

**JAMESTOWN PUBLIC SCHOOL
DISTRICT NO. 1
Jamestown, North Dakota**

***REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended June 30, 2023***

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Jamestown, North Dakota
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Schauer & Associates, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

School Board
JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**, Jamestown, North Dakota as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**, Jamestown, North Dakota, 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**'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.

INDEPENDENT AUDITORS' REPORT - continued

Auditors' 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 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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 and budgetary comparison information on pages 4 through 10 and 48 through 49, 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.

INDEPENDENT AUDITORS' REPORT - continued

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, on our consideration of the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** internal control over financial reporting and compliance.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
January 11, 2024

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023

The Management's Discussion and Analysis (MD&A) of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** (known as the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of the MD&A is to look at the School District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

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

- Net position of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** increased \$1,734,447 due to the current year's operations.
- Governmental net position as of the end of the fiscal year totaled \$5,747,081.
- Total government-wide revenues from all sources were \$35,910,374.
- Total government-wide expenditures were \$34,175,927.
- The School District's general fund had \$32,263,165 in total revenues and \$30,019,676 in total expenditures. Overall, the general fund balance decreased by \$3,525,667 for the year ended June 30, 2023.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. 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 School District's most significant funds with all other non-major funds presented in total in one column.

REPORTING ON THE DISTRICT AS A WHOLE

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

These statements are summaries of all funds used by the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** to provide programs and activities and attempt to answer the question "How did the School District do financially during the year ended June 30, 2023?"

The Statement of Net Position presents information on all the School District's assets and liabilities 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 School District is improving or deteriorating.

The Statement of Activities presents information on how the School District's net position changed during the fiscal year. This statement is presenting amounts 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 the related cash flows. Thus, revenues and expenses are reported in the statement

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2023

for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused sick leave and vacation leave).

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or deteriorated. 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 School District reports governmental activities. Governmental activities are activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of buildings and grounds, student transportation and co-curricular activities.

The government-wide financial statements include not only the School District (*known as the primary government*), but also one legally separate entity for which the School District is financially accountable. The *component unit* is the James Valley Career & Technology Center. Financial information for this component unit is reported separately from the financial information presented for the primary government. Separately issued financial statements are available from the administrative offices of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**.

REPORTING ON THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

BALANCE SHEET - GOVERNMENTAL FUNDS

The School 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 School District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the School District's major funds. The general, debt service and capital project funds are all considered major funds using the criteria established by GASB Statement No. 34.

The School District's other funds, which are used to account for the school lunch and special reserve transactions, are summarized under the heading "Other Governmental Funds."

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table I provides a summary of the School District's net position as of June 30, 2023 and 2022.

Table I NET POSITION June 30,			
		2023	2022
ASSETS			
Current assets	\$	13,119,697	\$ 16,903,589
Capital assets (net of depreciation)		30,740,546	25,858,119
Deferred outflows of resources		10,085,939	6,690,922
Total Assets and Deferred Outflows of Resources		<u>53,946,182</u>	<u>49,452,630</u>

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current liabilities	2,826,883	3,625,565
Long-term debt	39,201,014	27,230,812
Total Liabilities	<u>42,027,897</u>	<u>30,856,377</u>
Deferred Inflows of Resources	<u>6,171,204</u>	<u>14,583,619</u>
NET POSITION		
Net investment in capital assets	26,621,093	21,644,605
Restricted	1,614,550	1,299,690
Unrestricted	<u>(22,488,562)</u>	<u>(18,931,661)</u>
Total Net Position	<u>5,747,081</u>	<u>4,012,634</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 53,946,182</u>	<u>\$ 49,452,630</u>

As indicated in the financial highlights above, the School District's net position increased by \$1,734,447 due to operations for the year ended June 30, 2023. The School District recorded an increase of \$7,830,663 due to operations for the year ended June 30, 2022. Changes in net position may serve over time as a useful indicator of the School District's financial position.

The School District's net position of \$5,747,081 is segregated into three separate categories. Net investment in capital assets (net of related debt) represents the largest portion of the School District's total net position. It should be noted that these assets are not available for future spending. The balance consists of restricted net position and unrestricted net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent.

Table II shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

Table II
CHANGES IN NET POSITION
Years Ended June 30

	<u>2023</u>		<u>2022</u>	
REVENUES				
Program revenues				
Charges for services	\$ 1,154,544	3.21%	\$ 563,656	1.42 %
Operating grants and contributions	5,679,250	15.82	11,211,871	28.40
General revenues				
Property taxes	5,821,674	16.21	5,310,434	13.45
Other taxes	2,674,048	7.45	2,485,625	6.30
State aid - unrestricted	19,981,881	55.64	19,327,858	48.97
Other	598,977	1.67	576,651	1.46
Total Revenues	<u>35,910,374</u>	<u>100.00</u>	<u>39,476,095</u>	<u>100.00</u>
EXPENSES				
Regular instruction	16,064,413	47.01	11,953,321	37.77

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**Jamestown, North Dakota****MANAGEMENT'S DISCUSSION AND ANALYSIS - continued****Year Ended June 30, 2023**

	2023		2022	
Federal programs	1,737,112	5.08	4,347,526	13.74
Special education	4,851,398	14.20	4,837,542	15.29
Vocational education	331,492	.97	438,821	1.39
Instructional support services	1,357,204	3.97	784,112	2.48
Administrative services	754,674	2.21	656,763	2.08
Operation and maintenance of plant	2,376,367	6.95	2,202,989	6.96
Student transportation	554,752	1.62	538,011	1.70
Extracurricular activities	2,101,493	6.15	1,807,859	5.71
Other support services	665,587	1.95	674,487	2.13
Community services	39,970	.12	10,065	.03
Tuition and assessments	1,728,810	5.05	1,834,039	5.80
Food service	1,542,335	4.51	1,489,112	4.70
Debt service	70,320	.21	70,785	.22
Total Expenses	<u>34,175,927</u>	<u>100.00%</u>	<u>31,645,432</u>	<u>100.00%</u>
Change in Net Position	<u>1,734,447</u>		<u>7,830,663</u>	
Beginning Balance	<u>4,012,634</u>		<u>(3,818,029)</u>	
Ending Net Balance	<u>\$ 5,747,081</u>		<u>\$ 4,012,634</u>	

Property taxes constituted 16%, unrestricted state aid 56%, operating grants and contributions 16% and charges for services made up 3% of the total revenues of governmental activities of the School District for fiscal year ended June 30, 2023.

Regular instruction constituted 47%, special education 14% and vocational education 1% of total expenditures for governmental activities during fiscal year 2022-2023.

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 those services supported by tax revenues and other unrestricted revenues.

Table III
TOTAL AND NET COST OF SERVICES

	Total Costs Year Ended June 30, 2023	Net Costs Year Ended June 30, 2023	Total Costs Year Ended June 30, 2022	Net Costs Year Ended June 30, 2022
Regular instruction	\$ 16,064,413	\$ 15,877,132	\$ 11,953,321	\$11,801,738
Federal programs	1,737,112	(764,384)	4,347,526	(2,522,179)
Special education	4,851,398	3,775,059	4,837,542	3,109,712
Vocational education	331,492	237,979	438,821	348,151
Instructional support services	1,357,204	1,357,204	784,112	784,112
Administrative services	754,674	754,674	656,763	656,763
Operation and maintenance of plant	2,376,367	2,376,367	2,202,989	2,202,989

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2023

	Total Costs Year Ended June 30, 2023	Net Costs Year Ended June 30, 2023	Total Costs Year Ended June 30, 2022	Net Costs Year Ended June 30, 2022
Student transportation	554,752	254,929	538,011	243,969
Extracurricular activities	2,101,493	959,656	1,807,859	952,127
Other support services	665,587	665,587	674,487	674,487
Community services	39,970	39,970	10,065	10,065
Tuition and assessment	1,728,810	1,728,810	1,834,039	1,834,039
Food service	1,542,335	8,830	1,489,112	(296,853)
Debt service	70,320	70,320	70,785	70,785
Total Expenses	<u>\$ 34,175,927</u>	<u>\$ 27,342,133</u>	<u>\$ 31,645,432</u>	<u>\$19,869,905</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the School District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unreserved fund balance generally can be used as a measure of the School District's resources available for spending as of the end of the fiscal year. Those funds are accounted for using the modified accrual basis of accounting. The School District's governmental funds had total revenues of \$36,009,175 and expenditures of \$39,076,897 for the year ended June 30, 2023. The School District's governmental funds had total revenues of \$39,403,136 and expenditures of \$35,156,262 for the year ended June 30, 2022. As of June 30, 2023, the unassigned fund balance of the School District's general funds was \$6,509,673. As of June 30, 2022, the unassigned fund balance of the School District's general fund was \$10,035,340.

GENERAL FUND BUDGET HIGHLIGHTS

The School District changed its revenue budget during the year by \$8,000 and expenditure budget by \$3,418,143. The revenue change was a decrease in local sources by \$8,000. The expenditure change was a decrease in federal program expenditures by \$223,162, a decrease in regular instruction by \$3,220,070 and an increase in vocational education by \$25,089. General fund total revenues for 2022-2023 were \$32,263,165 in comparison to total expenditures of \$30,019,676. General fund total revenues for 2021-2022 were \$35,797,376 in comparison to total expenditures of \$30,279,679. The ending fund balance decreased during the 2022 - 2023 fiscal year by \$3,525,667 to a balance of \$6,509,673 on June 30, 2023. The ending fund balance increased during the 2021 - 2022 fiscal year by \$5,002,778 to a balance of \$10,035,340 on June 30, 2022. The ending balance is approximately 22% of total expenditures for 2022-2023. The ending balance is approximately 33% of total expenditures for 2021-2022. For 2023, revenues decreased by \$3,534,211 which is an 10.0% decrease from the previous year and expenditures decreased \$260,003 that is a .09% increase from the previous year. For 2022, revenues increased by \$3,934,759 which is an 12.0% increase from the previous year and expenditures decreased \$14,848 that is a .05% decrease from the previous year.

CAPITAL ASSETS

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1 had \$30,740,546 invested in capital assets as of June 30, 2023. Table IV shows the balances as of June 30, 2023 and 2022.

This total represents an increase of \$4,882,427 in net capital assets from July 1, 2022. For a detailed breakdown of additions and deletions to capital assets, readers are referred to Note 6 in the audited financial statements that follow this analysis. The School District levied 10 mills for the building fund in 2022-2023.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2023

Table IV
CAPITAL ASSETS (net of accumulated depreciation)

	6/30/23	06/30/22
Land and assets not being depreciated	\$ 4,445,417	\$ 3,656,219
Buildings and improvements	24,179,731	20,005,857
Equipment and vehicles	2,115,398	2,196,043
Total Capital Assets (net of depreciation)	<u>\$ 30,740,546</u>	<u>\$ 25,858,119</u>

DEBT ADMINISTRATION

At June 30, 2023, the School District had \$39,458,954 of outstanding long-term debt. Of this amount, \$418,541 is for compensated absences and retirement annuities, \$34,920,960 is for the net pension obligation and net OPEB liability and \$4,119,453 is for bonds and lease/purchases.

Table V
Long-Term Debt at June 30

	2023	2022
Limited tax school building bonds, series 2012	\$ 340,000	\$ 388,027
State aid refunding certificates of indebtedness, series 2020	3,644,948	3,822,301
Lease/purchase, copiers	134,505	3,186
Compensated absences	132,914	158,136
Annuity payable	285,627	279,523
Net pension obligation - NDTFFR	26,042,670	19,416,308
Net pension obligation - NDPERS	8,586,544	3,239,095
Net OPEB liability	291,746	147,422
Total	<u>\$ 39,458,954</u>	<u>\$ 27,453,998</u>

For more detailed information on the School District's debt, please refer to Note 8 of the basic financial statements.

FOR THE FUTURE

The Jamestown Public School District has maintained a fairly stable enrollment but anticipates decreasing enrollment in the future. The School District has been working on a long-term plan for facilities to best meet the needs of the students of the School District. The School District will continue to meet with stakeholders, which include community members, teachers, administrators, and board members, through the process of implementing the strategic plan.

COMPONENT UNIT

Only summary information regarding a component unit appears in the School District's financial statements. The component unit is the James Valley Career & Technology Center. The financial statement information is presented in a separate column in the School District-wide Statement of Net Position and in the Statement of Activities. Additional information can be obtained from the separately issued financial statements available from the Business Manager of Jamestown Public School.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2023

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, taxpayers and creditors with a general overview of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** finances and to show the School District's accountability for the money it receives to provide the best possible education to all students enrolled in Jamestown Public Schools. Anyone who has questions about the information contained in this report or who is interested in receiving additional information is encouraged to contact the Business Manager of Jamestown Public Schools, 207 Second Avenue SE, Jamestown, ND 58401; phone 701-252-1950, fax 701-251-2011.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Cash and cash equivalents	\$ 10,144,696	\$ 671,086
Certificates of deposit over three months and annuity	1,285,627	
Taxes receivable	335,660	
Due from county treasurer	24,525	
Due from other governmental agencies	1,288,143	311,211
Inventories	41,046	
Capital assets		
Land and improvements not being depreciated	4,445,417	45,598
Buildings and improvements	43,122,993	1,607,700
Equipment and vehicles	10,424,261	498,242
Less: accumulated depreciation	<u>(27,252,125)</u>	<u>(1,836,863)</u>
Total Capital Assets	<u>30,740,546</u>	<u>314,677</u>
Total Assets	<u>43,860,243</u>	<u>1,296,974</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions - NDTFFR	4,148,771	
Deferred outflows of resources related to pensions - NDPERS	5,787,204	
Deferred outflows of resources related to OPEB	149,964	
Total Deferred Outflows of Resources	<u>10,085,939</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 53,946,182</u>	<u>\$ 1,296,974</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,530,963	\$ 91,456
Long-term liabilities		
Due within one year		
Interest payable	37,980	
Bonds, capital leases	257,940	
Due in more than one year		
Bonds, capital leases	3,861,513	
Compensated absences and annuities	418,541	1,038
Net pension obligation - NDTFFR	26,042,670	
Net pension obligation - NDPERS	8,586,544	
Net OPEB liability	291,746	
Total Liabilities	<u>42,027,897</u>	<u>92,494</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions - NDTFFR	2,491,754	
Deferred inflows of resources related to pensions - NDPERS	3,646,249	
Deferred inflows of resources related to OPEB	33,201	
Total Deferred Inflows of Resources	<u>6,171,204</u>	
NET POSITION		
Net investment in capital assets	26,621,093	314,677
Restricted for:		
Capital projects	1,215,080	
Operations	399,470	
Unrestricted	<u>(22,488,562)</u>	<u>889,803</u>
Total Net Position	<u>5,747,081</u>	<u>1,204,480</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 53,946,182</u>	<u>\$ 1,296,974</u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary government				
Instruction				
Regular	\$ 16,064,413	\$ 187,281	\$ 2,501,496	\$ (15,877,132)
Federal	1,737,112		1,076,339	764,384
Special education	4,851,398		93,513	(3,775,059)
Vocational education	331,492			(237,979)
Support services				
Instructional support services	1,357,204			(1,357,204)
Administration services	754,674			(754,674)
Operation and maintenance of plant	2,376,367			(2,376,367)
Student transportation	554,752	299,823		(254,929)
Extracurricular activities	2,101,493		1,141,837	(959,656)
Other support services	665,587			(665,587)
Community services	39,970			(39,970)
Tuition and assessments	1,728,810			(1,728,810)
Food service	1,542,335	667,440	866,065	(8,830)
Interest on long-term debt	70,320			(70,320)
Total Governmental Activities	34,175,927	1,154,544	5,679,250	(27,342,133)
Component Units				
James Valley	1,310,992	682,441	661,104	32,553
Total Component Units	\$ 1,310,992	\$ 682,441	\$ 661,104	32,553
General revenues:				
Taxes:				
Property taxes, levied for general purposes				5,821,674
Property taxes, levied for specific purposes				2,549,721
Other taxes				124,327
State aid not restricted to specific programs				19,981,881
Unrestricted investment earnings				83,392
Miscellaneous				515,585
Total general revenues				29,076,580
Change in net position				1,734,447
Net position - beginning of year				4,012,634
Net position - end of year				1,151,943
				\$ 5,747,081
				\$ 1,204,480

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota
BALANCE SHEET
Governmental Funds
June 30, 2023

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 6,355,690	\$	\$ 1,141,608	\$ 1,395,552	\$ 8,892,850
Certificates of deposit over three months	1,025,627		40,000	90,000	1,155,627
Taxes receivable, net	293,049		42,612		335,661
Due from county treasurer	21,417		3,108		24,525
Receivable from other governments	1,288,143				1,288,143
Inventories				41,046	41,046
Total Assets and Deferred Outflows of Resources	<u>\$ 8,983,926</u>	<u>\$</u>	<u>\$ 1,227,328</u>	<u>\$ 1,526,598</u>	<u>\$ 11,737,852</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUNDS BALANCES					
Liabilities:					
Accounts payable	\$ 79,659	\$	\$ 12,248	\$ 7,337	\$ 99,244
Accrued contracts and benefits	2,112,679			1,204	2,113,883
Total Liabilities	<u>2,192,338</u>		<u>12,248</u>	<u>8,541</u>	<u>2,213,127</u>
Deferred inflows of resources					
Unavailable revenue	<u>281,915</u>		<u>41,007</u>		<u>322,922</u>
Fund balances:					
Nonspendable				41,046	41,046
Restricted			1,174,073	399,470	1,573,543
Assigned				1,077,541	1,077,541
Unassigned	6,509,673				6,509,673
Total Fund Balances	<u>6,509,673</u>		<u>1,174,073</u>	<u>1,518,057</u>	<u>9,201,803</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,983,926</u>	<u>\$</u>	<u>\$ 1,227,328</u>	<u>\$ 1,526,598</u>	<u>\$ 11,737,852</u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2023

Total fund balance, governmental funds	\$ 9,201,803
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	30,740,546
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	322,922
Net OPEB liability and OPEB related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of :	
Net OPEB liability	(291,746)
Deferred outflows of resources	149,964
Deferred inflows of resources	(33,201)
Net NDTFFR pension liability and pension related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of :	
Net pension liability - NDTFFR	(26,042,670)
Deferred outflows of resources - NDTFFR	4,148,771
Deferred inflows of resources - NDTFFR	(2,491,754)
Net NDPERS pension liability and pension related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of :	
Net pension liability - NDPERS	(8,586,544)
Deferred outflows of resources - NDPERS	5,787,204
Deferred inflows of resources - NDPERS	(3,646,249)
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	1,064,010
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(4,575,975)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 5,747,081</u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended June 30, 2023

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local sources	\$ 8,177,452	\$	\$ 1,053,379	\$ 1,813,905	\$ 11,044,736
County sources	104,135				104,135
State sources	20,618,803			9,390	20,628,193
Federal sources	3,287,067			852,049	4,139,116
Investment earnings	72,208		13,376	3,911	89,495
Miscellaneous	3,500				3,500
Total Revenues	<u>32,263,165</u>		<u>1,066,755</u>	<u>2,679,255</u>	<u>36,009,175</u>
EXPENDITURES					
Instruction					
Regular	15,113,351				15,113,351
Federal	1,831,845				1,831,845
Special education	4,858,357				4,858,357
Vocational education	332,189				332,189
Support Services					
Instructional support services	1,359,479				1,359,479
Administration services	728,335				728,335
Operation and maintenance of plant	1,887,690		338,605		2,226,295
Student transportation	554,752				554,752
Extracurricular activities	1,127,343			989,272	2,116,615
Other support services	457,555				457,555
Community services	39,970				39,970
Tuition and assessment	1,728,810			1,580,066	1,728,810
Food service					1,580,066
Debt Service:					
Principal		253,381			253,381
Interest and other charges		72,540			72,540
Capital Outlay					
Total Expenditures	<u>30,019,676</u>	<u>325,921</u>	<u>5,823,357</u>	<u>2,569,338</u>	<u>5,823,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,243,489</u>	<u>(325,921)</u>	<u>(5,095,207)</u>	<u>109,917</u>	<u>(3,067,722)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	10,000				
Transfers out	(5,779,156)	325,921	5,513,240		5,849,161
Total other financing sources and uses	<u>(5,769,156)</u>	<u>325,921</u>	<u>(60,005)</u>	<u>(10,000)</u>	<u>(5,849,161)</u>
Net change in fund balances	<u>(3,525,667)</u>		<u>358,028</u>	<u>99,917</u>	<u>(3,067,722)</u>
Fund balances - beginning	<u>10,035,340</u>		<u>816,045</u>	<u>1,418,140</u>	<u>12,269,525</u>
Fund balances - ending	<u>\$ 6,509,673</u>	<u>\$</u>	<u>\$ 1,174,073</u>	<u>\$ 1,518,057</u>	<u>\$ 9,201,803</u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
Year Ended June 30, 2023

Net change in fund balances - total governmental funds: \$ (3,067,722)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay \$6,235,792 exceeded depreciation \$1,353,364 in the current period. 4,882,428

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 84,472

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The liability is accrued in the Statement of Net Position. This is the amount by which repayments exceeded proceeds. 88,681

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. 25,222

Amortization of bond premium (3,883)

Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension expense. (310,705)

Internal service funds are used by management to charge the costs of certain activities, such as self insured health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 35,954

Change in net position of governmental activities \$ 1,734,447

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota STATEMENT OF NET POSITION Proprietary Funds June 30, 2023

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,251,846
Certificates of deposit over three months	<u>130,000</u>
Total assets	<u>1,381,846</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	10,450
Accrued health benefits	<u>307,385</u>
Total liabilities	<u>317,835</u>
 NET POSITION	
Unrestricted	1,064,011
Total net position	<u><u>\$ 1,064,011</u></u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION
Proprietary Funds
Year Ended June 30, 2023

	Internal Service Funds
REVENUES	
Charges for services	\$ 2,579,135
Miscellaneous	1,025,720
Total operating revenues	<u>3,604,855</u>
OPERATING EXPENSES	
Insurance claims and expenses	<u>3,572,334</u>
Total Operating Expenses	<u>3,572,334</u>
Operating Income	<u>32,521</u>
NON-OPERATING REVENUES	
Interest and investment revenue	<u>3,385</u>
Total non-operating revenue	<u>3,385</u>
Change in net position	35,906
Total net position - beginning	1,028,105
Total net position - ending	<u><u>\$ 1,064,011</u></u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota STATEMENT OF CASH FLOWS Proprietary Funds Year Ended June 30, 2023

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from assessments made to other funds and other income	\$ 3,604,855
Payments made for health insurance claims and stop loss premiums	<u>(3,582,989)</u>
Net Cash Provided by Operating Activities	<u>21,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>3,385</u>
Net Cash Provided by Investing Activities	<u>3,385</u>
Net increase in cash and cash equivalents	25,251
CASH AND CASH EQUIVALENTS	
Beginning of the year	<u>1,226,595</u>
End of the year	<u><u>\$ 1,251,846</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 32,521
Adjustments to reconcile operating income to net cash provided by operating activities	
Changes in assets and liabilities	
Accrued health benefits and accounts payable	<u>(10,655)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 21,866</u></u>

The accompanying notes are an integral part of these financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

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

A. Description of the Reporting Entity

The JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1 is organized under the laws of the State of North Dakota. It provides a system of free public schools for all children of legal age residing within the district. It is governed by an elected nine-member school board and operates grades K through 12.

B. Reporting Entity

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The James Valley Career and Technology Center is a legally separate entity organized to provide vocational courses to participating school districts. It is governed by JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's elected board with the assistance of an appointed advisory board.

The component unit condensed financial information reflects this discretely presented unit. Complete financial statements for the individual component unit may be obtained at the administrative offices of JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1.

Governmental accounting standards require reasonable separation between the primary government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note references or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable to the School District and to its component units.

Condensed Component Unit Financial Statements

	James Valley Career & Technology Center
ASSETS	
Current assets	\$ 982,297
Capital assets	314,677
Total Assets	<u>1,296,974</u>

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

B. Reporting Entity - continued

LIABILITIES	
Current liabilities	91,456
Long-term liabilities	1,038
Total Liabilities	<u>92,494</u>
NET POSITION	
Net investment in capital assets	314,677
Unrestricted	889,803
Total Net Position	<u>\$ 1,204,480</u>
Expenses	
Instructional	\$ 648,306
Support	662,686
Program revenues	
Charges for services	682,441
Operating grants and contributions	661,104
Net Program Revenue (Expense)	<u>32,553</u>
General revenues	
Investment earnings	<u>19,984</u>
Change in Net Position	52,537
Net Position - Beginning	1,151,943
Net Position - Ending	<u>\$ 1,204,480</u>

C. Basis of Presentation

District - Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The School District does not report any business-type activities.

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. The School District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2023

C. Basis of Presentation - continued

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are utilized to account for most of the School District's governmental functions. The School District's major governmental funds are as follows:

General Fund

The General Fund is the operating fund of the School District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Internal Service Funds

Internal Service Funds provides services to other funds in the School District on a cost reimbursement basis. Because the School District's internal service fund primarily services governmental functions, it is included within the governmental activities of the government-wide financial statements.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

C. Basis of Presentation - continued

Major Funds

The School District reports the following major governmental funds:

- General Fund
- Debt Service Fund
- Capital Projects Fund

Non-Major Funds

The School District reports the following non-major funds:

- Special Revenue Funds
- Special Reserve Fund
- School Lunch Fund
- Activity Fund

Proprietary Funds

The School District reports the following proprietary funds:

- Internal Service Funds
- Health Insurance Fund

D. Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The School District's internal service fund also used the accrual basis of accounting.

Governmental funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School District considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest not matured on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenue is recorded as revenue in the year the tax is levied in the government-wide financial statements. Property tax revenues in the governmental funds are recorded when it becomes available.

Property taxes are levied and certified no later than October 10 and property taxes attach as an enforceable lien on property as of January 1 and are due and payable at that time. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the School District on a monthly basis.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

D. Basis of Accounting - continued

State general and categorical aids and other entitlements are recognized as revenue in the period the School District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the School District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided by other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received before the district has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the School 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 non-operating revenues and expenses.

E. Measurement Focus

On the government-wide Statement of Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds, and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

Liabilities for claims, judgments, compensated absences and pension contributions that will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2023

F. Estimates

The preparation of 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.

G. Deposits

The School District maintains deposits at depository banks that are members of the Federal Reserve System. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 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 instrumentality's, 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 instrumentality's, 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 any other state of the United States or such other securities approved by the banking board.

Although the James Valley Career & Technology Center is operated as a separate entity from **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**, the agreements with the financial institutions stipulate that both entities will be treated as one entity for purposes of Federal Deposit Insurance. Therefore, although a separate audit report has been prepared for the James Valley Career & Technology Center, the funds on deposit for this entity is included with the School District funds in the summary of protection in this report.

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

Credit risk. North Dakota state statute authorizes school districts to invest their surplus funds in:

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

The School District has no cash and cash equivalents other than demand and time deposits.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2023, the School District's deposits were fully insured or collateralized with securities held by the financial institutions in the School District's name. (See Note 2)

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

H. Cash Flow Information

For purposes of the statement of cash flows, the School District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

I. Inventories

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting and consist of food, commodities and other supplies.

J. Capital Assets

District-Wide Statements

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

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

Building and improvements	50 years
Equipment and vehicles	5 - 20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of bonds, lease/purchase agreements and compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources. The payment of principal and interest are reported as expenditures.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

L. Compensated Absences

The School District allows teachers/ administrators to accumulate unused sick leave up to 135 days. Upon termination, no days of accumulated sick leave are paid to employees. Classified staff that are considered full time, i.e., work 12 months, earn approximately 10 vacation days per year. In addition, certified administrative staff who work 12 months, earn 15 vacation days per year. They have up to the end of the next school year to use it. Teachers are entitled to three days of paid personal leave per year accumulative to five paid days. Unused personal leave days shall be compensated at the current substitute teacher pay daily rate. Administrative staff earn four days of personal leave accumulative to six days. Unused personal leave days shall be compensated at \$200 per day. The amount to be paid from current resources is not significant. Upon leaving employment, personal leave and vacation days are paid out at the current rate of pay.

M. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
2. Restricted net position - consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
3. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balances

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact, such as, inventories and prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the School Board.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2023

M. Equity Classifications - continued

Assigned - consists of amounts intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

The School District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the School District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

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

For the purposes of measuring the net Other Post-Employment Benefits (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 the 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.

2. Cash and Cash Equivalents/Certificates of Deposit over Three Months

The following summary presents the amount of the School District's deposits which are fully insured or collateralized with securities held by the School District or its agent in the School District's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the School District's name (category 2), and those deposits which are not collateralized (category 3) at June 30, 2023.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

2. Cash and Cash Equivalents/Certificates of Deposit over Three Months - continued

Cash and cash equivalents/certificates of deposit over three months by balance sheet accounts

	Category 1	Category 2	Bank Balance	Book Balance
Governmental activities				
Cash and cash equivalents	\$ 551,012	\$ 9,968,256	\$ 10,519,268	\$ 9,630,661
Certificates of deposit over three months	500,000	1,013,010	1,513,010	1,513,010
Component units				
Cash and cash equivalents	448,988	245,303	694,291	670,786
Total	<u>\$1,500,000</u>	<u>\$11,226,569</u>	<u>\$ 12,726,569</u>	<u>\$11,814,457</u>

Cash and cash equivalents by entity	Bank Balance	Book Balance
Jamestown Public School District No. 1		
Cash and cash equivalents	\$10,519,268	\$ 9,631,686
Certificates of deposit over three months	1,513,010	1,513,010
Less cash on hand		1,025
Total Jamestown Public School	<u>12,032,278</u>	<u>11,143,671</u>
James Valley Career and Technology Center		
Cash and cash equivalents	694,291	671,086
Less cash on hand		300
Total James Valley	<u>694,291</u>	<u>670,786</u>
Total Under Custody of the School District	<u>\$ 12,726,569</u>	<u>\$ 11,814,457</u>

3. Annuity

Investments consist of a deferred annuity and a whole life insurance plan purchased at a cost of \$114,582. The investment is payable to a former employee.

4. Due from Other Governments

Due from other governments consists of the following as of June 30, 2023:

Primary Government

General Fund	
Local funds	\$ 23,615
State funds	
ND DPI	4,389
ND Career & tech	15,659
Day treatment	24,875
Behavior Health grant	21,668
Federal funds	
Title I	194,119
Title II A	18,426
Title IV	1,675
IDEA B	323,897
IDEA B preschool	17,024

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

4. Due from Other Governments - continued

Choice ready	52,767
CLSD grant	162,985
ESSER II	127,983
ESSER III	282,435
Miscellaneous	16,626
Total General Fund	<u>1,288,143</u>
Total Jamestown Public School	<u>\$ 1,288,143</u>

Component Units

James Valley Career & Technology Center	
State funds	
Vocational aid	\$ 231,974
Federal funds	79,237
Total James Valley Career & Technology Center	<u>\$ 311,211</u>
Total Reporting Entity	<u>\$ 1,599,354</u>

5. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2023, consist of the following:

General fund to Debt Service for bond service costs	\$ 232,535
General fund to Debt Service for copier lease payments	33,381
General fund to Capital Projects for building improvements	5,513,240
Capital Projects fund to Debt Service for bond service costs	60,005
General fund from other governmental for services	10,000
	<u>\$ 5,849,161</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

<i>Primary Government</i>	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land and improvements	\$ 2,114,490	\$ 215,291	\$	\$ 2,329,781
Construction in progress	1,541,729	5,499,771	4,925,864	2,115,636
Total Capital Assets Not Being Depreciated	<u>3,656,219</u>	<u>5,715,062</u>	<u>4,925,864</u>	<u>4,445,417</u>
Capital Assets Being Depreciated				
Buildings and improvements	38,197,129	4,925,864		43,122,993
Equipment and vehicles	9,903,532	520,729		10,424,261
Total Capital Assets Being Depreciated	<u>48,100,661</u>	<u>5,446,593</u>		<u>53,547,254</u>

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

6. Capital Assets – continued

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Total Capital Assets	51,756,880	11,161,655	4,925,864	57,992,671
Less Accumulated Depreciation for				
Buildings and improvements	18,191,272	751,990		18,943,262
Equipment and vehicles	7,707,489	601,374		8,308,863
Total Accumulated Depreciation	25,898,761	1,353,364		27,252,125
Net Capital Assets	\$ 25,858,119	\$ 9,808,291	\$ 4,925,864	\$ 30,740,546

Discretely Presented Component Units

Activity for James Valley Career and Technology Center for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land and improvements	\$ 45,598	\$	\$	\$ 45,598
Capital Assets Being Depreciated				
Buildings and improvements	1,607,700			1,607,700
Equipment and vehicles	475,441	22,801		498,242
Total Capital Assets Being Depreciated	2,083,141	22,801		2,105,942
Total Capital Assets	2,128,739	22,801		2,151,540
Less accumulated depreciation				
Buildings and improvements	1,414,776	32,154		1,446,930
Equipment and vehicles	358,227	31,706		389,933
Total Accumulated Depreciation	1,773,003	63,860		1,836,863
Net Capital Assets	\$ 355,736	\$ (41,059)	\$	\$ 314,677
Primary Government				
Instruction			\$	1,057,927
Support				
Administrative services				27,811
Operation and maintenance				59,594
Other				208,032
Total Primary Government				1,353,364
Component Units				
James Valley				63,860
Total Depreciation Expense			\$	1,417,224

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**Jamestown, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2023****7. Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet 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 (expenses/expenditures) until then. The School District currently has deferred outflows of resources related to pensions and other post-employment benefits.

In addition to liabilities, the balance sheet 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 (revenues) until that time. The School District currently has deferred inflows of resources related to pensions and other post-employment benefits. The School District has unavailable revenue from a variety of resources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2023, was as follows:

Primary Government

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amounts Due Within One Year
Bonds and Lease/Purchase					
Limited tax school building bonds, Series 2012	\$ 390,000	\$	\$ 50,000	\$ 340,000	\$ 55,000
Bond discount	(1,973)		(1,973)		
State aid refunding certificates of indebtedness, Series 2020	3,750,000		170,000	3,580,000	170,000
Bond premium	72,301		7,353	64,948	
Lease/purchase, copiers	3,186	164,700	33,381	134,505	32,940
Total Bonds and Lease/Purchase	4,213,514	164,700	258,761	4,119,453	257,940
Other Liabilities					
Annuity payable	279,523	6,104		285,627	
Vested compensated absences	158,136		25,222	132,914	
Net pension obligation - NDPERS	3,239,095	5,347,449		8,586,544	
Net pension obligation - NDTFFR	19,416,308	6,626,362		26,042,670	
Net OPEB liability	147,422	144,324		291,746	
Total Other Liabilities	23,240,484	12,124,239	25,222	35,339,501	
Total Long-Term Liabilities	\$27,453,998	\$ 12,288,939	\$ 283,983	\$ 39,458,954	\$ 257,940

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**Jamestown, North Dakota****NOTES TO FINANCIAL STATEMENTS - continued****Year Ended June 30, 2023****8. Long-Term Obligations - continued**

	<u>Balance June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
<i>Discretely Presented Component Unit</i>					
James Valley					
Other Liabilities					
Vested compensated absences	\$ 3,508	\$	\$ 2,470	\$ 1,038	\$

\$835,000 limited tax school building bonds, series 2012, dated April 18, 2012, due in annual installments of \$45,000 to \$60,000 starting August 1, 2013 to August 1, 2028 with interest at .65% to 3.0%.

\$3,920,000 state aid refunding certificates of indebtedness, series 2020, dated September 9, 2020, due in installments of \$170,000 to \$210,000 starting August 1, 2021 to August 1, 2040 with interest at 1.0% to 2.0%.

\$191,172 lease/purchase dated August 1, 2017, due in annual payments of \$38,234 starting August 1, 2017 through July 1, 2022.

\$164,700 lease/purchase dated August 3, 2022, due in monthly payments of \$2,745 starting August of 2022 thru July of 2028.

The School District has entered into a deferred compensation agreement with a former employee. The agreement calls for the payment of not less than \$144,000, to be paid in 120 equal monthly installments of \$1,200 beginning January 30, 2007. In order to satisfy this liability, the School District has purchased a deferred annuity and whole life insurance plan at a cost of \$114,582.

Estimated payments of accumulated employee benefits and other commitments are not included in the following schedule.

Debt service requirements to maturity on general obligation debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 225,000	\$ 67,932	\$ 292,932
2025	230,000	63,218	293,218
2026	235,000	58,210	293,210
2027	235,000	52,960	287,960
2028	245,000	47,585	292,585
2029 - 2033	1,035,000	176,300	1,211,300
2034 - 2038	1,045,000	107,752	1,152,752
2039 - 2041	670,000	20,200	690,200
Totals	\$ 3,920,000	\$ 594,157	\$ 4,514,157

The School District leases equipment with a historical cost of \$164,700 and accumulated amortization of \$30,195 under capital lease arrangements. Future minimum lease payments at June 30, 2023, are as follows:

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

8. Long-Term Obligations - continued

2024	\$ 32,940
2025	32,940
2026	32,940
2027	32,940
2028	2,745

9. North Dakota Teachers' Fund for Retirement

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

NDTFFR 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. NDTFFR provides for pension, death and disability benefits. The cost to administer the NDTFFR plan is financed by investment income and contributions.

Responsibility for administration of the NDTFFR 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 NDTFFR 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. NDTFFR 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 NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR 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.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

9. North Dakota Teachers' Fund for Retirement - continued

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. NDTFFR 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 NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR 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 certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. NDTFFR 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 NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR 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 NDTFFR has determined eligibility based on 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.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

9. North Dakota Teachers' Fund for Retirement - continued

Member and Employer Contributions

Member and employer contributions paid to NDTFFR 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 NDTFFR 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 NDTFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under NDTFFR. 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 School District reported a liability of \$26,042,670 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of covered payroll in the pension plan relative to the covered payroll of all participating NDTFFR employers. At July 1, 2022, the School District's proportion was 1.78857987% which was a decrease of .05417708% from its proportion measured as of July 1, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,039,931. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,229	\$ 695,326
Changes in assumptions	529,553	
Net difference between projected and actual earnings on pension plan investments	1,950,634	
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,796,428
School District contributions subsequent to the measurement date	1,556,355	
Total	<u>\$ 4,148,771</u>	<u>\$ 2,491,754</u>

Deferred outflows of resources related to pensions in the amount of \$1,556,355 resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

9. North Dakota Teachers' Fund for Retirement - continued

Year ended June 30:	
2024	\$ (74,729)
2025	(230,384)
2026	(518,871)
2027	1,385,645
2028	(174,858)
Thereafter	(286,141)

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 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 NDTFFR.

The TFFR Board is responsible for establishing investment policy for the fund assets under the NDCC15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of July 1, 2022, are summarized in the following table:

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

9. North Dakota Teachers' Fund for Retirement - continued

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 School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2022, as well as what the School District's share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 35,780,241	\$ 26,042,670	\$ 17,966,582

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDTFFR financial report. NDTFFR's Comprehensive Annual Financial Report (CAFR) is located at www.nd.gov/rio/sib/publications/cafr/default.htm.

10. 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

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2023

10. North Dakota Public Employees Retirement System - continued

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 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time 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.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

10. North Dakota Public Employees Retirement System - continued

Member and Employer Contributions

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

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

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

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

At June 30, 2023, the School District reported a liability of \$8,586,544 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 01, 2022, the School District's proportion was .298137% which was a decrease of .012627% from its proportion measured as of July 1, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,055,235. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,790	\$ 164,018
Net difference between projected and actual earnings on pension plan investments	314,266	
Change of assumptions	5,134,880	3,183,341
Changes in proportion and difference between employer contribution and proportionate share of contributions	53,025	298,890
School District contributions subsequent to the measurement date	240,243	
Total	<u>\$ 5,787,204</u>	<u>\$ 3,646,249</u>

Deferred outflows of resources related to pensions in the amount of \$240,243 resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

10. North Dakota Public Employees Retirement System - continued

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

Year ended June 30:	
2024	\$ 530,893
2025	644,351
2026	(40,153)
2027	765,621

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 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%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate. For NDPERS, 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 NDPERS plan, the use of a municipal bond rate is required.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

10. North Dakota Public Employees Retirement System - continued

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 District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.10 percent, as well as what the School District'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:

	<u>1% Decrease (4.10%)</u>	<u>Current Discount Rate (5.10%)</u>	<u>1% Increase (6.10%)</u>
School District's proportionate share of the net pension liability	\$ 11,333,648	\$ 8,586,544	\$ 6,331,267

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

11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB)

The following brief description of the 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 the 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.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued

OPEB Benefits

The employer contributions for the NDPERS, 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 NDPERS, 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 the 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 District reported a liability of \$291,746 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2022, the School District's proportion was .243059% which is a decrease of .022006% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expenses of \$42,891. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,917	\$ 2,509
Net difference between projected and actual earnings on OPEB plan investments	39,283	
Change of assumptions	73,487	
Changes in proportion and difference between employer contribution and proportionate share of contributions	7,617	30,692
School District contributions subsequent to the measurement date	22,660	
Total	<u>\$ 149,964</u>	<u>\$ 33,201</u>

\$22,660 was reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

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

Year ended June 30:	
2024	\$ 24,920
2025	22,723
2026	17,551
2027	28,909

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	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 Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-1020 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 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

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2023

11. North Dakota Public Employees Retirement System Other Post-Employment Benefits (OPEB) - continued

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
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	35%	0.50%
International Equities	26%	6.25%

Discount Rate. The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.39%, 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%)
School District's proportionate share of the net OPEB liability	\$ 372,396	\$ 291,746	\$ 224,042

12. Risk Management

The School District is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters. The District is self-insured for employee health insurance. The School District has established a separate fund to account for this activity: Health Insurance. Each participating fund makes payments to the health insurance fund. Such payments are displayed on the financial statements as revenues and expenditures/expenses to the extent that the charge to the other funds is based on the actual expenses of the funds plus an additional amount for catastrophic losses. Payments in excess of these amounts, if any, are reported as operating transfers.

The School District has contracted with third party administrators (TPAs) to administer the employee health insurance programs and to review and process claims. In addition, the School District has contracted with third party carriers for specific and aggregate stop loss coverage to limit the School District's exposure to losses. The specific and aggregate stop loss coverage is as follows:

Health Insurance - The School District is self-insured for \$75,000 per individual per year.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

12. Risk Management - continued

Additionally, commercial insurance covers claims in excess of an aggregate amount for the School District (which is determined annually based upon the School District's past claim experience) up to 120% of expected claims per plan year. Settled claims have not exceeded the commercial coverage in the last three years. All funds of the School District participate in the program and make payments to the Group Health Insurance Fund based on individual employee premiums.

The unpaid claims liability of \$307,385 for 2023 and \$328,490 for 2022 has been accrued since the School District reports on the modified accrual basis. The School District currently does not discount its unpaid claims liabilities.

Reconciliation of Unpaid Claims Liabilities is shown below:

	<u>2023</u>	<u>2022</u>
Reconciliation of Unpaid Claims Liabilities		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 328,490	\$ 465,125
Incurred claims and claim adjustment expense		
Provision for insured events of the current year	3,296,205	2,916,348
Claim and claim adjustment expenses attributable to insured events of the current year	<u>(3,317,310)</u>	<u>(3,052,983)</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 307,385</u>	<u>\$ 328,490</u>

The School District's risk for liability coverage, real and personal property, is covered by premiums paid to commercial carriers. The School District's risk for worker's compensation is covered by premiums paid to the North Dakota Workforce Safety & Insurance. The Bureau was created by the Legislature of the State of North Dakota. There has been no major reduction in insurance coverage and settled claims from these risks have not exceeded commercial coverage for the past three years.

13. Contingencies

The School 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 School District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the School District as of June 30, 2023.

14. Governmental Activities Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2023 include the following:

Governmental Activities

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 30,740,546
Less: related long-term debt outstanding	<u>(4,119,453)</u>
Net Investment in Capital Assets	<u>26,621,093</u>

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2023

14. Governmental Activities Net Position - continued

Restricted	
Capital projects	1,215,080
Operations	399,470
Total Restricted	<u>1,614,550</u>
Unrestricted	(22,488,562)
Total Governmental Activities Net Position	<u>\$ 5,747,081</u>

15. Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at June 30, 2023, include the following:

	<u>General</u>	<u>Capital Projects</u>	<u>School Lunch</u>	<u>Special Reserve</u>	<u>Activities</u>
Nonspendable					
Inventories	\$	\$	\$ 41,046	\$	\$
Restricted					
Capital projects		1,174,073			
Operations				399,470	
Assigned					
School lunch			492,336		
Activities					585,205
Unassigned	<u>6,509,673</u>				
	<u>\$6,509,673</u>	<u>\$ 1,174,073</u>	<u>\$ 533,382</u>	<u>\$399,470</u>	<u>\$585,205</u>

16. Construction Commitments

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1 has a signed construction contract as of June 30, 2023 for Middle School renovations. Most of the work has been completed and it will be placed in service in August of 2023.

REQUIRED SUPPLEMENTARY INFORMATION

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

BUDGET AND ACTUAL (With Variances)

General Fund

Year ended June 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Local sources	\$ 7,890,685	\$ 7,882,685	\$ 8,177,452	\$ 294,767
County sources	104,205	104,205	104,135	(70)
State sources	20,469,649	20,469,649	20,618,803	149,154
Federal sources	3,818,770	3,818,770	3,287,067	(531,703)
Investment earnings	5,000	5,000	72,208	67,208
Miscellaneous			3,500	3,500
Total Revenues	<u>32,288,309</u>	<u>32,280,309</u>	<u>32,263,165</u>	<u>(17,144)</u>
EXPENDITURES				
Instruction				
Regular	15,243,562	12,023,492	15,113,351	(3,089,859)
Federal	2,037,863	1,814,701	1,831,845	(17,144)
Special education	5,216,591	5,216,591	4,858,357	358,234
Vocational education	307,100	332,189	332,189	
Support services				
Instructional support services	1,537,724	1,537,724	1,359,479	178,245
Administrative services	715,379	715,379	728,335	(12,956)
Operation and maintenance of plant	2,124,368	2,124,368	1,887,690	236,678
Student transportation	587,500	587,500	554,752	32,748
Extracurricular activities	665,469	665,469	1,127,343	(461,874)
Other support services	476,666	476,666	457,555	19,111
Community services			39,970	(39,970)
Tuition and assessment	2,020,800	2,020,800	1,728,810	291,990
Total Expenditures	<u>30,933,022</u>	<u>27,514,879</u>	<u>30,019,676</u>	<u>(2,504,797)</u>
Excess (deficiency) of revenues over expenditures	<u>1,355,287</u>	<u>4,765,430</u>	<u>2,243,489</u>	<u>(2,521,941)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		10,000	10,000	
Transfer out	(6,717,275)	(6,717,275)	(5,779,156)	938,119
Total other financing sources and uses	<u>(6,717,275)</u>	<u>(6,707,275)</u>	<u>(5,769,156)</u>	<u>938,119</u>
Net change in fund balances	(5,361,988)	(1,941,845)	(3,525,667)	(1,583,822)
Fund balances - beginning	10,035,340	10,035,340	10,035,340	
Fund balances - ending	<u>\$ 4,673,352</u>	<u>\$ 8,093,495</u>	<u>\$ 6,509,673</u>	<u>\$ (1,583,822)</u>

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Budget and Actual (with Variance)
General Fund
Year Ended June 30, 2023

Note A - Budgets and Budgetary Accounting

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

1. The Superintendent in consultation with the Business Manager prepares the School District budget on the cash basis of accounting. In June, the Superintendent recommends that the School Board accept the budget. The budget includes proposed expenditures and the means of financing them. For budgetary purposes, property tax revenues and state and federal aid are recognized on the cash basis. The budget includes the general fund, the school lunch fund, the special reserve fund (special revenue), the capital projects fund, the debt service fund and the health insurance fund (proprietary).
2. The School Board reviews the budget, may make revisions and approves it on or before August 10. The draft budget must be filed with the county auditor by August 10th.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 10.
4. The balance of each appropriation becomes a part of the unappropriated balance at year-end.

Note B – Excess of Expenditures Over Appropriations

Expenditures in the General Fund exceeded appropriations by \$2,504,797. All expenditures were approved by the School Board. These expenditures were all funded by available fund balances.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET PENSION LIABILITY
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.298137%	0.310764%	0.319893%	31.313100%	0.324236%	0.309901%	0.332878%	0.309690%	0.323482%
Employer's proportionate share of the net pension liability	\$ 8,586,544	\$ 3,239,095	\$ 10,063,902	\$ 3,670,122	\$ 5,471,836	\$ 4,981,126	\$ 3,244,221	\$ 2,105,839	\$ 2,053,209
Employer's covered payroll	\$ 3,460,886	\$ 3,519,067	\$ 3,528,802	\$ 3,257,099	\$ 3,330,930	\$ 3,163,605	\$ 3,354,623	\$ 2,758,958	\$ 2,724,949
Employer's proportionate share of the net pension liability as a percentage of its covered - employee payroll	248.10%	92.04%	285.19%	112.68%	164.27%	157.45%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	54.47%	78.26%	48.91%	71.66%	62.80%	61.98	70.46%	77.15%	77.70%

*Complete data for this schedule is not available prior to 2015.

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 260,663	\$ 259,515	\$ 249,870	\$ 237,135	\$ 245,337	\$ 229,400	\$ 242,869	\$ 209,565	\$ 194,016
Contributions in relation to the statutorily required contributions	\$ (274,022)	\$ (260,083)	\$ (273,958)	\$ (236,420)	\$ (234,304)	\$ (240,790)	\$ (226,186)	\$ (211,422)	\$ (194,016)
Contribution deficiency (excess)	\$ (13,359)	\$ (568)	\$ (24,088)	\$ 715	\$ 11,033	\$ (11,390)	\$ 16,683	\$ (1,857)	\$
Employer's covered-employee payroll	\$ 3,460,886	\$ 3,519,067	\$ 3,528,802	\$ 3,257,099	\$ 3,330,930	\$ 3,163,605	\$ 3,354,623	\$ 2,758,958	\$ 2,724,949
Contributions as a percentage of covered-employee payroll	7.92%	7.39%	7.76%	7.26%	7.03%	7.61%	6.74%	7.66%	7.12%

*Complete data for this schedule is not available prior to 2015.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2023

ND Public Employees Retirement System

Changes of benefit terms

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.

Changes of assumptions

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

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET OPEB LIABILITY
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability	0.243059%	0.265065%	0.302357%	0.298192%	0.304412%	0.292428%
Employer's proportionate share of the net OPEB liability	\$ 291,746	\$ 147,422	\$ 254,342	\$ 234,444	\$ 239,745	\$ 231,314
Employer's covered payroll	\$ 2,509,349	\$ 2,889,887	\$ 3,446,782	\$ 3,257,099	\$ 3,330,930	\$ 3,163,605
Employer's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	11.63%	5.10%	7.38%	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	56.28%	76.63%	63.38%	63.13%	61.89%	59.78%

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

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHEDULE OF SCHOOL DISTRICT'S OPEB CONTRIBUTIONS
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 30,542	\$ 34,752	\$ 40,492	\$ 37,880	\$ 39,070	\$ 36,775
Contributions in relation to the statutorily required contributions	\$ (31,235)	\$ (35,403)	\$ (43,478)	\$ (37,854)	\$ (37,515)	\$ (38,553)
Contribution deficiency (excess)	\$ (693)	\$ (651)	\$ (2,986)	\$ 26	\$ 1,555	\$ (1,778)
Employer's covered-employee payroll	\$ 2,509,349	\$ 2,889,887	\$ 3,446,782	\$ 3,257,099	\$ 3,330,930	\$ 3,163,605
Contributions as a percentage of covered-employee payroll	1.24%	1.23%	1.26%	1.16%	1.13%	1.22%

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

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2023

ND Public Employees Retirement System - OPEB

Changes of benefit terms

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

Changes of assumptions

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.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHEDULE OF SCHOOL DISTRICT'S SHARE OF NET PENSION LIABILITY
ND Teachers' Fund for Retirement
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.788580%	1.842757%	1.888973%	1.927095%	1.969044%	1.996599%	2.012947%	2.088696%	2.170102%
Employer's proportionate share of the net pension liability	\$ 26,042,670	\$ 19,416,308	\$ 28,910,805	\$ 26,540,970	\$ 26,244,575	\$ 27,423,798	\$ 29,490,845	\$ 27,317,119	\$ 22,738,822
Employer's covered payroll	\$ 14,074,558	\$ 14,202,120	\$ 13,783,091	\$ 13,519,117	\$ 13,385,750	\$ 13,476,470	\$ 13,078,614	\$ 12,847,669	\$ 12,587,748
Employer's proportionate share of the net pension liability as a percentage of its covered - employee payroll	185.03%	136.71%	209.76%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64%
Plan fiduciary net position as a percentage of the total pension liability	67.50%	75.70%	63.40%	65.50%	65.50%	63.20%	59.20%	62.10%	66.60%

*Complete data for this schedule is not available prior to 2015.

SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
ND Teachers' Fund for Retirement
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 1,556,355	\$ 1,794,507	\$ 1,810,772	\$ 1,757,345	\$ 1,723,668	\$ 1,718,250	\$ 1,667,524	\$ 1,637,999	\$ 1,353,170
Contributions in relation to the statutorily required contributions	\$ (1,556,355)	\$ (1,794,507)	\$ (1,810,772)	\$ (1,757,345)	\$ (1,723,668)	\$ (1,718,250)	\$ (1,667,524)	\$ (1,637,999)	\$ (1,353,170)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employer's covered-employee payroll	\$ 14,074,558	\$ 14,202,120	\$ 13,783,091	\$ 13,519,117	\$ 13,385,750	\$ 13,476,470	\$ 13,078,614	\$ 12,847,669	\$ 12,587,748
Contributions as a percentage of covered-employee payroll	11.06%	12.64%	13.14%	13.00%	12.88%	12.75%	12.75%	12.75%	10.75%

*Complete data for this schedule is not available prior to 2015.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2023

ND Teachers Fund for Retirement

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

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

OTHER SUPPLEMENTARY INFORMATION

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHOOL DISTRICT OFFICIALS
June 30, 2023

Heidi Larson	President
Dan Tweeten	Vice-President
Roger Haut	Board Member to January 15, 2023
Melissa Gleason	Board Member
Diane Hanson	Board Member
Jason Rohr	Board Member
Steve Veldkamp	Board Member
Gayle Nelson	Board Member
Aaron Roberts	Board Member
Jamie Bear	Board Member from March 6, 2023
Dr. Robert Lech	Superintendent
Sally Ost	Business Manager to January 31, 2023
Kristi Grounds	Business Manager from February 1, 2023

Schauer & Associates, P.C.

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

School Board

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1

Jamestown, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** basic financial statements and have issued our report thereon dated January 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** internal control. Accordingly, we do not express an opinion on the effectiveness of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we considered to be a significant deficiency. (2023-001)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* - continued 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** response was not subjected to the 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.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
January 11, 2024

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

School Board
JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**'s major federal programs for the year ended June 30, 2023. **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**'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, **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** 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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** 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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**'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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**'s federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - continued

Auditors' 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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 risk. Such procedures include examining, on a test basis, evidence regarding **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1'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 **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE - continued**

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
January 11, 2024

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended June 30, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Pass-Through Grantor Program Grant Title</u>	<u>Federal CFDA #</u>	<u>Pass-through Grantor Numbers</u>	<u>Expenditures</u>
Jamestown Public School District No. 1			
U.S. Department of Agriculture			
Passed through ND Department of Public Instruction			
School Breakfast Program	10.553	F10553	\$ 97,693
National School Lunch Program - cash	10.555	F10555	553,387
National School Lunch Program - commodities ***	10.555	F10555	142,021
Summer Food Service Program for Children	10.559	F10559	10,081
Fresh Fruit and Vegetable Program	10.582	F10582	43,355
Total Child Nutrition Cluster			<u>846,537</u>
State Administrative Expenses for Child Nutrition	10.560	F10560	5,512
Total U. S. Department of Agriculture			<u>852,049</u>
U.S. Department of Education			
Passed through ND Department of Public Instruction			
Title I - Grants to Local Educational Agencies	84.010	F84010	<u>533,577</u>
Special Education Grants to States	84.027	F84027A	768,546
Special Education Preschool Grants	84.173	F84173X	20,051
Total Special Education Cluster (IDEA)			<u>788,597</u>
Supporting Effective Instruction State Grants	84.367	F84367	108,059
Grants for State Assessments and Related Activities	84.369	F84369A	16,796
Comprehensive Literacy Development	84.371	F84371C2	368,746
Student Support and Academic Enrichment Program	84.424	F84424A	107,221
COVID – Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act**	84.425	F84425D & U	1,303,841
Total U. S. Department of Education			<u>3,226,837</u>
Total Jamestown Public School District No. 1			<u>\$ 4,078,886</u>
James Valley Career and Technology Center			
U.S. Department of Education			
Passed through ND Department of Career & Technical Education			
Basic Grants to States	84.048	N/A	\$ 71,402
Total James Valley Career and Technology Center			<u>\$ 71,402</u>
Total Expenditures of Federal Awards			<u>\$ 4,150,288</u>

** MAJOR PROGRAMS *** NONCASH ASSISTANCE The notes are an integral part of this statement.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended June 30, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation/Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1** and component units 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 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 the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**, it is not intended to and does not present the financial position or changes in financial position of the **JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1**. Expenditures represent only the federally funded portions of the program. School District records should be consulted to determine amounts expended or matched from non-federal sources.

B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.

C. Non-Cash Awards

The amount of commodities reported on the schedule is the value of the supplemental food program distributed by the School District during the year as priced by the North Dakota Department of Public Instruction.

D. Indirect Cost Rate

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1 has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

A. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report - Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? X Yes _____ 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 that are not
considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major
federal programs - Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs

CFDA Number
84.425

Name of Federal Program or Cluster
COVID – Education Stabilization Fund Under the Coronavirus
Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between type A and
Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**B. Findings Related to the Financial Statements which are Required to be Reported in Accordance
With Government Auditing Standards**

Finding 2023-001 Significant Deficiency – Financial Statement Preparation

Condition

Schauer & Associates, P.C. assists the School District's management in preparing financial statements that are presented, including note disclosure in accordance with accounting principles generally accepted in the United States of America.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
Year Ended June 30, 2023

Criteria

An appropriate system of internal control requires that the School District make a determination that financial statements and underlying general ledger accounts are properly stated in conformity with accounting principles generally accepted in the United States of America.

Condition

The School District's auditors prepared the financial statements, including all note disclosures as of June 30, 2023.

Cause

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

Effect

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

Recommendation

We recommend the School 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 School 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.

View of Responsible Officials

The Jamestown School Board has accepted the degree of risk associated with the School 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.

C. Findings and Questioned Costs - Major Federal Award Programs Audit.

1. None

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1
Jamestown, ND 58401
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

Finding Number: 2022-001

Finding Title: Financial Statement Preparation

Summary of Condition: The Jamestown Public School District No. 1 does not have an internal control system designed to provide for the preparation of financial statements being audited.

Summary of Corrective Action Previously Reported: The School Board is aware of this condition. The Board will continue to request that Schauer & Associates, P.C. assist with the preparation of financial statements but will instruct School District administration to provide all requested schedules.



Jamestown Public School District #1

DR. ROBERT LECH, SUPERINTENDENT
207 Second Avenue Southeast
Jamestown, North Dakota 58401
(701) 252-1950 Fax (701) 251-2011



ADAM GEHLHAR
Continuous Improvement Director

KRISTI GROUNDS
Business Manager

CORRECTIVE ACTION PLAN Year Ended June 30, 2023

Finding Number: 2023-001

Finding Title: Financial Statement Preparation

Name of Contact Person Responsible for Corrective Action:

Kristi L. Grounds, Business Manager

Corrective Action Planned: The School Board is aware of this condition. The Board will continue to request that Schauer & Associates, P.C. assist with the preparation of the financial statements but will instruct the School District administration to provide all required schedules.

Anticipated Completion Date:

Not Applicable

The Mission of the Jamestown Public School is Learning For All

The Jamestown Public School District does not discriminate on the basis of race, color, national origin, age, sex, or handicap in its employment policies/practices.