

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MAYVILLE, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
ROSTER OF SCHOOL OFFICIALS – UNAUDITED
AS OF JUNE 30, 2023

Marlana Knudson	President
Tami Parker	Vice President
James Aarsvold	Board Member
Wendy Hanson	Board Member
Mitchell Krueger	Board Member
Corey Moen	Board Member
Lori Nelson	Board Member
Andy Neset	Board Member
Lynn Sand	Board Member
Deanna Kville	Business Manager
Michael Bradner	Superintendent

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
May-Port CG Public School District No. 14
Mayville, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the May-Port CG Public School District No. 14 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the May-Port CG Public School District No. 14, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

October 12, 2023

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The discussion and analysis of May-Port CG Public School District's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Net position of the District increased \$286,988 as a result of the current year's operations.
- Governmental net position totaled \$1,017,402.
- Total revenues from all sources were \$7,618,552.
- Total expenses were \$7,331,564.
- The District's general fund had \$6,991,013 in total revenues, \$7,203,474 in expenditures and other financing uses. Overall, the general fund balance increased by \$212,461 for the year ended June 30, 2023.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand May-Port CG Public School District No. 14 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2023?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred inflows and outflows of resources, and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

These two statements report the District's net position and changes in its net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in North Dakota, facility condition, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Capital Projects Fund and Food Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2023.

As indicated in the financial highlights, the District's net position increased by \$286,988. Long-term liabilities increased by \$1,576,787 for the year ended June 30, 2023 due to changes in the net pension liability. Net position may serve over time as a useful indicator of the District's financial position.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

The District's net position of \$1,017,402 is segregated into three separate categories. Net position invested in Capital Assets (net of related debt) represents \$3,886,835 of the District's entire net position. It should be noted that these assets are not available for future spending. Restricted net position represents \$699,782 of the District's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position represents \$(3,569,215) of the District's net position. The unrestricted net position is available to meet the District's ongoing obligations.

Table 1

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets	\$ 2,217,581	\$2,909,433
Capital Assets (Net of Depreciation)	3,886,959	3,043,187
Leased Assets (Net of Amortization)	<u>33,535</u>	<u>50,303</u>
Total Assets	<u>6,138,075</u>	<u>6,002,923</u>
Deferred Outflows of Resources	<u>1,038,013</u>	<u>523,468</u>
Liabilities		
Current Liabilities	164,545	141,409
Long-Term Liabilities	<u>5,353,910</u>	<u>3,777,190</u>
Total Liabilities	<u>5,518,455</u>	<u>3,918,599</u>
Deferred Inflows of Resources	<u>640,231</u>	<u>1,877,378</u>
Net Position		
Net Investment in Capital Assets	3,886,835	3,043,103
Restricted for Capital Projects	484,065	454,374
Restricted for Student Activities	158,816	165,858
Restricted for Other	56,901	57,007
Unrestricted	<u>(3,569,215)</u>	<u>(2,989,928)</u>
Total Net Position	<u>\$ 1,017,402</u>	<u>\$ 730,414</u>

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023.

Table 2

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Charges for Services	\$ 820,129	\$ 473,930
Operating Grants and Contributions	804,136	1,390,655
General Revenues		
Property Taxes	2,157,367	2,107,424
State Aid	3,832,454	3,714,578
Investment Earnings	4,466	4,567
Total Revenues	<u>7,618,552</u>	<u>7,691,154</u>
Expenses		
Business Support Services	291,418	418,396
Instructional Support Services	272,425	145,506
Administration	577,747	583,818
Operations and Maintenance	834,681	672,018
Transportation	330,786	208,666
Regular Instruction	3,414,310	3,511,736
Special Education	395,492	391,709
Vocational Education	336,590	323,020
Extra-Curricular Activities	499,067	466,891
Food Services	378,880	436,605
Interest on Long-Term Debt	168	361
Total Expenses	<u>7,331,564</u>	<u>7,158,726</u>
Change in Net Position	<u>286,988</u>	<u>532,428</u>
Net Position - Beginning	<u>730,414</u>	<u>197,986</u>
Net Position - Ending	<u>\$ 1,017,402</u>	<u>\$ 730,414</u>

Property taxes constituted 28.3%, state aid 50.3%, operating grants and contributions 10.6%, charges for services made up 10.8%, and interest income made up 1% of the total revenues of governmental activities of the District for fiscal year 2023.

Regular instruction comprised 46.6% of District expenses.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table 3

	Total Cost for Year Ended 6/30/2023	Net Cost for Year Ended 6/30/2023	Total Cost for Year Ended 6/30/2022	Net Cost for Year Ended 6/30/2022
Business Support Services	\$ 291,418	\$ 291,418	\$ 418,396	\$ 418,396
Instructional Support Services	272,425	272,425	145,506	145,506
Administration	577,747	577,747	583,818	583,818
Operations and Maintenance	834,681	801,159	672,018	672,018
Transportation	330,786	330,786	208,666	208,666
Regular Instruction	3,414,310	2,823,317	3,511,736	2,653,792
Special Education	395,492	395,492	391,709	344,418
Vocational Education	336,590	299,194	323,020	289,584
Extra-Curricular Activities	499,067	(122,562)	466,891	(3,774)
Food Services	378,880	38,155	436,605	(18,644)
Interest on Long-Term Debt	168	168	361	361
	<u>\$ 7,331,564</u>	<u>\$ 5,707,299</u>	<u>\$ 7,158,726</u>	<u>\$ 5,294,141</u>

Business support services and administration include expenses associated with administrative and financial supervision of the District.

Instructional support services include the activities involved with assisting staff with the content and process of teaching to pupils.

Operations and maintenance of plant activities involve maintaining the school grounds, buildings, and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Special education includes costs that support the education of students with other needs.

Vocational education includes expenditures that support the teaching of vocational type instruction.

Extra-curricular activities include expenses related to student activities provided by the District, which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Food Services include expenses directly dealing with providing breakfast and lunch service to students and staff of the District.

Interest and fees on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. The District's governmental funds had total revenues of \$7,620,852 and expenditures of \$8,333,473 for the year ended June 30, 2023. As of June 30, 2023, the unassigned fund balance of the District's general fund was \$1,095,519.

Budget Highlights

During the course of the 2023 fiscal year, the District received \$338,711 more revenues and incurred \$753,639 more expenditures than budgeted. This is primarily the result of more other local revenues received during the year as well as more extracurricular expenditures incurred than anticipated due to student activity accounts not included within the budgeting process.

Capital Assets

As of June 30, 2023, the District had \$3,886,835 invested in capital assets, net of accumulated depreciation. Table 4 shows balances as of June 30, 2023 (see Note 4 for details).

Table 4
Capital Assets (Net of Depreciation) at June 30th

	<u>2023</u>	<u>2022</u>
Land	\$ 259,489	\$ 259,489
Construction in Progress	833,120	62,010
Land Improvements	118,905	131,476
Buildings	2,109,865	2,212,853
Technology	93,966	29,637
Vehicles	367,496	228,438
Equipment	104,118	119,284
Total	<u>\$ 3,886,959</u>	<u>\$ 3,043,187</u>

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Long-Term Liabilities

As of June 30, 2023, the District had \$5,373,701 in outstanding long-term liabilities. The District increased its long-term liabilities by \$1,576,787 (net of current) from June 30, 2022 (See Notes 5 and 6).

For the Future

Even though ESSER funds have been exhausted, the District continues to be committed to class-size reduction, finding ways to support individualized student learning, and keeping the student-to-teacher ratio low (when possible). We have a commitment to the retention of teachers and staff, which is reflected in the (larger than normal) increase in teacher pay and hourly staff. A request for increased mills will help fund the salary increases and student support. The District plans to explore other insurance options that may include a high deductible plan, to help off-set continued increases in the cost of our grandfathered insurance policy.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. You may request a copy of this report by contacting Deanna Kville, Business Manager, May-Port CG Public School District, 900 Main ST W, Mayville, ND 58257, or email at Deanna.kville@may-portcg.com.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14**STATEMENT OF NET POSITION****JUNE 30, 2023****ASSETS****Current Assets:**

Cash and Investments	\$ 1,975,949
Property Taxes Receivable	126,817
Accounts Receivable	37,507
Prepaid Expense	<u>77,308</u>
Total Current Assets	<u>2,217,581</u>

Non-Current Assets:**Capital Assets**

Land	259,489
Construction in Progress	833,120
Land Improvements	269,414
Buildings	6,416,280
Technology	293,908
Vehicles	1,156,934
Equipment	797,639
Less Accumulated Depreciation	(6,139,825)
Leased Assets	67,071
Less Accumulated Amortization	<u>(33,536)</u>
Total Capital Assets, Net of Depreciation	<u>3,920,494</u>

TOTAL ASSETS 6,138,075**DEFERRED OUTFLOWS OF RESOURCES**

Cost Sharing Defined Benefit Pension Plan - TFFR	<u>1,038,013</u>
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TOTAL DEFERRED OUTFLOWS OF RESOURCES 1,038,013**LIABILITIES**

Accrued Salaries and Payroll Liabilities	134,748
Long-Term Liabilities Due Within One Year	<u>19,791</u>
Total Current Liabilities	<u>164,545</u>

Long-Term Liabilities

Lease Liabilities (Net of Current Portion)	16,864
Special Assessments Payable	14,976
Net Pension Liability	<u>5,322,070</u>
Total Non-Current Liabilities	<u>5,353,910</u>

TOTAL LIABILITIES 5,518,455**DEFERRED INFLOWS OF RESOURCES**

Cost Sharing Defined Benefit Pension Plan - TFFR	<u>640,231</u>
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TOTAL DEFERRED INFLOWS OF RESOURCES 640,231**NET POSITION**

Net Investment in Capital and Lease Assets	3,886,835
Restricted for:	
Capital Projects	484,065
Student Activities	158,816
Other	56,901
Unrestricted	<u>(3,569,215)</u>

TOTAL NET POSITION \$ 1,017,402

See Notes to the Financial Statements

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Business Support Services	\$ 291,418	\$ -	\$ -	\$ (291,418)
Instructional Support Services	272,425	-	-	(272,425)
Administration	577,747	-	-	(577,747)
Operations and Maintenance	834,681	33,522	-	(801,159)
Transportation	330,786	-	-	(330,786)
Regular Instruction	3,414,310	-	590,993	(2,823,317)
Special Education	395,492	-	-	(395,492)
Vocational Education	336,590	-	37,396	(299,194)
Extra-Curricular Activities	499,067	621,629	-	122,562
Food Services	378,880	164,978	175,747	(38,155)
Interest on Long-Term Debt	<u>168</u>	<u>-</u>	<u>-</u>	<u>(168)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 7,331,564</u>	<u>\$ 820,129</u>	<u>\$ 804,136</u>	<u>(5,707,299)</u>
GENERAL REVENUES				
Property Taxes, Levied for General Purposes				1,906,506
Property Taxes, Levied for Capital Projects				250,861
Aids and Payments from the State				3,832,454
Unrestricted Investment Earnings				<u>4,466</u>
TOTAL GENERAL REVENUES				<u>5,994,287</u>
Change in Net Position				286,988
Net Position - Beginning				<u>730,414</u>
Net Position - Ending				<u>\$ 1,017,402</u>

See Notes to the Financial Statements

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects	Food Service	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 1,346,543	\$ 472,219	\$ 100,286	\$ 56,901	\$ 1,975,949
Property Taxes Receivable	112,435	14,382	-	-	126,817
Accounts Receivable	37,507	-	-	-	37,507
Prepaid Items	77,308	-	-	-	77,308
TOTAL ASSETS	\$ 1,573,793	\$ 486,601	\$ 100,286	\$ 56,901	\$ 2,217,581
LIABILITIES					
Accounts Payable	\$ 7,314	\$ 2,536	\$ 156	\$ -	\$ 10,006
Accrued Salaries and Payroll Liabilities	134,748	-	-	-	134,748
TOTAL LIABILITIES	142,062	2,536	156	-	144,754
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Delinquent Taxes	100,088	12,919	-	-	113,007
TOTAL DEFERRED INFLOWS OF RESOURCES	100,088	12,919	-	-	113,007
FUND BALANCES					
Nonspendable	77,308	-	-	-	77,308
Restricted	158,816	471,146	-	56,901	686,863
Assigned	-	-	100,130	-	100,130
Unassigned	1,095,519	-	-	-	1,095,519
TOTAL FUND BALANCES	1,331,643	471,146	100,130	56,901	1,959,820
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,573,793	\$ 486,601	\$ 100,286	\$ 56,901	\$ 2,217,581

See Notes to the Financial Statements

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds		\$ 1,959,820
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in government funds:		
Cost of capital assets	\$ 10,026,784	
Less: Accumulated depreciation	<u>(6,139,825)</u>	
Net		3,886,959
Leased assets used in governmental activities are not financial resources, and therefore are not reported as assets in government funds:		
Cost of leased assets	\$ 67,071	
Less: Accumulated depreciation	<u>(33,536)</u>	
Net		33,535
Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		
		397,782
Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds.		
		113,007
Long-term liabilities, including special assessments, are not due and payable in the current period and therefore, are not recorded as liabilities in the governmental funds.		
Lease Liabilities		(33,659)
Special Assessments Payable		(17,972)
Net Pension Liability		<u>(5,322,070)</u>
Net Position - Governmental Activities		<u>\$ 1,017,402</u>

See Notes to the Financial Statements

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Projects	Food Service	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Local Property Tax Levies	\$ 1,908,249	\$ 251,418	\$ -	\$ -	\$ 2,159,667
Other Local & County Revenues	621,629	33,522	164,978	-	820,129
Revenue From State Sources	3,868,428	-	1,422	-	3,869,850
Revenue From Federal Sources	590,993	-	175,747	-	766,740
Interest	1,714	2,404	154	194	4,466
TOTAL REVENUES	6,991,013	287,344	342,301	194	7,620,852
EXPENDITURES					
Current:					
Business Support Services	291,418	-	-	-	291,418
Instructional Support Services	272,425	-	-	-	272,425
Administration	577,747	-	-	-	577,747
Operations and Maintenance	625,387	176,990	-	-	802,377
Transportation	262,869	-	-	-	262,869
Regular Instruction	3,339,418	-	-	300	3,339,718
Special Education	395,492	-	-	-	395,492
Vocational Education	336,590	-	-	-	336,590
Extra - Curricular Activities	499,067	-	-	-	499,067
Food Services	12,637	-	363,878	-	376,515
Capital Outlay:					
Capital Outlay	573,528	578,960	6,875	-	1,159,363
Debt Service:					
Principal Retirement	16,728	2,996	-	-	19,724
Interest and Other Fees	168	-	-	-	168
TOTAL EXPENDITURES	7,203,474	758,946	370,753	300	8,333,473
Excess (Deficiency) of Revenues over Expenditures	(212,461)	(471,602)	(28,452)	(106)	(712,621)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	501,850	-	-	501,850
Transfers Out	(501,850)	-	-	-	(501,850)
TOTAL OTHER FINANCING SOURCES (USES)	(501,850)	501,850	-	-	-
Net Change in Fund Balance	(714,311)	30,248	(28,452)	(106)	(712,621)
Fund Balance - Beginning of Year	2,045,954	440,898	128,582	57,007	2,672,441
Fund Balance - End of Year	\$ 1,331,643	\$ 471,146	\$ 100,130	\$ 56,901	\$ 1,959,820

See Notes to the Financial Statements

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Total net changes in fund balances - Governmental Funds \$ (712,621)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlays	\$ 1,159,363	
Depreciation Expense	<u>(315,591)</u>	
Excess of capital outlay over depreciation expense		843,772

Lease payments are reported in the governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following difference:

Amortization Expense - Leases	(16,768)	
Fund Financials Expenses - Leases	<u>16,728</u>	(40)

Repayment of long-term debt is reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities in the statement of net position. Some revenues will not be collected for several months after the District's fiscal year end. These revenues are not considered "available" revenues in the governmental funds. These consist of:

Net change in unavailable property taxes		(2,300)
Changes in deferred outflows and inflows of resources related to net pension liability		1,751,692
Change in net pension liability		<u>(1,596,511)</u>

Change in net position - Governmental Activities \$ 286,988

See Notes to the Financial Statements

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The May-Port CG Public School District operates the public school for the City of Mayville, North Dakota, along with the surrounding area.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements:

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

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

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

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

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Fund Financial Statements:

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

Fund Accounting

The District's funds consist of the following:

Governmental Funds:

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

General Fund

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

Capital Projects

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

Food Service

This fund is used to account for the proceeds of specific revenue sources that are assigned to expenditures for providing breakfast and lunch service to students and staff of the District.

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

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to the expenditures for specified purposes. Included in this category are the transactions for the playground fund and scholarship funds.

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Fund Financial Statements:

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

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

Basis of Accounting:

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

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

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

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

Revenues-Exchange and Non-Exchange Transactions:

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

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

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

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Unearned Revenues:

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

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

Expenses and Expenditures:

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

Budgets and Budgetary Accounting:

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

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

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Fair Value Measurements:

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

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

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Cash and Cash Equivalents:

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

Investments:

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

Capital Assets:

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the District's fiscal year. The District has established a capitalization threshold as follows:

Sites	\$10,000
Buildings and Additions	20,000
Equipment	5,000
Technology Equipment	\$ 5,000
Buses & Vehicles	5,000

Donated fixed assets are recorded at their acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

Sites	Perpetual
Buildings and Additions	50 years
Equipment	7 years
Technology Equipment	5 years
Buses & Vehicles	10 years

Leases

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

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

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

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

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

Accounts Payable, Accrued Liabilities and Long-term Obligations:

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

Pensions:

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Fund Balance Classifications:

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

Nonspendable - consists of amounts that are not in spendable form, such as inventory 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 and administered by the North Dakota Department of Public Inspection.

Committed – consists of internally imposed constraints. These constraints are established by Resolution of the Board of Education.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management.

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

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

When committed, assigned or unassigned resources are available for use, the District's preference is to use resources in the following order: 1) committed, 2) assigned and 3) unassigned.

Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statement of net position and 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 (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has one item reported on the statement of net position as *cost sharing defined benefit pension plan*, which represents the actuarial differences within the TFFR pension plan.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Net Position:

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

Inter-fund Activity:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the District's governmental activities and its business-type activities are eliminated in the statement of activities.

Estimates:

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

Revenue Recognition – Property Taxes:

Taxes receivable consist of current and delinquent uncollected taxes at June 30, 2023.

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

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

Significant Group Concentrations of Credit Risk:

As of June 30, 2023, the District's receivables consist of amounts due from other governmental units within the State of North Dakota.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

In accordance with North Dakota laws, the District maintains deposits at a depository authorized by the School Board. The depository is a member of the Federal Reserve System. North Dakota laws require that all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal at least 110 percent of the deposits not covered by insurance or bonds.

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

At June 30, 2023, the carrying amount of the District's deposits was \$1,975,949 and the bank balance was \$2,161,643. The bank balance was covered by Federal Depository Insurance and by collateral held by the District's agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

Credit Risk

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

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

At June 30, 2023, the District's investments consisted of CD's and are not subject to the credit risk classifications as noted in Paragraph 9 of GASB Statement 40.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 4 CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 259,489	\$ -	\$ -	\$ 259,489
Construction in Progress	62,010	771,110	-	833,120
Total Capital Assets Not Being Depreciated	<u>321,499</u>	<u>771,110</u>	<u>-</u>	<u>1,092,609</u>
Capital Assets Being Depreciated				
Land Improvements	269,414	-	-	269,414
Buildings	6,334,341	81,939	-	6,416,280
Technology	198,765	95,143	-	293,908
Vehicles	966,538	204,296	(13,900)	1,156,934
Equipment	790,764	6,875	-	797,639
Total Capital Assets Being Depreciated	<u>8,559,822</u>	<u>388,253</u>	<u>(13,900)</u>	<u>8,934,175</u>
Less Accumulated Depreciation				
Land Improvements	(137,938)	(12,571)	-	(150,509)
Buildings	(4,121,488)	(184,927)	-	(4,306,415)
Technology	(169,128)	(30,814)	-	(199,942)
Vehicles	(738,100)	(65,238)	13,900	(789,438)
Equipment	(671,480)	(22,041)	-	(693,521)
Total Accumulated Depreciation	<u>(5,838,134)</u>	<u>(315,591)</u>	<u>13,900</u>	<u>(6,139,825)</u>
Net Capital Assets Being Depreciated	<u>2,721,688</u>	<u>72,662</u>	<u>-</u>	<u>2,794,350</u>
Net Capital Assets for Governmental Activities	<u>\$ 3,043,187</u>	<u>\$ 843,772</u>	<u>\$ -</u>	<u>\$ 3,886,959</u>

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

Regular Instruction	\$ 213,005
Operations and Maintenance	32,304
Food Service	2,365
Transportation	67,917
	<u>\$ 315,591</u>

NOTE 5 LONG-TERM DEBT

The long-term debt obligations outstanding at year-end and changes in long-term debt are summarized as follows:

Title	Interest Rate	Original Maturity	Original Issue Amount	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within One Year
City of Portland Special Assessments	0.00%	2/15/2029	\$ 44,933	\$ 20,968	\$ -	\$ 2,996	\$ 17,972	\$ 2,996
Net Pension Liability				<u>3,725,559</u>	<u>2,339,748</u>	<u>743,237</u>	<u>5,322,070</u>	<u>-</u>
Total				<u>\$ 3,746,527</u>	<u>\$ 2,339,748</u>	<u>\$ 746,233</u>	<u>\$ 5,340,042</u>	<u>\$ 2,996</u>

Special assessments are generally liquidated by the capital projects fund.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 6 LEASES

The District leases copy machines at each of the District's locations. The terms of the lease is for a period of 60 months, commencing on July 1, 2020 and terminating June 30, 2025, with a monthly payment of \$1,408.

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

	Year Ending 2023
Lease expense	
Amortization expense by class of underlying asset	
Equipment	\$ 16,768
Total amortization expense	16,768
Interest on lease liabilities	165
Variable lease expense	-
Total	\$ 16,933

Following is a schedule of activity in leased assets and the lease liability for the year ended June 30, 2023:

	As Restated, Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Assets						
Equipment	\$ 67,071	\$ -	\$ -	\$ -	\$ 67,071	
	67,071	-	-	-	67,071	
Less: Accumulated Amortization						
Equipment	(16,768)	(16,768)		-	(33,536)	
	(16,768)	(16,768)	-	-	(33,536)	
Total Lease Assets, net	\$ 50,303	\$ (16,768)	\$ -	\$ -	\$ 33,535	
Lease Liabilities	\$ 50,387	\$ -	\$ -	\$ (16,728)	\$ 33,659	\$ 16,795

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

	Principal	Interest	Total Payments
2024	\$ 16,795	\$ 104	\$ 16,899
2025	16,864	36	16,900
Total Future Payments	\$ 33,659	\$ 140	\$ 33,799

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 7 FUND BALANCES

A. Classifications

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

	General Fund	Capital Projects	Food Service	Non-Major Funds	Total
Restricted for:					
Capital Projects	\$ -	\$ 471,146	\$ -	\$ -	\$ 471,146
Student Activities	158,816				158,816
Other	-	-	-	56,901	56,901
Nonspendable:					
Prepaid Expenses	77,308	-	-	-	77,308
Assigned to:					
Food Service	-	-	100,130	-	100,130
Unassigned:	1,095,519	-	-	-	1,095,519
Total	<u>\$ 1,331,643</u>	<u>\$ 471,146</u>	<u>\$ 100,130</u>	<u>\$ 56,901</u>	<u>\$ 1,959,820</u>

Restricted fund balances reflect resources restricted for statutorily defined purposes.

B. Minimum Fund Balance Policy

The Board of Education has a fund balance policy for the General Fund of holding a minimum fund balance of 20% of expenditures.

NOTE 8 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Substantially all certified employees of the District are required by state law to belong to pension plans administered by Teacher's Fund for Retirement (TFFR) which is administered on a statewide basis.

Disclosures relating to these plans follow:

North Dakota Teacher's Fund for Retirement

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

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

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

Death and Disability Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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

At June 30, 2023, the District reported a liability of \$5,322,070 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 Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2022, the Employer's proportion was 0.365513% which was an increase of 0.00013 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Employer recognized pension expense of \$210,831. At June 30, 2023, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 22,935	\$ 142,097
Changes in actuarial assumptions	108,219	-
Difference between projected and actual investment earnings	398,631	-
Changes in proportion	142,219	498,134
Contributions paid to TFFR subsequent to the measurement date	366,009	-
Total	<u>\$ 1,038,013</u>	<u>\$ 640,231</u>

\$366,009 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as **a reduction** of the net pension liability in the year ending June 30, 2024.

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

<u>Year ending June 30:</u>	<u>Pension Expense Amount</u>
2024	\$ (38,818)
2025	(64,564)
2026	(115,278)
2027	283,767
2028	(24,886)
Thereafter	(8,448)

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, including inflation
Cost-of-living adjustments	None

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

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

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55.00%	6.61%
Global Fixed Income	26.00%	0.35%
Global Real Assets	18.00%	4.60%
Cash Equivalents	1.00%	-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, 2021, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2022, as well as what the Employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
School's proportionate share of the TFFR net pension liability:	\$ 7,312,036	\$ 5,322,070	\$ 3,671,644

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

Pension Plan Fiduciary Net Position

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

NOTE 9 RISK MANAGEMENT

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

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

The District participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The District pays an annual premium to the Fire and Tornado fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$1,699,000 for its employees. The State Bonding Fund does not currently charge a premium for this coverage.

The District carries commercial insurance for workers' compensation, employees' health, boiler and machinery, and accident insurance.

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

NOTE 10 CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 11 NON-MONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2023 was \$29,377.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

NOTE 12 NEW PRONOUNCEMENTS

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

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 13 TRANSFERS

The District made the following transfers during the year ended June 30, 2023:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	<u>\$ 501,850</u>

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023

The District utilized ESSER funds for existing student support services and intentionally increased the General Fund carryover balance. The District then was able to budget funds (from General Fund) towards the PBJ Music Addition. The transfer from General Fund to Building Fund took place for the budgeted portion for the PBJ Building project.

NOTE 14 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through October 12, 2023, which is the date these financial statements were available to be issued.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES			
Local Property Tax Levies	\$ 1,949,700	\$ 1,908,249	\$ (41,451)
Other Local & County Revenues	167,000	621,629	454,629
Revenue from State Sources	3,944,743	3,868,428	(76,315)
Revenue from Federal Sources	589,359	590,993	1,634
Interest	<u>1,500</u>	<u>1,714</u>	<u>214</u>
TOTAL REVENUES	<u>6,652,302</u>	<u>6,991,013</u>	<u>338,711</u>
EXPENDITURES			
Current:			
Business Support Services	369,351	291,418	(77,933)
Instructional Support Services	272,535	272,425	(110)
Administration	601,324	577,747	(23,577)
Operations and Maintenance	576,351	625,387	49,036
Transportation	29,291	262,869	233,578
Regular Instruction	3,523,395	3,339,418	(183,977)
Special Education	370,000	395,492	25,492
Vocational Education	336,370	336,590	220
Extra - Curricular Activities	153,500	499,067	345,567
Food Services	10,357	12,637	2,280
Capital Outlay:			
Capital Outlay	207,361	573,528	366,167
Debt Service:			
Principal Retirement	-	16,728	16,728
Interest and Other Fees	<u>-</u>	<u>168</u>	<u>168</u>
TOTAL EXPENDITURES	<u>6,449,835</u>	<u>7,203,474</u>	<u>753,639</u>
Excess (Deficiency) of Revenues Over Expenditures	202,467	(212,461)	(414,928)
OTHER FINANCING USES			
Transfers Out	<u>-</u>	<u>(501,850)</u>	<u>(501,850)</u>
TOTAL OTHER FINANCING USES	<u>-</u>	<u>(501,850)</u>	<u>(501,850)</u>
Net Change in Fund Balance	202,467	(714,311)	(916,778)
Fund Balances - Beginning	<u>2,045,954</u>	<u>2,045,954</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,248,421</u>	<u>\$ 1,331,643</u>	<u>\$ (916,778)</u>

See Notes to the Required Supplementary Information

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR PENSION PLAN &
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PRESENTED LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2023	\$ 366,009	\$ 366,009	\$ -	\$ 2,870,659	12.75%
2022	366,725	366,725	-	2,876,271	12.75%
2021	347,447	347,447	-	2,725,072	12.75%
2020	352,534	352,534	-	2,764,970	12.75%
2019	350,640	350,640	-	2,750,121	12.75%
2018	351,818	351,818	-	2,759,358	12.75%
2017	358,083	358,083	-	2,808,491	12.75%
2016	350,336	350,336	-	2,747,734	12.75%
2015	333,513	333,513	-	2,615,913	12.75%

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.36551%	\$ 5,322,070	\$ 2,876,271	185.03%	67.50%
2022	0.35358%	3,725,559	2,725,072	136.71%	75.70%
2021	0.37894%	5,799,676	2,764,970	209.76%	63.40%
2020	0.39202%	5,399,085	2,750,121	196.32%	65.50%
2019	0.40590%	5,410,094	2,759,358	196.06%	65.50%
2018	0.41609%	5,715,109	2,808,491	203.49%	63.20%
2017	0.42291%	6,195,840	2,747,734	225.49%	59.20%
2016	0.42528%	5,562,033	2,615,913	212.62%	62.10%
2015	0.41707%	4,370,196	2,419,251	180.64%	66.60%

The amounts on the bottom table presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year. The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity. The District's expenditures exceeded the budget by \$753,639, which were covered by greater than anticipated revenues and carryover balances.

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

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

A budget was not adopted for the food service fund.

NOTE 2 CHANGES OF ASSUMPTIONS

TFFR

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

- Investment return assumption lowered from 7.75% to 7.25%;
- Inflation assumption lowered from 2.75% to 2.30%;

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

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

To the Board of Education
May-Port CG Public School District No. 14
Mayville, North Dakota

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of May-Port CG Public School District No. 14 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit for the financial statements, we considered May-Port CG Public School District No. 14's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether May-Port CG Public School District No. 14's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Responses to Findings

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

Purpose of This Report

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



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

October 12, 2023

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

To the Board of Education
May-Port CG Public School District No. 14
Mayville, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited May-Port CG Public School District No. 14'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 District's major federal programs for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, May-Port CG Public School District No. 14 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 a combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.



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

October 12, 2023

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>AL #</u>	<u>Description</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<u>Department of Education</u>			
84.358	ED Rural Education	F84358	\$ 7,625
Passed Through the North Dakota State Department of Public Instruction			
84.010	Chapter 1/TITLE I-Compensatory	F84010	109,458
84.367	Title II Part A - Teacher and Principal Quality	F84367	31,109
84.424	Title IV Student Support	F84424	15,373
84.425	Education Stabilization Fund	F84425D	21,834
84.425	Education Stabilization Fund	F84425U	396,150
	Total 84.425		<u>417,984</u>
	Total Passed through ND DPI		<u>573,924</u>
Passed Through Hillsboro Public School District			
84.048	Carl Perkins	F84048	<u>9,444</u>
	Total Passed Through Hillsboro PSD		<u>9,444</u>
	Total Department of Education		<u>590,993</u>
<u>Department of Agriculture</u>			
Passed Through the North Dakota State Department of Public Instruction			
	Child Nutrition Cluster:		
10.555	Child Nutrition - School Lunch	F10555	104,056
10.555	Child Nutrition - Supply Chain Assistance	F10555S	20,751
10.555	Food Distribution-Non Cash	F10555	29,377
10.553	Child Nutrition - School Breakfast	F10553	18,932
	Total Cluster		<u>173,116</u>
10.560	SAE Food Nutrition	F10560	<u>2,631</u>
	Total Department of Agriculture		<u>175,747</u>
	TOTAL		<u>\$ 766,740</u>

See Notes to the Schedule of Expenditures of Federal Awards

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule of Expenditures of Federal Awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

May-Port CG Public School District No. 14 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of May-Port CG Public School District No. 14 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 May-Port CG Public School District No. 14, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 4 PASS-THROUGH ENTITIES

All pass-through entities listed above use the same AL numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u> x </u> yes <u> </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> x </u> yes <u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes <u> x </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u> </u> yes <u> x </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> yes <u> x </u> none reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes <u> x </u> no
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u> </u> yes <u> x </u> no
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MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 Finding

Criteria

An appropriate system of internal control requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

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

Cause

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

Effect

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

Repeat Finding

This is a repeat finding.

Recommendation

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Management's Response

The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

2023-002 Finding

Criteria

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

Condition

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

Cause

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

Effect

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

Repeat Finding

This is a repeat finding.

Recommendation

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

Management's Response

The District added a part-time business office assistant to help segregate the accounting duties.

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings to be reported in this section.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-001 Finding

Criteria

An appropriate system of internal control requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

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

Cause

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

Effect

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

Recommendation

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Management's Response

The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements.

Corrective Action Taken

See current year finding 2023-001.

MAY-PORT CG PUBLIC SCHOOL DISTRICT NO. 14
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

2022-002 Finding

Criteria

To provide reasonable assurance that segregation of duties take place while also taking into account the size of the District.

Condition

The District has one employee who is responsible for all accounting functions involved. The employee handles all income monies, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger. Considering the size of the entity, it is not feasible to obtain proper separation of duties and the degree of internal control is severely limited.

Cause

There is only one business manager and due to the District's size, they are unable to hire more staff.

Effect

Lack of segregation of duties leads to a limited degree of internal control.

Recommendation

The District should separate the duties when it becomes feasible. As a compensating control, the District should ensure additional oversight by the superintendent and board regarding financial transaction activity.

Management's Response

The District will be adding a part-time business office assistant to help segregate the accounting duties.

Corrective Action Taken

See current year finding 2023-002.

May-Port CG Middle & High School
La Lynda Blotsky, Principal
900 Main St W, Mayville, ND 58257
Phone (701) 788-2281
Fax (701) 788-2959

Peter Boe Jr Elementary School
Billie Jo Soholt, Principal
20 2nd St NW, Mayville, ND 58257
Phone (701) 788-2281
Fax (701) 788-9115



MAY-PORT CG
PATRIOTS

Michael Bradner, Superintendent
Deanna Kville, Business Manager

CORRECTIVE ACTION PLAN AS OF JUNE 30, 2023

2023-001

Contact Person

Deanna Kville, Business Manager

Planned Corrective Action

The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements.

Planned Completion Date

Immediately

2023-002

Contact Person

Deanna Kville, Business Manager

Planned Corrective Action

The District added a part-time business office assistant to help segregate the accounting duties, the first year focused on training; responsibilities will be delegated to split duties.

Planned Completion Date

Fiscal year 2024