto coverage.

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 \$2,000,000 per occurrence during a twelve-month period. The State Bonding Fund currently provides political subdivision with blanket fidelity bond coverage in the amount of \$645,264 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

NOTE 8 – PENSION PLAN

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.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT

Notes to Financial Statements – Continued

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. Re-funded 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.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

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

At June 30, 2023 and 2022, if the District were to report on the full accrual basis, a liability of \$1,681,994 and \$1,210,814 for its proportionate share of the net pension liability would have been reported. The net pension liability was measured as of June 30, 2022 and 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial calculation 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 pension plan relative to the covered payroll of all participating TFFR employees. At June 30, 2023 and 2022, the District's proportion was .115517% and .114916%. The District's pension contributions for the years ended June 30, 2023 and 2022 was \$124,278 and \$115,900.

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses
Cost-of-living-adjustments	None

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

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2022, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2022, is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	55%	6.61%
Global Fixed Income	26%	0.35%
Global Real Assets	18%	4.60%
Cash Equivalents	1%	-1.05%

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. 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, 2022, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund the benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future-plan members and their beneficiaries, as well as projected contributions from future-plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Pension Plan Fiduciary Net Position

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

NOTE 9 – RETIREMENT PLAN

The District established a 403(b)-retirement plan where the District will match contributions up to 3%. For the years ended June 30, 2023 and 2022 the amounts the District contributed was \$3,398 and \$2,342.

NOTE 10 – JOINT VENTURE

The District participates in the following joint ventures:

South Central Special Education Unit

Formed for the purpose of providing special education services to the member school districts. The Unit's governing board is composed of representatives from the member school districts, who are superintendents. The Board is responsible for adopting the Unit's budget and setting service fees at a level adequate to fund the adopted budget. The District retains no equity in the net assets of the Unit, but does have a responsibility to fund deficits of the Unit in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the South Central Special Education Unit.

James Valley Career and Technology Center

Formed for the purpose of providing vocational services to the member school districts. The Center's governing board is composed of representatives from the member school districts, who are school board members. The Board is responsible for adopting the Center's budget and setting service fees at a level adequate to fund the adopted budget. The District retains no equity in the net assets of the Center, but does have a responsibility to fund deficits of the Center in proportion to the relative participation. Separate financial statements for this joint venture are available from James Valley Career and Technology Center.

NOTE 11 – NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its food service program. The market value of commodities received for the years ended June 30, 2023 and 2022 was \$7,411 and \$6,128.

NOTE 12 – CONCENTRATIONS

The District receives a substantial amount of its support from federal and state governments. A significant reduction in this support may have a material effect on the District's programs and its continued operations.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Notes to Financial Statements – Continued

NOTE 13 – TRANSFERS

	2023		2022	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Fund				
General Fund	\$ -	\$ 21,000	\$ -	\$ 8,541
Food Service	21,000	-	8,541	-
Totals	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 8,541</u>	<u>\$ 8,541</u>

Transfers from the general fund to the food service fund were made to cover expenditures made in the respective funds.

NOTE 14 – FUND BALANCE

The following is a summary of fund balance as of June 30, 2023 and 2022:

	2023	2022
Restricted		
Special Reserve	\$ 101,279	\$ 101,279
Capital Projects	46,691	34,785
Student Activities	89,653	95,034
Total Restricted	<u>237,623</u>	<u>231,098</u>
Assigned		
Food Service	8,852	19,250
Total Assigned	<u>8,852</u>	<u>19,250</u>
Unassigned	<u>790,977</u>	<u>803,045</u>
Total Fund Balance	<u>\$ 1,037,452</u>	<u>\$ 1,053,393</u>

NOTE 15 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 10, 2025, the date on which the financial statements were available to be issued.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS
Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources	\$ 1,117,181	\$ 1,102,512	\$ (14,669)
State Sources	1,174,765	1,121,389	(53,376)
Federal Sources	248,651	156,559	(92,092)
Interest Income	1,483	1,625	142
Miscellaneous Income	10,000	32,078	22,078
Total Revenues	2,552,080	2,414,163	(137,917)
EXPENDITURES			
Current			
Regular Instruction	1,281,447	1,198,365	83,082
Special Instruction	272,012	262,540	9,472
Vocational Instruction	88,370	77,917	10,453
Pupil Services	62,677	62,716	(39)
General Administration Services	174,909	160,102	14,807
School Administration Services	175,378	100,658	74,720
Operation and Maintenance	303,096	260,832	42,264
Pupil Transportation	168,516	163,379	5,137
Student Activities	107,458	107,458	-
Debt Service			
Principal	15,416	15,416	-
Interest and Other Charges	1,229	1,229	-
Total Expenditures	2,650,508	2,410,612	239,896
Excess (Deficiency) of Revenues over Expenditures	(98,428)	3,551	101,979
OTHER FINANCING SOURCES (USES)			
Operating Transfer Out	(22,540)	(21,000)	1,540
Total Other Financing Sources (Uses)	(22,540)	(21,000)	1,540
NET CHANGE IN FUND BALANCE	(120,968)	(17,449)	103,519
FUND BALANCE, BEGINNING OF YEAR		898,079	
FUND BALANCE, END OF YEAR		\$ 880,630	

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS
Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources	\$ 1,067,168	\$ 1,036,970	\$ (30,198)
State Sources	1,145,792	1,080,666	(65,126)
Federal Sources	425,998	432,908	6,910
Interest Income	3,546	803	(2,743)
Miscellaneous Income	10,000	21,131	11,131
Total Revenues	2,652,504	2,572,478	(80,026)
EXPENDITURES			
Current			
Regular Instruction	1,443,321	1,323,259	120,062
Special Instruction	311,551	259,931	51,620
Vocational Instruction	85,210	95,349	(10,139)
Pupil Services	55,285	62,573	(7,288)
General Administration Services	168,949	154,545	14,404
School Administration Services	100,065	134,488	(34,423)
Operation and Maintenance	251,396	271,572	(20,176)
Pupil Transportation	157,832	157,317	515
Student Activities	67,667	65,419	2,248
Debt Service			
Principal	14,690	14,835	(145)
Interest and Other Charges	1,810	1,810	-
Total Expenditures	2,657,776	2,541,098	116,678
Excess (Deficiency) of Revenues over Expenditures	(5,272)	31,380	36,652
OTHER FINANCING SOURCES (USES)			
Operating Transfer Out	(2,000)	(8,541)	(6,541)
Total Other Financing Sources (Uses)	(2,000)	(8,541)	(6,541)
NET CHANGE IN FUND BALANCE	(7,272)	22,839	30,111
FUND BALANCE, BEGINNING OF YEAR		875,240	
FUND BALANCE, END OF YEAR		\$ 898,079	

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET – MODIFIED CASH BASIS
June 30, 2023

	Special Reserve	Food Service	Capital Projects	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 101,279	\$ 8,852	\$ 46,691	\$ 156,822
Total Assets	101,279	8,852	46,691	156,822
FUND BALANCE				
Restricted	101,279	-	46,691	147,970
Assigned	-	8,852	-	8,852
Total Fund Balance	<u>\$ 101,279</u>	<u>\$ 8,852</u>	<u>\$ 46,691</u>	<u>\$ 156,822</u>

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET – MODIFIED CASH BASIS
June 30, 2022

	Special Reserve	Food Service	Capital Projects	Total Other Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 101,279	\$ 19,250	\$ 34,785	\$ 155,314
Total Assets	101,279	19,250	34,785	155,314
FUND BALANCE				
Restricted	101,279	-	34,785	136,064
Assigned	-	19,250	-	19,250
Total Fund Balance	<u>\$ 101,279</u>	<u>\$ 19,250</u>	<u>\$ 34,785</u>	<u>\$ 155,314</u>

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS**
Year Ended June 30, 2023

	Special Reserve	Food Service	Capital Projects	Total Other Governmental Funds
REVENUES				
Local Sources	\$ -	\$ 30,360	\$ 36,138	\$ 66,498
State Sources	-	627	-	627
Federal Sources	-	51,997	-	51,997
Total Revenues	-	82,984	36,138	119,122
EXPENDITURES				
Current				
Operation and Maintenance	-	-	9,725	9,725
School Food Services	-	114,382	-	114,382
Facilities Acquisition and Construction	-	-	14,507	14,507
Total Expenditures	-	114,382	24,232	138,614
Excess (Deficiency) of Revenues over Expenditures	-	(31,398)	11,906	(19,492)
OTHER FINANCING SOURCES				
Operating Transfer In	-	21,000	-	21,000
Total Other Financing Sources	-	21,000	-	21,000
NET CHANGE IN FUND BALANCE	-	(10,398)	11,906	1,508
FUND BALANCE, BEGINNING OF YEAR	101,279	19,250	34,785	155,314
FUND BALANCE, END OF YEAR	\$ 101,279	\$ 8,852	\$ 46,691	\$ 156,822

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS**
Year Ended June 30, 2022

	Special Reserve	Food Service	Capital Projects	Total Other Governmental Funds
REVENUES				
Local Sources	\$ -	\$ 6,122	\$ 34,925	\$ 41,047
State Sources	-	109	-	109
Federal Sources	-	86,333	-	86,333
Interest Income	8	-	-	8
Miscellaneous Income	-	220	-	220
Total Revenues	8	92,784	34,925	127,717
EXPENDITURES				
Current				
Operation and Maintenance	-	-	34,399	34,399
School Food Services	-	104,700	-	104,700
Total Expenditures	-	104,700	34,399	139,099
Excess (Deficiency) of Revenues over Expenditures	8	(11,916)	526	(11,382)
OTHER FINANCING SOURCES				
Operating Transfer In	-	8,541	-	8,541
Total Other Financing Sources	-	8,541	-	8,541
NET CHANGE IN FUND BALANCE	8	(3,375)	526	(2,841)
FUND BALANCE, BEGINNING OF YEAR	101,271	22,625	34,259	158,155
FUND BALANCE, END OF YEAR	\$ 101,279	\$ 19,250	\$ 34,785	\$ 155,314



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

School Board
Gackle-Streeter Public School District
Gackle, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gackle-Streeter Public School District (the "District"), as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current year findings that we consider to be material weaknesses (2023-001 and 2023-002).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 current year findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Nadine Julson, LLC
Wahpeton, North Dakota
July 10, 2025

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

SCHEDULE OF CURRENT YEAR FINDINGS
Years ended June 30, 2023 and 2022

2023-001 INADEQUATE SEGREGATION OF DUTIES

Criteria

The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition

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

Effect or Potential Effect

Without sufficient segregation of duties, the risk significant increases that errors and fraud related to cash receipts, disbursements, and reconciliations, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation

The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials

There is no disagreement with the audit finding and we understand that this will be a repeated recommendation due to the limited amount of resources of the District. The District will segregate functions where feasible.

2023-002 FINANCIAL STATEMENT PREPARATION

Criteria

A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements, including recording government wide journal entries in order to reconcile from the fund financials to the government wide financials and ensuring all general ledger accounts are properly reflected.

Condition

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including recording government wide journal entries. As auditors, we were requested to draft the financial statements, which include proposing government wide journal entries, and drafting the accompanying notes to the financial statements.

Effect of Potential Effect

Inadequate controls over financial reporting of the District results in more than a remote likelihood that the District would not be able to draft the financial statements and accompanying notes to financial statements that are materially correct without the assistance of the auditors.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Schedule of Current Year Findings – Continued

Recommendation

We recommend the District be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. As a compensating control, the District should establish an internal control policy to document annual review of the financial statements and to review a financial statement disclosure checklist.

Views of Responsible Officials

The District will continue to have the auditor prepare the financial statements. It is currently not cost-effective for management to perform the preparation.

GACKLE-STREETER PUBLIC SCHOOL DISTRICT
Gackle, North Dakota

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Years ended June 30, 2023 and 2022

Prior Financial Statement Findings

2021-001

A material weakness was reported for inadequate segregation of duties.

Recommendation

The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements. This material weakness continues to exist under the current audit findings as finding number 2023-001.

2021-002

A material weakness was reported for financial statement preparation.

Recommendation

The accounting functions should be reviewed to determine if it is feasible for the District to prepare its own financial statements. This material weakness continues to exist under the current audit finding 2023-002.