DICKINSON PUBLIC SCHOOL DISTRICT
DICKINSON, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the School Board
Dickinson Public School District
Dickinson, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dickinson Public School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dickinson Public School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dickinson Public School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dickinson Public School 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

As described in Note 14 to the financial statements, a prior period adjustment has been made to adjust the beginning net position. Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School 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 School 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule - general fund, schedules of employer's proportionate share of net pension liability, schedule of employer's share of net OPEB liability, schedules of employer contributions - pension, schedule of employer contributions - OPEB, and notes to the required supplementary information, as listed on 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson Public School District's basic financial statements. The budgetary comparison schedules for the debt service fund and building fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and are not a required part of the basic financial statements.

The budgetary comparison schedules for the debt service fund, building fund, and the schedule of expenditures of federal awards and related notes 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 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 schedules for the debt service fund, building fund, and the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024 on our consideration of Dickinson Public School 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 Dickinson Public School District's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickinson Public School District's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 7, 2024

This Management's Discussion and Analysis (MD&A) of Dickinson Public School District No. 1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023, with comparative data for the fiscal year ended June 30, 2022.

The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes to the financial statements.

Financial Highlights

Key financial highlights for fiscal year 2022-2023 are as follows:

- Net position of the District increased $1,355,148 as a result of the current year's operations.
- Governmental net position totaled $16,577,690.
- Total revenues from all sources were $70,444,753 and total expenditures were $69,089,605.
- The District's general fund had $61,052,971 in total revenues and $58,456,785 in expenditures resulting in a net change in fund balance of $2,596,186 for the year ended June 30, 2023 before any other financing sources or uses.
- The unassigned general fund balance was $7,897,100 which represents 13.50% of total general fund expenditures for the year.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Dickinson Public School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2023?". The Statement of Net Position presents information on all the District's assets and liabilities, deferred inflows and outflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Net Position presents information on how the District's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and vacation leave).

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the District's Most Significant Funds

Balance Sheet - Governmental Funds

The District uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the District's major funds. The General fund, Building fund, and Debt Service fund meet the criteria to be a major fund and the District has elected to also show the Food Service fund as a major fund for financial statement presentation purposes.

Financial Analysis of the District as a Whole

Table I provides a summary of the District's net position as of June 30, 2023, with comparative data for the fiscal year ended June 30, 2022.

As indicated in the financial highlights, the District's net position increased by $1,355,148 for the year ended June 30, 2023. The District's net position is segregated into four separate categories. Net investment in capital assets increased by $1,299,547. It should be noted that this net position amount is not available for future spending. It is the remaining undepreciated value of the District's capital assets, less any related debt that remains outstanding that was used to construct or acquire the capital assets. Restricted net position decreased $1,501,741. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position decreased $1,562,289. The unrestricted net position is available to meet the District's ongoing obligations.

Table I
Net Position

	6/30/23	6/30/22
ASSETS		
Current assets	$ 26,150,997	$ 23,792,694
Capital assets (net of accumulated depreciation)	94,949,009	96,854,008
Noncurrent assets	23,264	34,381
Total assets	121,123,270	120,681,083
DEFERRED OUTFLOWS OF RESOURCES	25,337,944	18,236,597
LIABILITIES		
Current liabilities	6,421,163	6,614,127
Compensated absences	265,497	288,784
Net pension liability	67,056,841	41,551,198
Net OPEB liability	680,943	322,187
Lease liability	19,968	35,411
Bonds payable	45,121,746	48,370,286
Total liabilities	119,566,158	97,181,993
DEFERRED INFLOWS OF RESOURCES	10,317,366	26,396,996
NET POSITION		
Net investment in capital and lease assets	46,598,787	45,299,240
Restricted for capital projects, debt service, and student activities	14,367,561	12,865,820
Unrestricted	(44,388,658)	(42,826,369)
TOTAL NET POSITION	$ 16,577,690	$ 15,338,691

Table II shows the changes in net position for the fiscal year ended June 30, 2023.

Table II
Changes in Net Position

	2022-2023	2021-2022
REVENUES		
Program revenues		
Charges for services	$ 3,291,464	$ 2,134,878
Operating grants and contributions	11,922,195	11,384,433
General revenues		
Property taxes	18,768,610	17,654,769
State aid - unrestricted	34,939,449	34,019,028
Interest earnings and miscellaneous revenue	1,523,035	326,398
Total revenues	70,444,753	65,519,506
EXPENSES		
Regular instruction	32,276,634	29,307,025
Special education	10,534,244	9,161,166
Career and technical education	1,831,267	1,980,280
District wide services	7,121,753	7,010,488
School food services	1,993,827	2,218,380
Operations and maintenance	5,343,281	5,478,704
Student transportation	2,430,022	1,755,283
Co-curricular activities	2,233,949	2,161,284
Other	1,233,442	1,460,899
Depreciation - unallocated	2,838,239	2,889,715
Debt service	1,252,947	1,302,219
Total expenses	69,089,605	64,725,443
Change in net position	1,355,148	794,063
Total net position, beginning of year	15,338,691	14,674,509
Prior period adjustment	(116,149)	(129,881)
Total net position, beginning of year, as restated	15,222,542	14,544,628
Net position - ending	$ 16,577,690	$ 15,338,691

Unrestricted state aid constituted 50%, property taxes, charges for services and investment income 33%, and operating grants 17% of the of the total revenues of governmental activities of the District for fiscal year 2023.

Regular instruction comprised 47%, special education 15%, and district-wide services 10% of total expenditures for governmental activities for fiscal year 2023.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III
Total and Net Cost of Services

	Year Ended 6/30/23		Year Ended 6/30/22	
	Total Cost	Net Cost	Total Cost	Net Cost
Regular instruction	$ 32,276,634	$ 24,163,091	$ 29,307,025	$ 23,224,899
Special education	10,534,244	8,684,497	91,611,661	7,570,032
Career and technical education	1,831,267	1,443,136	1,980,280	1,478,264
District wide services	7,121,753	6,180,777	7,010,488	5,827,629
School food services	1,993,827	(151,669)	2,218,380	(355,912)
Operations and maintenance	5,343,281	5,343,281	5,478,704	5,478,704
Student transportation	2,430,022	1,851,215	1,755,283	1,194,192
Co-curricular activities	2,233,949	2,233,949	2,161,284	2,161,284
Other	1,233,442	36,483	1,460,899	435,106
Depreciation - unallocated	2,838,239	2,838,239	2,889,715	2,889,715
Debt service	1,252,947	1,252,947	1,302,219	1,302,219
Total expenses	$ 69,089,605	$ 53,875,946	$ 147,175,938	$ 51,206,132

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. As noted in the financial highlights, the District's general fund had $61,052,971 in total revenues and other financing sources and $58,456,785 in expenditures resulting in a net increase in fund balance of $1,996,662 for the year ended June 30, 2023 before any other financing sources or uses.

General Fund Budgeting Highlights

The District had budgeted for a $695,851 net increase to the general fund's fund balance for the year ended June 30, 2023, and actual amounts resulted in a net increase to the general fund's fund balance of $2,708,392 before transfers. Actual revenues were $1,165,069 higher than the final budget and actual expenditures were lower than the final budget by $847,472. The variance in budget to actual was due to the District seeing an increase in federal and state revenues. State revenue increases were due to an increase in per student state funding and increased student enrollment. The District saw increased federal reimbursements due to Federal COVID 19 funding. The District had a variance in expenses due to a decrease in district wide services.

Capital Assets

As of June 30, 2023, the District had $94,914,544 invested in capital assets, net of accumulated depreciation. Table IV shows balances as of June 30, 2023 and 2022:

Table IV
CAPITAL ASSETS
(Net of Accumulated Depreciation)

	6/30/23	6/30/22
CAPITAL ASSETS		
Land	$ 3,195,419	$ 3,195,419
Buildings and improvements	88,937,594	90,085,623
Furniture and equipment	2,781,531	2,916,390
Construction in progress	-	606,793
Total capital assets (net of depreciation)	$ 94,914,544	$ 96,804,225

For a detailed breakdown of the additions and deletions to each class of capital assets, readers are referred to Note 4 of the financial statements. The overall net decrease in total capital assets was due to the completion of large construction projects in fiscal year 2021-2022, in addition, the District sold District property (buildings) during the 2022-2023 fiscal year and will continue to do so in 2023-2024.

Debt Administration

As of June 30, 2023, the District had $47,477,741 in bonds payable. This is a decrease of $3,096,156 compared to the prior year total of $50,573,897. Principal payments of $3,126,724 are due during the 2023-2024 fiscal year on long-term debt. See note 5 for additional information on debt.

For the Future

The Dickinson Public School District has seen an increase in taxable valuation of 5% from $157,415,027 for fiscal year 2022 to $165,561,391 for fiscal year 2023. The District expects to see a similar increase in the taxable valuation for the fiscal year 2024, due to a steady increase in building in the Dickinson area.

The District saw an increase in enrollment of 130 students for the 2024 fiscal year. This enrollment will be reflected in the state financial aid payment that will be received in the 2025 financial year. The District expects to see steady growth of 50-100 students in the future, which will increase our state aid payment. The state per pupil payment has increased by 4% for the 2025 fiscal year, due to increases in resource exploration and investment income. Dickinson Public Schools expects the state of North Dakota to continue to realize high yields on resource and investment income in the coming years.

During the 2024 year the District has been awarded many new grants, which will strengthen our position in the education sector. Many of the grants are multiyear grants and therefore, our revenues and expenses are expected to grow in the following fiscal years.

On October 24th, 2023, Dickinson Public Schools (DPS) successfully passed a bond election seeking $69 million in funds to be used towards the construction and renovation of a 1,400-student high school for grades 9-12 and security upgrades in district elementary schools. Construction is scheduled to begin in the Summer of 2024.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Dickinson Public District No. 1's finances and to show the District's accountability for the money it receives to provide the best possible education to all students enrolled in the Dickinson School District. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to please contact Stephanie Hunter, Business Manager, Dickinson Public Schools, 444 4th St W, 58601; phone 701-456-0002, fax 701-456-0035, or email shunter@dpsnd.org

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current assets	
Cash	$ 21,210,886
Grants receivable	3,760,024
Taxes receivable	926,153
Due from county treasurer	34,590
Interest receivable	137,219
Lease receivable	11,118
Prepaid expenses	32,852
Inventory	38,155
Total current assets	26,150,997
Noncurrent assets	
Lease receivable	23,264
Capital assets	
Non-depreciable	
Land	3,195,419
Depreciable, net of accumulated depreciation	
Buildings and improvements	88,937,594
Furniture and equipment	2,781,531
Lease assets, net of amortization	34,465
Total capital assets, net of depreciation and amortization	94,949,009
TOTAL ASSETS	121,123,270
DEFERRED OUTFLOWS OF RESOURCES	
Cost sharing defined benefit - pension	24,948,514
Cost sharing defined benefit - OPEB	389,430
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,337,944
LIABILITIES	
Current liabilities	
Accounts payable	672,055
Benefits payable	368,730
Unearned revenue	1,654,544
Interest payable	517,326
Long-term liabilities due within one year	
Compensated absences payable	265,497
Lease liability	15,443
Bonds payable	3,193,065
Total current liabilities	6,686,660
Long-term liabilities	
Long-term liabilities due after one year	
Net pension liability	67,056,841
Net OPEB liability	680,943
Lease liability	19,968
Bonds payable	45,121,746
Total long-term liabilities	112,879,498
TOTAL LIABILITIES	119,566,158
DEFERRED INFLOWS OF RESOURCES	
Cost sharing defined benefit - pension	10,233,062
Cost sharing defined benefit - OPEB	50,591
Lease	33,713
TOTAL DEFERRED INFLOWS OF RESOURCES	10,317,366
NET POSITION	
Net investment in capital and lease assets	46,598,787
Restricted:	
Capital projects	10,154,737
Debt service	3,542,739
Student activities	670,085
Unrestricted	(44,388,658)
TOTAL NET POSITION	$ 16,577,690

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Regular instruction	$ 32,276,634	$ 315,694	$ 7,797,849	$ (24,163,091)
Special education	10,534,244	164,153	1,685,594	(8,684,497)
Career and technical education	1,831,267	39,983	348,148	(1,443,136)
District wide services	7,121,753	940,976	-	(6,180,777)
School food services	1,993,827	980,075	1,165,421	151,669
Operations and maintenance	5,343,281	-	-	(5,343,281)
Transportation	2,430,022	160,511	418,296	(1,851,215)
Co-curricular activities	2,233,949	-	-	(2,233,949)
Community service programs	1,233,442	690,072	506,887	(36,483)
Depreciation and amortization - unallocated	2,838,239	-	-	(2,838,239)
Interest - unallocated	1,247,897	-	-	(1,247,897)
Bond service charges and costs	5,050	-	-	(5,050)
TOTAL GOVERNMENTAL ACTIVITIES	$ 69,089,605	$ 3,291,464	$ 11,922,195	(53,875,946)

GENERAL REVENUES	
Taxes	
Property taxes, levied for general purposes	12,633,962
Property taxes, levied for building purposes	1,597,776
Property taxes, levied for debt services	4,536,872
Unrestricted state aid	34,939,449
Unrestricted investment earnings	422,783
Miscellaneous revenue	1,100,252
TOTAL GENERAL REVENUES	55,231,094
Change in net position	1,355,148
Total net position, beginning of year, as previously stated	15,338,691
Prior period adjustment - see note 14	(116,149)
Total net position, beginning of year, restated	15,222,542
Net position - ending	$ 16,577,690

DICKINSON PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Total Governmental Funds
ASSETS					
Cash	$ 5,051,848	$ 10,106,729	$ 3,847,530	$ 367,774	$ 19,373,881
Grants receivable	3,760,024	-	-	-	3,760,024
Taxes receivable	637,971	81,460	206,722	-	926,153
Due from county treasurer	23,256	5,521	5,813	-	34,590
Interest receivable	97,952	39,267	-	-	137,219
Lease receivable	-	34,381	-	-	34,381
Due from other funds	-	-	-	-	-
Prepaid expenses	18,103	-	-	14,749	32,852
Inventory	-	-	-	38,155	38,155
TOTAL ASSETS	$ 9,589,154	$ 10,267,358	$ 4,060,065	$ 420,678	$ 24,337,255
LIABILITIES					
Accounts payable	$ -	$ 78,908	$ -	$ -	$ 78,908
Benefits payable	365,895	-	-	2,835	368,730
Unearned revenue	-	-	-	25,736	25,736
TOTAL LIABILITIES	365,895	78,908	-	28,571	473,374
DEFERRED INFLOWS OF RESOURCES					
Leases	-	33,713	-	-	33,713
Delinquent taxes	637,971	81,460	206,722	-	926,153
TOTAL DEFERRED INFLOWS OF RESOURCES	637,971	115,173	206,722	-	959,866
FUND BALANCES					
Nonspendable	18,103	-	-	52,904	71,007
Restricted	670,085	10,073,277	3,853,343	-	14,596,705
Assigned	-	-	-	339,203	339,203
Unassigned	7,897,100	-	-	-	7,897,100
TOTAL FUND BALANCES	8,585,288	10,073,277	3,853,343	392,107	22,904,015
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 9,589,154	$ 10,267,358	$ 4,060,065	$ 420,678	$ 24,337,255

DICKINSON PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds		$ 22,904,015
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	123,319,907	
Lease assets	65,101	
Less accumulated depreciation	(28,405,363)	
Less accumulated amortization	(30,636)	
Net capital assets		94,949,009
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		926,153
Deferred outflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		25,337,944
Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Balances at June 30, 2023 are:		
Net pension liability	(67,056,841)	
Net OPEB liability	(680,943)	
Bonds payable	(48,314,811)	
Lease liability	(35,411)	
Interest payable	(517,326)	
Compensated absences payable	(265,497)	
Total long-term liabilities		(116,870,829)
Deferred inflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		(10,283,652)
Internal service funds are used by the school to charge the costs of health insurance to departments. The assets and liabilities of internal service fund are included in the governmental activities in the statement of net position.		(384,950)
Total net position of governmental activities		$ 16,577,690

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Total Governmental Funds
REVENUES					
Local sources	$ 15,356,749	$ 2,598,193	$ 4,476,581	$ 980,075	$ 23,411,598
State sources	36,106,107	-	-	11,760	36,117,867
Federal sources	9,590,115	-	-	1,153,661	10,743,776
Lease revenue	-	11,238	-	-	11,238
Interest revenue	-	1,185	-	-	1,185
TOTAL REVENUES	61,052,971	2,610,616	4,476,581	2,145,496	70,285,664
EXPENDITURES					
Current:					
Regular instruction	28,960,179	-	-	-	28,960,179
Special education	10,313,138	-	-	-	10,313,138
Career and technical education	1,792,707	-	-	-	1,792,707
District wide services	6,973,637	-	-	-	6,973,637
School food services	-	-	-	1,967,878	1,967,878
Operations and maintenance	4,091,076	1,197,551	-	-	5,288,627
Transportation	2,429,779	-	-	-	2,429,779
Co-curricular activities	2,229,825	-	-	-	2,229,825
Community service programs	1,211,751	-	-	-	1,211,751
Debt Service:					
Principal	14,985	-	3,096,156	-	3,111,141
Interest	-	-	1,329,223	-	1,329,223
Service charges	-	-	5,050	-	5,050
Capital outlay	439,708	493,532	-	-	933,240
TOTAL EXPENDITURES	58,456,785	1,691,083	4,430,429	1,967,878	66,546,175
Excess (deficiency) of revenues over expenditures	2,596,186	919,533	46,152	177,618	3,739,489
OTHER FINANCING SOURCES (USES)					
Transfers in	16,625	500,000	-	-	516,625
Transfers out	(616,149)	-	-	(16,625)	(632,774)
TOTAL OTHER FINANCING SOURCES (USES)	(599,524)	500,000	-	(16,625)	(116,149)
Net change in fund balances	1,996,662	1,419,533	46,152	160,993	3,623,340
Fund balances - beginning	6,588,626	8,653,744	3,807,191	231,114	19,280,675
Fund balances - ending	$ 8,585,288	$ 10,073,277	$ 3,853,343	$ 392,107	$ 22,904,015

DICKINSON PUBLIC SCHOOL DISTRICT
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, 2023

Net change in fund balances - total governmental funds		$ 3,623,340
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets 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 capital outlays exceeded depreciation in the current year.		
Capital asset additions	933,240	
Current year depreciation expense	(2,822,921)	
Current year amortization expense	(15,318)	
		(1,904,999)
Repayment of debt principal is an expenditure in the governmental fund, but repayment reduces long-term liabilities in the Statement of Net Position		3,111,141
Repayment of bond premium payable is not recognized in the governmental funds, but reduces interest expense in the Statement of Activities.		66,341
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net change in compensated absences	23,287	
Net change in interest payable	16,297	
Net change in OPEB liability	(358,756)	
Net change in net pension liability	(25,505,643)	
		(25,824,815)
Changes in deferred inflows and outflows relating to net pension liability		22,853,538
Changes in deferred inflows and outflows relating to net OPEB liability		315,982
Some revenues reported on the Statement of Activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the following:		
Net change in taxes receivable		159,304
Internal service funds are used by the school to charge the costs of health insurance to departments. The net revenue of activities of the internal service fund is reported with governmental activities.		(1,044,684)
Change in net position of governmental activities		$ 1,355,148

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2023

	Internal Service Fund Self-Funded Health Insurance
ASSETS	
Current assets	
Cash	$ 1,837,005
Total current assets	1,837,005
LIABILITIES	
Current liabilities	
Incurred but not reported claims	593,147
Unearned health insurance premiums	1,628,808
Total current liabilities	2,221,955
NET POSITION	
Unrestricted	$ (384,950)

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Internal Service Fund Self-Funded Health Insurance
Operating revenues	
Contributions to self-insurance district	$ 6,889,879
Contributions to self-insurance cobra	50,599
Rebates	1,493,199
Total operating revenues	8,433,677
Operating expenses	
Health insurance claims	8,484,606
Stop loss premiums	1,027,155
Administrative fees	101,479
Total operating expenses	9,613,240
Operating income	(1,179,563)
Non-operating revenues	
Royalties	18,730
Other financing sources (uses)	
Transfers in	116,149
Change in net position	(1,044,684)
Total net position - beginning of year, as previously stated	775,883
Prior period adjustment - see note 14	(116,149)
Total net position - beginning of year, restated	659,734
Total net position - end of year	$ (384,950)

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
JUNE 30, 2023

	Internal Service Fund Self-Funded Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Premiums received	$ 7,046,958
Rebates received	1,493,199
Payments for health insurance claims and related activities	(9,566,093)
Net cash provided (used) by operating activities	(1,025,936)
CASH FLOWS FROM INVESTING ACTIVITIES	
Royalties received	18,730
NET CHANGE IN CASH AND CASH EQUIVALENTS	(891,057)
CASH AND CASH EQUIVALENTS - BEGINNING	2,728,062
CASH AND CASH EQUIVALENTS - ENDING	$ 1,837,005
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	$ (1,179,563)
Effect on cash flows due to changes in assets and liabilities:	
Incurred but not reported claims	47,147
Unearned health insurance premiums	106,480
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,025,936)

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Southwest Career and Technical Education Academy Fund
ASSETS	
Current assets	
Cash	$ 2,864,703
Noncurrent assets	
Construction in progress	5,435,566
Furniture and equipment, net	1,045,374
Total noncurrent assets	6,480,940
Total assets	9,345,643
LIABILITIES	
Current liabilities	
Acounts payable	957,156
Retainage payable	301,283
Total liabilities	1,258,439
NET POSITION	
Restricted for Technical Education	$ 8,087,204

DICKINSON PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Southwest Career and Technical Education Academy Fund
Additions	
Local sources	$ 3,034,193
State sources	3,378,702
Total additions	6,412,895
Deductions	
Career and technical education	145,374
Community service programs	3,533
Depreciation expense	19,543
Total deductions	168,450
Change in net position	6,244,445
Total net position - beginning of year, as previously stated	-
Prior period adjustment - see note 14	1,842,759
Total net position - beginning of year, restated	1,842,759
Total net position - end of year	$ 8,087,204

NOTE 1 DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

The Dickinson Public School District (District) operates the public schools in the city of Dickinson, North Dakota. There are six elementary schools, one middle school, two high schools, an early childhood center, and an adult learning center.

Reporting Entity – The accompanying financial statements present the activities of the Dickinson Public School 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 are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Dickinson Public School District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Dickinson Public School District.

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

Basis of Presentation

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

<u>Government-Wide Financial Statements:</u>

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements do not include fiduciary funds.

Fund Financial Statements:

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

General fund – This fund is the general operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund, which includes financial transactions related to the District's student activity programs. Student activities are included in the general fund.

Building fund – This fund accounts for the financial resources related to the capital outlays made by the District.

Debt service fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Food service fund – This fund accounts for the financial resources associated with the District's hot lunch program. The food service fund did not qualify as a major fund, but as it is the only non-major fund, management has elected to show it as a major fund.

Proprietary Funds – The reporting focus of proprietary funds is on the determination of net income, financial position and changes in financial position (economic resources). These funds are used to account for activities which are similar to those found in the private sector. The funds are maintained on the accrual basis of accounting.

Internal Service – The reporting focus of internal service funds is on services provided by one fund of the District to another fund on a cost reimbursement basis. The District's only internal service fund consists of the following:

Self-funded health insurance fund – The fund accounts for the financial transactions related to the District's self-funded health insurance plan.

Fiduciary Funds – The reporting focus of fiduciary funds is on the determination of net income, financial position and changes in financial position (economic resources). These funds are used to account for activities performed by the academy. The fund is maintained on the accrual basis of accounting.

Career and Technical Education Fund – The fund accounts for the financial transactions related of the Southwest Career and Technical Education Academy.

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 outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included in the Statement of Net Position.

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets, current liabilities, and current deferred inflows/outflows of resources 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 in which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the District's financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. Fiduciary funds also use the economic resources measurement focus.

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 internal service fund also uses the accrual basis of accounting. 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.

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.

Grants Receivable

Grants receivable consists of reimbursements due for expenses incurred in the operation of various school programs which are grant funded. This amount consists of a mix of federal and state dollars.

Due from County Treasurer

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the District at June 30.

Inventories

Inventories are valued using the weighted-average method and consist of supplies for the food service fund. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories are equally offset by a nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets include property 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 acquisition value at the date of the 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 of the following estimated useful lives:

Buildings and improvements	15-50 Years
Furniture and equipment	7-25 Years

Leases

Lessee

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury Tbill rate as of the lease commencement. The District accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District are reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Lessor

The District is a lessor for the lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all twelve-month, full-time employees who work at least twenty hours per week upon termination with the District. Twelve-month, full-time employees may carry forward unused vacation. All accrued vacation time must be used within twenty-four months after the year in which the time is earned.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bond. Issuance costs are reported as expenditures in the year the bond is issued.

In 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of the remaining un-depreciated cost of the asset and the un-amortized cost of the leased asset less the outstanding debt, payables related to construction of capital assets and lease liability associated with the purchase or construction of the related assets.

Net position is reported as restricted when external creditors, grantors, or other governmental organizations imposed specific restrictions on the District. External restrictions may be imposed through state or local laws, and grant or contract provisions.

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 resources (expense/expenditure) until then. The District has two items reported on the statement of net position as deferred pension outflows, one which represents the actuarial differences within the NDPERS and TFFR pension plans, and another that represents the actuarial differences within the NDPERS OPEB liability. See notes 8, 9 and 10 for further details.

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 four types of items which qualify for reporting in this category. One of the items, unavailable revenue – delinquent taxes, is reported only in the governmental funds balance sheet. This amount, which is from delinquent property taxes, is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item is reported on the statement of net position as deferred pension inflows, which represents the actuarial differences within the NDPERS and TFFR pension plans as well as amounts paid to the plan after the measurement date. The third item is reported on the statement of net position as deferred OPEB inflows, which represents the actuarial differences within the NDPERS OPEB liability. See notes 8, 9 and 10 for further details. The last item is deferred inflows associated with the lease receivable, see note 4 for further details.

Delinquent Taxes

Receivables, such as taxes receivable, may be measurable but not available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported delinquent taxes are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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 - inventories; or (b) legally or contractually required to be maintained intact.

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

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

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

Assigned – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes.

Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

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

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

Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

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 Employees Retirement System (NDPERS) and Teachers' Fund for Retirement (TFFR) and additions to/deductions from NDPERS' and TFFR's fiduciary net position have been determined on the same basis as they are reported by NDPERS and TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

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

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.

As discussed in note 7, the District has established a self-funded health insurance plan. Because of the inherent uncertainties associated with estimating the accrued liability for claims, it is at least reasonably possible that the estimate used will change within the near term.

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 and investment income.

Revenue Recognition - Property Taxes

As of June 30, 2023, taxes receivable consists of current and delinquent uncollected taxes for the past five years. 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 has not been paid. Additional penalties are added October 15, if not paid. Taxes are collected by the county and usually remitted monthly to the 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 district tax levies are in compliance with state laws.

Revenue Recognition - Proprietary Fund

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service fund is charges to other funds for health insurance premiums. Operating expenses for the internal service fund include the cost of claims and related administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

NOTE 3 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated 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, 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.

Custodial Credit Risk

At year end June 30, 2023, the District's carrying amount of cash and cash equivalents was as follows:

Governmental funds	$ 19,373,881
Internal service fund	1,837,005
Total cash and cash equivalents	$ 21,210,886

The bank balance of these deposits that was subject to custodial credit risk as of June 30, 2023 was $22,029,831. The difference results from checks outstanding or deposits not yet processed. There are no amounts subject to custodial credit risk. As of June 30, 2023, all of the District's deposits were covered by either FDIC insurance or pledged securities held in the District's name.

Credit Risk and Interest Rate Risk

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

a. 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.

b. 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.

c. Certificates of Deposit fully insured by the federal deposit insurance corporation.

d. Obligations of the state.

e. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

The District has no interest rate risk or credit risk of debt securities.

NOTE 4 CAPITAL AND LEASE ASSETS

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated				
Land	$ 3,195,419	$ -	$ -	$ 3,195,419
Construction in progress	606,793	-	(606,793)	-
Total capital assets, not depreciated	3,802,212	-	(606,793)	3,195,419
Capital assets, being depreciated				
Buildings	109,998,865	1,100,325	-	111,099,190
Furniture and equipment	8,585,590	439,708	-	9,025,298
Leased equipment	65,101	-	-	65,101
Total capital assets, being depreciated	118,649,556	1,540,033	-	120,189,589
Less accumulated depreciation for				
Buildings	19,913,242	2,248,354	-	22,161,596
Furniture and equipment	5,669,200	574,567	-	6,243,767
Total accumulated depreciation	25,582,442	2,822,921	-	28,405,363
Less accumulated amortization for				
Leased equipment	15,318	15,318	-	30,636
Total accumulated amortization	15,318	15,318	-	30,636
Total capital and lease assets being depreciated or amortized, net	93,051,796	(1,298,206)	-	91,753,590
Governmental activities capital assets, net	$ 96,854,008	$ (1,298,206)	$ (606,793)	$ 94,949,009

Depreciation expense was not allocated to any functions/programs of the District on the Statement of Activities.

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated				
Construction in progress	$ -	$ 5,435,566	$ -	$ 5,435,566
Total capital assets, not depreciated	-	5,435,566	-	5,435,566
Capital assets, being depreciated				
Furniture and equipment	44,800	1,020,490	-	1,065,290
Total capital assets, being depreciated	44,800	1,020,490	-	1,065,290
Less accumulated depreciation for				
Furniture and equipment	373	19,543	-	19,916
Total accumulated depreciation	373	19,543	-	19,916
Total capital assets being depreciated, net	44,427	1,000,947	-	1,045,374
Governmental activities capital assets, net	$ 44,427	$ 6,436,513	$ -	$ 6,480,940

Leases - Lessee

The District leases copiers. The term of the lease is for a period of 48 months, commencing on July 1, 2021 and terminating September 30, 2025 with monthly rent payments of $1,358.

Following is the total lease expense for the year ended June 30, 2023.

Amortization expense by class of underlying asset	
Copy machine	$ 15,318
Interest on lease liabilities	1,274
Total	$ 16,592

Leases - Lessor

The District leases a building. The term of the lease is for a period of 54 months, beginning January 1, 2022. A monthly rent payment of $1,000 is due by the first of each month.

Following is the total lease-related revenue for the year ended June 30, 2023.

Lease-related Revenue	
Lease Revenue	
Building	$ 11,238
Total Lease Revenue	11,238
Interest Revenue	1,185
Total	$ 12,423

Following is a schedule by years of future minimum rental receipts required under the lease:

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2024	$ 11,118	$ 882	$ 12,000
2025	11,457	543	12,000
2026	11,806	194	12,000
Total	$ 34,381	$ 1,619	$ 36,000

NOTE 5 LONG-TERM DEBT

Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in liabilities reported in long-term liabilities:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Compensated absences [1]	$ 288,784	$ -	$ (23,287)	$ 265,497	$ 265,497
Lease liability	50,396	-	(14,985)	35,411	15,443
Bonds payable	50,573,897	-	(3,096,156)	47,477,741	3,126,724
Bond premium	903,410	-	(66,341)	837,069	66,341
Total	$ 51,816,487	$ -	$ (3,200,769)	$ 48,615,718	$ 3,474,005

[1] The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reduction. The general fund is primarily used to liquidate compensated absences.

Debt Service Requirements

Annual requirements on long-term debt at June 30, 2023 are as follows:

	Bonds Payable	
Year Ending June 30	Principal	Interest
2024	$ 3,126,724	$ 1,273,040
2025	3,213,833	1,206,255
2026	3,342,774	1,298,262
2027	3,294,265	1,263,887
2028	3,390,555	1,167,707
2029-2033	18,703,746	4,034,686
2034-2038	12,405,844	727,153
Premium	837,069	(837,069)
Totals	$ 48,314,810	$ 10,133,921

Annual requirements on lease liabilities at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2024	$ 15,443	$ 854	$ 16,297
2025	15,914	383	16,297
2026	4,054	20	4,074
Total	$ 35,411	$ 1,257	$ 36,668

Debt Outstanding

The obligations under bonds payable are as follows:

Bonds Payable	Outstanding 6/30/23
$25,000,000 General Obligation School Building Bonds of 2015, due in annual installments of $835,000 to $1,770,000 through August 1, 2035, interest at 3.0% to 4.0%. Payments are to be made from the Debt Service Fund. Includes premium of $536,059.	$ 18,871,594
$20,135,000 General Obligation School Building Bonds of 2016, due in annual installments of $850,000 to $1,485,000 through August 1, 2035, interest at 2.0% to 3.0%. Payments are to be made from the Debt Service Fund. Includes premium of $381,960.	14,138,840
$10,000,000 General Obligation School Building Bonds of 2016B, due in annual installments of $63,706 to $399,096 through April 1, 2036. Interest at 2.0% until July 1, 2025 under the BND School Construction Loan program, with a negotiated interest rate to maturity after. Payments are to be made from the Debt Service Fund.	7,687,742
$8,525,000 General Obligation School Building Refunding Bond of 2021, due in annual installments of $430,000 to $825,000 through August 1, 2034. Interest at 0.20% to 2.05%. Payments are to be made from the Debt Service Fund. Includes discount of $13,366.	7,616,634
Total Bonds Payable	$ 48,314,810

NOTE 6 FUND BALANCES

At June 30, 2023, a summary of the governmental fund balance classifications are as follows:

	General Fund	Building Fund	Debt Service Fund	Food Service Fund	Total
Non-spendable:					
Inventories	$ 18,103	$ -	$ -	$ 52,904	$ 71,007
Restricted:					
Building	-	10,073,277	-	-	10,073,277
Debt Service	-	-	3,853,343	-	3,853,343
Student Activities	670,085	-	-	-	670,085
Assigned:					
Food Service	-	-	-	339,203	339,203
Unassigned	7,897,100	-	-	-	7,897,100
	$ 8,585,288	$ 10,073,277	$ 3,853,343	$ 392,107	$ 22,904,015

NOTE 7 RISK MANAGEMENT

The Dickinson Public School 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.

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 and automobile insurance coverage. The coverage by NDIRF is limited to losses on two million dollars per occurrence for general liability and automobile.

The District also participates in the North Dakota Fire and Tornado 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 two million dollars per occurrence during a 12-month period.

The District has workers compensation with the North Dakota Workforce Safety and Insurance.

The District has retained risk for employee health and dental insurance up to a maximum of $125,000 per year per individual. They have purchased a stop loss policy for amounts in excess of 120% of expected claims.

Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of $593,147 for 2023. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement. Changes in the claim reserve payable during the year were as follows:

Balance, July 1, 2022	$ 546,000
Incurred claims including incurred but not reported	9,613,239
Less: claims paid	(9,566,092)
Balance, June 30, 2023	$ 593,147

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

NOTE 8 NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

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

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

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

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

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. The District elected to cover an additional 1.50% in 2020 and 2.00% for 2021, making the total contribution 16.25% for the District and 8.25% for the teacher.

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, 2023, the District reported a liability of $46,774,692 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2022, the Employer's proportion was 3.21243067 percent, which was a decrease of 0.04244697 percent from its proportion measured at June 30, 2021.

For the year ended June 30, 2023, the Employer recognized pension expense of $3,532,415. At June 30, 2023, 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 experience	$ 201,572	$ (1,248,861)
Changes of assumptions	951,119	-
Net difference between projected and actual earnings on pension plan investments	3,503,492	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,994,904	(857,667)
Employer contributions subsequent to the measurement date	3,141,407	-
Total	$ 10,792,494	$ (2,106,528)

$3,141,407 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, 2024.

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:	
2024	$ 1,273,406
2025	899,688
2026	125,301
2027	3,015,925
2028	168,344
Thereafter	61,895

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 the measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses
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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2022, are 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%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent 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 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 July 1, 2022. 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, 2022.

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, 2022, 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability	$64,264,138	$46,774,692	$32,269,400

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. TFFR's Annual Comprehensive Financial Report (ACFR) is located at https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2022.pdf

NOTE 9 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 nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. 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 will be 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 effective date is dependent upon NDPERS implementing the changes to set up a new defined contribution (DC) plan. If the DC plan is set up by December 31, 2023, then the effective date of the Main Plan closure will be January 1, 2024. If the changes cannot be accomplished by then, the effective date will be 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 for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation. Employer contribution rates increase by 1% beginning January 1, 2024.

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

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 24 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

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

At June 30, 2023, the Employer reported a liability of $20,282,149 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2022, the Employer's proportion was 0.704225 percent, which was an increase of 0.008072 percent from its proportion measured at June 30, 2021.

For the year ended June 30, 2023, the Employer recognized pension expense of $2,981,961. At June 30, 2023, 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 experience	$ 105,798	$ (387,424)
Changes of assumptions	12,129,023	(7,519,323)
Net difference between projected and actual earnings on pension plan investments	742,322	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	514,665	(219,787)
Employer contributions subsequent to the measurement date	664,212	-
Total	$ 14,156,020	$ (8,126,534)

$664,212 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, 2024.

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:	
2024	$ 1,632,720
2025	1,691,199
2026	137,273
2027	1,904,082

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 the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	5.10%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	5.75%
International Equity	21%	6.45%
Private Equity	7%	9.20%
Domestic Fixed Income	23%	0.34%
Global Real Assets	19%	4.35%

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 3.69%; and the resulting Single Discount Rate is 5.10%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 5.10 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 (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Employer's proportionate share of the net pension liability	$26,771,041	$20,282,149	$14,954,993

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 10 OTHER POST EMPLOYMENT BENEFITS

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 employee’s, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At June 30, 2023, the Employer reported a liability of $680,943 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2022, the Employer's proportion was 0.567306 percent, which was a decrease of 0.011986 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Employer recognized OPEB expense of $115,029. At June 30, 2023, the Employer 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	$	16,143	$	(5,856)
Changes of assumptions		171,521		-
Net difference between projected and actual earnings on OPEB plan investments		91,687		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		45,601		(44,735)
Employer contributions subsequent to the measurement date		64,478		-
Total	$	389,430	$	(50,591)

$64,478 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

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:		
2024	$	73,085
2025		68,542
2026		56,087
2027		76,647

Actuarial Assumptions

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

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

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad US Equity	39%	5.75%
International Equities	26%	6.00%
Core-Plus Fixed Income	35%	0.22%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.39%. 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, 2022, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease 4.39%	Current Discount Rate 5.39%	1% Increase 6.39%
Employer's proportionate share of the net OPEB liability	$ 869,183	$ 680,943	$ 522,921

NOTE 11 CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claims would not have a material effect on the overall financial position of the District as of June 30, 2023.

NOTE 12 NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its food service and twenty-first century learning programs. The market value of commodities received for the year ended June 30, 2023 was $195,117.

NOTE 13 FUTURE PRONOUNCEMENTS

GASB Statement No. 99, *Omnibus 2022,* provides guidance on the following accounting matters:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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.

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

NOTE 14 PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment to the financial statements to correct an overstatement of cash as of June 30, 2022. This decreased beginning fund balance in the internal service self-funded health insurance fund and net position by $116,149 for the year ended June 30, 2022.

The District recorded a prior period adjustment to the financial statements to include the financial statement activity of the Southwest Career and Technical Academy as a fiduciary fund in the current year. This increased beginning cash by $1,798,332, capital assets by $44,427 and net position by $1,842,759 for the year ended June 30, 2022.

NOTE 15 EXPENDITURES IN EXCESS OF BUDGET

Expenditures exceeded budget in the debt service fund by $45,557 during the year ended June 30, 2023. No remedial action is anticipated or required by the District regarding these excess expenditures.

NOTE 16 TRANSFERS

The following is a reconciliation of transfers in and out during the year ended June 30, 2023. The purpose of the transfer from the general fund to the building fund was to cover the construction costs.

Fund	Transfer In	Transfer Out
General fund	$ 16,625	$ 616,149
Food service fund	-	16,625
Self-funded health insurance fund	116,149	-
Building fund	500,000	-
Total transfers	$ 632,774	$ 632,774

NOTE 17 COMMITMENTS

The Southwest Career and Technical Education Academy entered into multiple construction contracts that began during the year to construction buildings for the Academy. These contracts totaled $6,743,077, of which $4,031,530 has not yet been paid.

NOTE 18 SUBSEQUENT EVENTS

The District approved a bond resolution subsequently approved by voters in October 2023 for the remodel and rebuilding of Dickinson High School, as well as to secure the elementary school entrances. The initial resolution for General Obligation School Building Bonds was signed for $69 million at a maximum of 20 years maturity and resulting in an estimated additional millage of 30.92 mills for the first taxable year.

Subsequent events have been evaluated through March 7, 2024, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Variance With Budget
REVENUES			
Local sources	$ 12,964,496	$ 14,181,270	$ 1,216,774
State sources	35,270,695	36,106,107	835,412
Federal sources	10,477,232	9,590,115	(887,117)
TOTAL REVENUES	58,712,423	59,877,492	1,165,069
EXPENDITURES			
Current:			
Regular instruction	28,237,795	28,889,640	(651,845)
Special education	9,817,878	10,313,138	(495,260)
Career and technical education	1,931,190	1,792,707	138,483
District wide services	8,282,617	6,962,472	1,320,145
Operations and maintenance	4,974,319	4,091,076	883,243
Transportation	2,211,508	2,429,779	(218,271)
Co-curricular activities	1,306,337	1,100,326	206,011
Community service programs	1,254,928	1,135,269	119,659
Debt Service:			
Principal	-	14,985	(14,985)
Capital outlay	-	439,708	(439,708)
TOTAL EXPENDITURES	58,016,572	57,169,100	847,472
Excess (deficiency) of revenues over expenditures	695,851	2,708,392	2,012,541
OTHER FINANCING SOURCES (USES)			
Transfers in	-	16,625	16,625
Transfers out	-	(616,149)	(616,149)
Net change in fund balances	$ 695,851	2,108,868	$ 1,413,017
Fund balances - beginning of year		6,588,626	
Fund balances - ending		$ 8,697,494	

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's 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
2023	3.21243%	$ 46,774,692	$ 25,276,571	185.05%	67.50%
2022	3.25488%	34,295,191	25,182,088	136.19%	75.70%
2021	3.11940%	47,742,550	22,419,631	212.95%	63.40%
2020	3.16476%	43,586,733	22,202,235	196.32%	65.50%
2019	2.95397%	39,372,215	20,143,176	195.46%	65.50%
2018	2.86182%	39,307,779	19,316,437	203.49%	63.20%
2017	2.83720%	41,566,638	18,433,992	225.49%	59.20%
2016	2.81912%	36,870,059	17,340,566	212.62%	62.10%
2015	2.59511%	27,192,194	15,053,043	180.64%	66.60%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's 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
2023	0.70423%	$ 20,282,149	$ 8,616,143	235.40%	54.47%
2022	0.69615%	7,256,007	8,431,473	86.06%	78.26%
2021	0.69366%	21,822,535	8,274,944	263.72%	48.91%
2020	0.73254%	8,585,852	6,666,350	128.79%	71.66%
2019	0.64891%	10,951,047	6,586,124	166.27%	63.53%
2018	0.54756%	8,801,038	5,589,699	157.45%	61.98%
2017	0.54218%	5,284,053	5,463,875	96.71%	70.46%
2016	0.48051%	3,267,386	4,280,763	76.33%	77.15%
2015	0.49203%	3,123,001	4,144,736	75.35%	77.70%

* Complete data for these schedules is not available prior to 2015.

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered-employee payroll	Employer'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
2023	0.567306%	$ 680,943	$ 6,269,481	10.86%	56.28%
2022	0.579292%	322,187	6,772,804	4.76%	76.63%
2021	0.639916%	538,296	7,619,621	7.06%	63.38%
2020	0.682849%	548,456	7,454,474	7.36%	63.13%
2019	0.609235%	479,814	6,586,124	7.29%	61.89%
2018	0.516684%	408,703	5,589,699	7.31%	59.78%

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

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	$ 3,141,407	$ (3,141,407)	$ -	$ 24,638,477	12.75%
2022	3,222,762	(3,222,762)	-	25,276,571	12.75%
2021	3,210,716	(3,210,716)	-	25,182,088	12.75%
2020	2,858,503	(2,858,503)	-	22,419,631	12.75%
2019	2,830,785	(2,830,785)	-	22,202,235	12.75%
2018	2,568,255	(2,568,255)	-	20,143,176	12.75%
2017	2,462,846	(2,462,846)	-	19,316,437	12.75%
2016	2,350,334	(2,350,334)	-	18,433,992	12.75%
2015	2,210,816	(2,210,816)	-	17,340,566	12.75%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	$ 664,212	$ (664,212)	$ -	$ 8,821,915	7.53%
2022	639,996	(639,996)	-	8,616,143	7.43%
2021	618,131	(618,131)	-	8,431,473	7.33%
2020	589,176	(589,176)	-	8,274,944	7.12%
2019	474,644	(474,644)	-	6,666,350	7.12%
2018	468,932	(468,932)	-	6,586,124	7.12%
2017	405,321	(388,105)	17,216	5,450,913	7.12%
2016	395,576	(382,540)	13,036	5,372,753	7.12%
2015	325,158	(343,029)	(17,871)	4,817,823	7.12%

* Complete data for these schedules is not available prior to 2015.

DICKINSON PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	$ 64,478	$ (64,478)	$ -	$ 5,656,022	1.14%
2022	71,575	(71,575)	-	6,269,481	1.14%
2021	77,210	(77,210)	-	6,772,804	1.14%
2020	92,981	(92,981)	-	7,619,621	1.14%
2019	84,981	(84,981)	-	7,454,474	1.14%
2018	75,082	(75,082)	-	6,586,124	1.14%

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

See Notes to the Required Supplementary Information

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund.

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

- The annual budget must be prepared and District taxes must be levied on or before the 15th day of August of each year.
- The taxes levied must be certified to the county auditor by October 10th.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the business and operations manager at the revenue and expenditure function/object level.
- The current budget, except property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

NOTE 2 FOOD SERVICE FUND BUDGET

No budget was legally adopted for the food service fund.

NOTE 3 BUDGET RECONCILIATION

Listed below is a reconciliation between the revenues and expenditures as presented in the District's Statement of Revenues, Expenditures, and Changes in Fund Balance and the budgetary inflows and outflows presented in the District's general fund budget.

Actual revenues presented on the budgetary comparison schedule	$ 59,877,492
Student activities revenues included in the fund statements but not on the budget statement due to the implementation of GASB 84.	1,175,479
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund.	$ 61,052,971
Actual expenses presented on the budgetary comparison schedule	$ 57,169,100
Student activities expenses included in the fund statements but not on the budget statement due to the implementation of GASB 84.	1,287,685
Total expenses as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund.	$ 58,456,785

NOTE 4 CHANGES OF ASSUMPTIONS

TFFR Pension Plan

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

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

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

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

NDPERS Pension Plan

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

NDPERS OPEB

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

NOTE 5 CHANGES OF BENEFIT TERMS

NDPERS Pension Plan

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

NDPERS OPEB

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

SUPPLEMENTARY INFORMATION

DICKINSON PUBLIC SCHOOLS DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Variance With Budget
REVENUES			
Local sources	$ 3,245,110	$ 4,476,581	$ 1,231,471
EXPENDITURES			
Debt Service:			
Principal	3,040,680	3,096,156	(55,476)
Interest	1,342,342	1,329,223	13,119
Service charges	1,850	5,050	(3,200)
TOTAL EXPENDITURES	4,384,872	4,430,429	(45,557)
Excess (deficiency) of revenues over expenditures	(1,139,762)	46,152	1,185,914
Net change in fund balances	$ (1,139,762)	46,152	$ 1,185,914
Fund balances - beginning of year		3,807,191	
Fund balances - ending		$ 3,853,343	

DICKINSON PUBLIC SCHOOLS DISTRICT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Variance With Budget
REVENUES			
Local sources	$ 1,500,000	$ 2,610,616	$ 1,110,616
EXPENDITURES			
Current:			
Repairs and maintenance	1,990,000	1,007,717	982,283
Other	942,345	189,834	752,511
Capital outlays (including <$5,000)	-	493,532	(493,532)
TOTAL EXPENDITURES	2,932,345	1,691,083	1,241,262
Excess (deficiency) of revenues over expenditures	(1,432,345)	919,533	2,351,878
OTHER FINANCING SOURCES (USES)			
Transfers in	-	500,000	500,000
TOTAL OTHER FINANCING SOURCES (USES)	-	500,000	500,000
Net change in fund balances	$ (1,432,345)	1,419,533	$ 2,851,878
Fund balances - beginning of year		8,653,744	
Fund balances - ending		$ 10,073,277	

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through North Dakota Department of Public Instruction:			
School Breakfast Program	10.553	F10553	$ 96,392
National School Lunch Program	10.555	F10555	536,152
School/ CN Supply Chain Assistance	10.555	F10555S	80,355
School Nutrition Program (after school program snacks)	10.555	F10555	232,417
School USDA Foods (SCH) - commodities	10.555	F10555	195,117
SAE Food Nutrition	10.560	F10560	13,228
Child Nutrition Cluster			1,153,661
Total U.S. Department of Agriculture			1,153,661
U.S. DEPARTMENT OF EDUCATION			
Passed through the State Board of Career and Technical Education:			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	2038	348,148
Passed through North Dakota Department of Public Instruction:			
Title I - Grants to LEAs	84.010	F84010	1,102,434
Title II A- Improving Teacher Quality State Grants- Grants to LEAs	84.367	F84367	311,431
Title IV- Student Support and Academic Enrichment- Grants to LEAs	84.424	F84424A	137,455
Title grants to LEAs			1,551,320
IDEA, Part B Special Education	84.027	F84027A	1,147,018
IDEA, Part B Special Education - Preschool	84.173	F84173A	23,478
Special Education Cluster (IDEA)			1,170,496
Adult Education	84.002	F84002A	94,948
Twenty-First Century Community Learning Centers	84.287	F84287	178,674
Comprehensive Literacy State Development - CLSD Continuation	84.371	F84371C2	811,098
COVID-19: ESSER II- Elementary and Secondary School Emergency Relief Fund	84.425D	F84425D	2,148,803
COVID-19:ESSER III- Elementary and Secondary School Emergency Relief Fund	84.425U	F84425U	3,078,866
Total 84.425 ESSER funds			5,227,669
Total passed through North Dakota Department of Public Instruction			9,034,205
School Climate Transformation Grant - Local Educational Agency Grants	84.184		184,492
Behavior Health Grant	93.527		23,270
			207,762
Total U.S. Department of Education			9,590,115
Total expenditures of federal awards			**$ 10,743,776**

See Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards (the "schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the applicable cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

Dickinson Public School District has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule includes the federal award activity of Dickinson Public School District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dickinson Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Dickinson Public School District. The amounts reported on the schedule have been reconciled to and are in agreement with amounts recorded in the accounting records from which the financial statements have been reported.

NOTE 4 NONMONETARY TRANSACTIONS

The District receives commodities through the food distribution program and the assistance is valued at the fair value of commodities received and disbursed.

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 School Board
Dickinson Public School District
Dickinson, 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 Dickinson Public School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Dickinson Public School District's basic financial statements and have issued our report thereon dated March 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickinson Public School 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 Dickinson Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson Public School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 7, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board
Dickinson Public School District
Dickinson, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dickinson Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Dickinson Public School District's major federal programs for the year ended June 30, 2023. Dickinson Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Dickinson Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Dickinson Public School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Dickinson Public School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Dickinson Public School District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Dickinson Public School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Dickinson Public School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Dickinson Public School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

March 7, 2024

DICKINSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	x yes	___ no
Significant deficiency(ies) identified?	___ yes	x none reported
Noncompliance material to financial statements noted?	___ yes	x no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	x no
Significant deficiency(ies) identified?	x yes	___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are Required to be reported in accordance with 2 CFR 200.516(a)?	x yes	___ no

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027 / 84.173	Special Education Cluster
84.371	Comprehensive Literacy Development
84.425D / 84.425U	ESSER – Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as a low-risk auditee?	___ yes	x no

Section II – Financial Statement Findings

2023-001: Preparation of Financial Statements and Journal Entries – Material Weakness

Criteria
An appropriate system of internal controls requires that the District make a determination that the financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the District's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures in addition to maintain internal control at a level where general ledger accounts are properly reflected in accordance with GAAP.

Condition
The District's auditors prepare the draft financial statements. In addition, adjusting journal entries and government wide journal entries were proposed to bring the financial statements into compliance with accounting principles generally accepted in the United States of America (U.S GAAP) along with a prior period adjustment being recorded. An appropriate system of internal controls requires that the District must make a determination that the financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the District's personnel to maintain a working knowledge of current generally accepted accounting principles in the United States of America and the required financial statement disclosures.

Cause
The District elected not to allocate resources for the preparation of the financial statements. In addition, the District's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financials in accordance with GAAP.

Effect
There is an increased risk of material misstatement to the organization's financial statements. In addition, the District's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation
Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit. We also 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.

Views of Responsible Officials and Planned Corrective Actions
The Dickinson School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements in accordance with generally accepted accounting principles due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Indication of Repeat Finding
This is a repeat finding of 2022-001.

Section III – Federal Award Findings and Questioned Costs

2023-002: AL 84.010, AL 84.027 / 84.173, AL 84.425 & AL 84.371 – Activities Allowed or Unallowed & Allowable Costs / Cost Principles

Criteria
The District should keep adequate documentation to support charges to grants. This would include supporting invoices, time cards, approved pay rates and cost allocation worksheets.

Condition
In our total sample of 160 transactions, four payroll transactions had timesheets that were missing supervisor approval, along with two nonpayroll transactions. Thirteen payroll transactions did not have documentation of the hours worked by the employee or documentation of the employee's time spent towards that particular grant.

Cause
Internal control processes were not properly followed and proper documentation was not kept.

Effect
Unallowable costs could be charged to the grant.

Questioned Costs

AL 84.027 / 84.173:	$8,891
AL 84.371:	$8,247

Recommendation
We recommend internal control processes are followed and include documentation of employees time towards the grant.

Views of Responsible Officials and Planned Corrective Actions
During the 2022-2023 fiscal year, Dickinson Public Schools was in the transition of the administration assistant position for the Director of Curriculum and Instruction. In addition, the business office created and hired a new position of a grant specialist. With the changes in these two departments, Dickinson Public Schools will create a more streamlined process to ensure that grant documentation is completed as outlined in all federal grant guidelines.

Indication of Repeat Finding
This is a new finding in the current year.

2022-001: Preparation of Financial Statements and Journal Entries – Material Weakness

Criteria
An appropriate system of internal controls requires that the District make a determination that the financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the District's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures in addition to maintain internal control at a level where general ledger accounts are properly reflected in accordance with GAAP.

Condition
The District's auditors prepare the draft financial statements. In addition, adjusting journal entries and government wide journal entries were proposed to bring the financial statements into compliance with accounting principles generally accepted in the United States of America (U.S GAAP) along with a prior period adjustment being recorded. An appropriate system of internal controls requires that the District must make a determination that the financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the District's personnel to maintain a working knowledge of current generally accepted accounting principles in the United States of America and the required financial statement disclosures.

Cause
The District elected not to allocate resources for the preparation of the financial statements. In addition, the District's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financials in accordance with GAAP.

Effect
There is an increased risk of material misstatement to the organization's financial statements. In addition, the District's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation
Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit. We also 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.

Views of Responsible Officials and Planned Corrective Actions
The Dickinson School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements in accordance with generally accepted accounting principles due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Current Status
This finding is repeated as finding 2023-001 in the current year.

Dickinson Public Schools
Empowering All Learners to Succeed

Corrective Action Plan – June 30, 2023

2023-001

Contact Person
Stephanie Hunter, Business Manager/Naomi Obrigewitch, Accounting Manager

Corrective Action Plan
The Dickinson School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements in accordance with generally accepted accounting principles due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Completion Date
On-going

2023-002

Contact Person
Stephanie Hunter, Business Manager/Naomi Obrigewitch, Accounting Manager

Corrective Action Plan
During the 2022-2023 fiscal year, Dickinson Public Schools was in the transition of the administration assistant position for the Director of Curriculum and Instruction. In addition, the business office created and hired a new position of a grant specialist. With the changes in these two departments, Dickinson Public Schools will create a more streamlined process to ensure that grant documentation is completed as outlined in all federal grant guidelines.

Completion Date
2023-2024 fiscal year