NORTH DAKOTA
OFFICE OF THE
STATE AUDITOR

State Auditor Joshua C. Gallion

Lisbon Public School District No.19

Lisbon, North Dakota

Audit Report for the Years Ended June 30, 2023 and June 30, 2022

Client Code: PS37300

Office of the State Auditor

Lisbon Public School District No.19

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For the Years Ended June 30, 2023 and June 30, 2022

SCHOOL DISTRICT OFFICIALS

At June 30, 2023

Mark Qual	President
Liz Anderson	Vice-President
Lance Gulleson	Board Member
Tony Kelsen	Board Member
Chad Johnson	Board Member
Justin Fryer	Superintendent
Lori Lyons	Business Manager

At June 30, 2022

Mark Qual	President
Liz Anderson	Vice-President
Lance Gulleson	Board Member
Tony Kelsen	Board Member
Chad Johnson	Board Member
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Lori Lyons	Business Manager

STATE AUDITOR
Joshua C. Gallion

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INDEPENDENT AUDITOR'S REPORT

Libson Public School Board
Lisbon Public School District No. 19
Lisbon, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No.19, North Dakota, as of and for the years ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise Lisbon Public School District No.19's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Lisbon Public School District No.19, North Dakota, as of June 30, 2023 and June 30, 2022, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Lisbon Public School District No.19 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Lisbon Public School District No.19's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lisbon Public School District No.19'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 Lisbon Public School District No.19's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lisbon Public School District No.19's basic financial statements. The *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are 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* and *notes to 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2024 on our consideration of Lisbon Public School District No.19'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 Lisbon Public School District No.19'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 Lisbon Public School District No.19's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 11, 2024

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS:	
Cash and Investments	$ 3,923,701
Accounts Receivable	137,192
Intergovernmental Receivable	145,616
Due From County	7,197
Taxes Receivable	121,120
Capital Assets	
Non Depreciable	302,610
Depreciable, Net	12,109,880
Total Assets	$ 16,747,316
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension and OPEB	$ 3,275,636
Total Assets & Deferred Outflows of Resources	$ 20,022,952
LIABILITIES:	
Accounts Payable	$ 22,676
Salaries Payable	546,072
Benefits Payable	28,052
Interest Payable	24,815
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	129,692
Compensated Absences Payable	16,270
Due After One Year	
Long Term Debt	2,545,065
Compensated Absences Payable	37,964
Net Pension Liability	9,900,134
Total Liabilities	$ 13,250,740
DEFERRED INFLOWS OF RESOURCES:	
Derived from Pension and OPEB	$ 1,419,206
Total Liabilities and Deferred Inflows of Resources	$ 14,669,946
NET POSITION:	
Net Investment in Capital Assets	$ 9,737,733
Restricted for	
Debt Service	156,421
Capital Projects	736,813
Special Purpose	354,853
Unrestricted	(5,632,814)
Total Net Position	$ 5,353,006

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Statement of Activities
For the Year Ended June 30, 2023

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Regular Instruction	$ 3,418,118	$ 42,426	$ -	$ 691,462	$ (2,684,230)
Special Education	743,202	-	-	-	(743,202)
Vocational Education	386,004	-	-	-	(386,004)
Federal Programs	454,124	-	599,699	-	145,575
District Wide Services	603,869	-	-	-	(603,869)
Administration	1,074,532	-	-	-	(1,074,532)
School Food Services	530,571	612,827	264,580	-	346,836
Operations and Maintenance	1,037,615	-	-	-	(1,037,615)
Transportation	548,488	-	151,590	-	(396,898)
Co-Curricular Activities	671,313	-	-	34,639	(636,674)
Other Activities	177,323	-	-	-	(177,323)
Interest on Long Term Debt	55,164	-	-	-	(55,164)
Fiscal Charges	300	-	-	-	(300)
Total Governmental Activities	$ 9,700,623	$ 655,253	$ 1,015,869	$ 726,101	$ (7,303,400)

General Revenues:	
Property taxes; levied for general purposes	$ 1,510,319
Property taxes; levied for debt service	115
Property taxes; levied for building purposes	422,084
State Grants/Aid - Unrestricted	5,958,093
Interest Income	38,172
Rental Income	5,085
Donations	31,709
Miscellaneous Income	204,838
Gain/Loss on Sale of Investment	(598)
Net Loss on Sale of Capital Assets	(3,805)
Total General Revenues	$ 8,166,012
Changes in Net Position	$ 862,612
Net Position - July 1	$ 4,490,394
Net Position - June 30	$ 5,353,006

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 2,703,361	$ 709,172	$ 511,168	$ 3,923,701
Accounts Receivable	137,192	-	-	137,192
Intergovernmental Receivable	145,616	-	-	145,616
Due from County Treasurer	5,759	1,410	28	7,197
Taxes Receivable	94,346	26,231	543	121,120
Total Assets	$ 3,086,274	$ 736,813	$ 511,739	$ 4,334,826
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 22,211	$ -	$ 465	$ 22,676
Salaries Payable	546,072	-	-	546,072
Benefits Payable	28,052	-	-	28,052
Total Liabilities	$ 596,335	$ -	$ 465	$ 596,800
Deferred Inflows of Resources:				
Uncollected Taxes Receivable	$ 94,346	$ 26,231	$ 543	$ 121,120
Total Liabilities and Deferred Inflows of Resources	$ 690,681	$ 26,231	$ 1,008	$ 717,920
Fund Balances				
Restricted				
Debt Service	$ -	$ -	$ 155,878	$ 155,878
Capital Projects	-	710,582	-	710,582
Student Activity	-	-	116,429	116,429
Scholarships	-	-	29,225	29,225
Assigned				
Food Service	-	-	209,199	209,199
Unassigned	2,395,593	-	-	2,395,593
Total Fund Balances	$ 2,395,593	$ 710,582	$ 510,731	$ 3,616,906
Total Liabilities and Fund Balances	$ 3,086,274	$ 736,813	$ 511,739	$ 4,334,826

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total Fund Balances for Governmental Funds		$ 3,616,906
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		12,412,490
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		121,120
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions & OPEB	$ 3,275,636	
Deferred Inflows Related to Pensions & OPEB	(1,419,206)	1,856,430
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.		
Long Term Debt	$ (2,674,757)	
Interest Payable	(24,815)	
Compensated Absences Payable	(54,234)	
Retainage Payable	-	
Net Pension & OPEB Liability	(9,900,134)	(12,653,940)
Total Net Position- Governmental Activities		$ 5,353,006

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$ 1,678,790	$ 415,294	$ 612,968	$ 2,707,052
State Sources	6,109,680	225,000	37,509	6,372,189
Federal Sources	599,700	354,787	227,071	1,181,558
Other Sources	166,155	109,256	-	275,411
Total Revenues	$ 8,554,325	$ 1,104,337	$ 877,548	$ 10,536,210
EXPENDITURES				
Current				
Regular Instruction	$ 3,367,183	$ -	$ -	$ 3,367,183
Special Education	757,792	-	-	757,792
Vocational Education	389,452	-	-	389,452
Federal Programs	462,475	-	-	462,475
District Wide Services	547,554	-	-	547,554
Administration	1,088,010	-	-	1,088,010
School Food Services	-	-	496,576	496,576
Operations and Maintenance	796,324	-	-	796,324
Transportation	391,093	-	-	391,093
Co-Curricular Activities	316,641	-	349,500	666,141
Other Activities	176,518	-	4,428	180,946
Capital Outlay	20,086	1,003,083	-	1,023,169
Debt Service				
Principal	-	-	120,000	120,000
Interest	-	-	61,355	61,355
Fiscal charges	-	-	300	300
Total Expenditures	$ 8,313,128	$ 1,003,083	$ 1,032,159	$ 10,348,370
Excess (Deficiency) of Revenues Over Expenditures	$ 241,197	$ 101,254	$ (154,611)	$ 187,840
OTHER FINANCING SOURCES (USES)				
Transfers In	$ -	$ -	$ 184,555	$ 184,555
Sale of Capital Assets	1,000	-	-	1,000
Gain/Loss on Sale of Investment	(598)	-	-	(598)
Transfers Out	-	(184,555)	-	(184,555)
Total Other Financing Sources and Uses	$ 402	$ (184,555)	$ 184,555	$ 402
Net Change in Fund Balances	$ 241,599	$ (83,301)	$ 29,944	$ 188,242
Fund Balance - July 1	$ 2,153,994	$ 793,883	$ 480,787	$ 3,428,664
Fund Balance - June 30	$ 2,395,593	$ 710,582	$ 510,731	$ 3,616,906

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 188,242
The change in net postion reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.		
Capital Outlay	$ 1,090,665	
Depreciation Expense	(398,879)	691,786
In the statement of activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		
Loss on Sale of Capital Assets	$ (3,805)	
Sale of Capital Assets	(1,000)	(4,805)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The issuance of long-term debt provides current financial resoruces to governmnetal funds, however, the debt principal issued increases liabilities in the statement of net position. This is the amount of debt repayment.		120,000
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Change in Compensated Absences	4,623	
Net Change in Bond Premium	4,691	
Net Change in Interest Payable	1,500	10,814
The net pension & OPEB liability, and related deferred outflows of resoruces and deferred inflows of resources are reported in the government wide statements; however activity related to these pension items do not involve current financial resources, and are not reprted in the funds.		
Net Change in Net Pension & OPEB Liability	$ (3,642,114)	
Net Change in Deferred Outflows of Resources	1,040,957	
Net Change in Deferred Inflows of Resources	2,426,304	(174,853)
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the increase in taxes receivable.		31,428
Change in Net Position of Governmental Activities		$ 862,612

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Statement of Net Position
For the Year Ended June 30, 2022

	Governmental Activities
ASSETS:	
Cash and Investments	$ 4,094,180
Accounts Receivable	128,348
Intergovernmental Receivable	166,320
Due From County	23,568
Taxes Receivable	89,692
Capital Assets	
Non Depreciable	997,978
Depreciable, Net	10,727,531
Total Assets	$ 16,227,617
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pension and OPEB	$ 2,234,679
Total Assets & Deferred Outflows of Resources	$ 18,462,296
LIABILITIES:	
Accounts Payable	$ 391,169
Salaries Payable	517,110
Benefits Payable	24,620
Interest Payable	26,315
Retainages Payable	50,853
Long-Term Liabilities	
Due Within One Year	
Long Term Debt	124,692
Compensated Absences Payable	17,657
Due After One Year	
Long Term Debt	2,674,756
Compensated Absences Payable	41,200
Net Pension Liability	6,258,020
Total Liabilities	$ 10,126,392
DEFERRED INFLOWS OF RESOURCES:	
Derived from Pension and OPEB	$ 3,845,510
Total Liabilities and Deferred Inflows of Resources	$ 13,971,902
NET POSITION:	
Net Investment in Capital Assets	$ 8,926,061
Restricted for	
Debt Service	153,405
Capital Projects	813,324
Special Purpose	327,949
Unrestricted	(5,730,345)
Total Net Position	$ 4,490,394

The notes to the financial statements are an integral part of this statement.

LIBSON PUBLIC SCHOOL DISTRICT NO. 19
Statement of Activities
June 30, 2022

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Regular Instruction	$ 2,982,159	$ -	$ -	$ 19,500	$ (2,962,659)
Special Education	816,486	-	-	-	(816,486)
Vocational Education	336,836	-	-	-	(336,836)
Federal Programs	453,332	-	464,753	-	11,421
District Wide Services	406,545	-	-	-	(406,545)
Administration	986,300	-	-	-	(986,300)
School Food Services	571,338	378,722	589,700	-	397,084
Operations and Maintenance	953,834	-	-	-	(953,834)
Transportation	461,451	-	141,785	-	(319,666)
Co-Curricular Activities	630,884	-	-	17,500	(613,384)
Other Activities	199,739	-	-	-	(199,739)
Interest on Long Term Debt	59,451	-	-	-	(59,451)
Fiscal Charges	300	-	-	-	(300)
Total Governmental Activities	$ 8,858,655	$ 378,722	$ 1,196,238	$ 37,000	$ (7,246,695)

General Revenues:	
Property taxes; levied for general purposes	$ 1,472,535
Property taxes; levied for debt service	347
Property taxes; levied for building purposes	410,555
State Grants/Aid - Unrestricted	5,737,017
Interest Income	2,660
Rental Income	2,945
Donations	1,200
Miscellaneous Income	201,959
Net Gain/Loss on Sale of Investment	48,648
Total General Revenues	$ 7,877,866
Changes in Net Position	$ 631,171
Net Position - July 1	$ 3,859,223
Net Position - June 30	$ 4,490,394

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 2,427,910	$ 1,201,426	$ 464,844	$ 4,094,180
Accounts Receivable	128,348	-	-	128,348
Intergovernmental Receivable	150,320	-	16,000	166,320
Due from County Treasurer	18,385	5,171	12	23,568
Taxes Receivable	69,684	19,441	567	89,692
Total Assets	$ 2,794,647	$ 1,226,038	$ 481,423	$ 4,502,108
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 29,239	$ 361,861	$ 69	$ 391,169
Retainage Payable	-	50,853	-	50,853
Salaries Payable	517,110	-	-	517,110
Benefits Payable	24,620	-	-	24,620
Total Liabilities	$ 570,969	$ 412,714	$ 69	$ 983,752
Deferred Inflows of Resources:				
Uncollected Taxes Receivable	$ 69,684	$ 19,441	$ 567	$ 89,692
Total Liabilities and Deferred Inflows of Resources	$ 640,653	$ 432,155	$ 636	$ 1,073,444
Fund Balances				
Restricted				
Debt Service	$ -	$ -	$ 152,838	$ 152,838
Capital Projects	-	793,883	-	793,883
Student Activity	-	-	106,395	106,395
Scholarships	-	-	29,582	29,582
Assigned				
Food Service	-	-	191,972	191,972
Unassigned	2,153,994	-	-	2,153,994
Total Fund Balances	$ 2,153,994	$ 793,883	$ 480,787	$ 3,428,664
Total Liabilities and Fund Balances	$ 2,794,647	$ 1,226,038	$ 481,423	$ 4,502,108

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

Total Fund Balances for Governmental Funds		$ 3,428,664
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		11,725,509
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		89,692
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions & OPEB	$ 2,234,679	
Deferred Inflows Related to Pensions & OPEB	(3,845,510)	(1,610,831)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.		
Long Term Debt	$ (2,799,448)	
Interest Payable	(26,315)	
Compensated Absences Payable	(58,857)	
Net Pension & OPEB Liability	(6,258,020)	(9,142,640)
Total Net Position- Governmental Activities		$ 4,490,394

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$ 1,508,609	$ 409,507	$ 397,078	$ 2,315,194
State Sources	5,893,802	-	3,117	5,896,919
Federal Sources	464,753	-	586,583	1,051,336
Other Sources	172,349	41	-	172,390
Total Revenues	$ 8,039,513	$ 409,548	$ 986,778	$ 9,435,839
EXPENDITURES				
Current				
Regular Instruction	$ 3,255,050	$ -	$ -	$ 3,255,050
Special Education	880,147	-	-	880,147
Vocational Education	348,790	-	-	348,790
Federal Programs	473,417	-	-	473,417
District Wide Services	388,777	-	-	388,777
Administration	1,047,031	-	-	1,047,031
School Food Services	-	-	569,536	569,536
Operations and Maintenance	808,110	-	-	808,110
Transportation	452,965	-	-	452,965
Co-Curricular Activities	268,824	-	373,105	641,929
Other Activities	199,290	3,590	9,395	212,275
Capital Outlay	72,153	704,219	-	776,372
Debt Service				
Principal	-	-	138,305	138,305
Interest	-	-	65,644	65,644
Fiscal charges	-	-	300	300
Total Expenditures	$ 8,194,554	$ 707,809	$ 1,156,285	$ 10,058,648
Excess (Deficiency) of Revenues Over Expenditures	$ (155,041)	$ (298,261)	$ (169,507)	$ (622,809)
OTHER FINANCING SOURCES (USES)				
Transfers In	$ -	$ -	$ 183,155	$ 183,155
Gain/Loss on Sale of Investment	48,648	-	-	48,648
Transfers Out	-	(183,155)	-	(183,155)
Total Other Financing Sources and Uses	$ 48,648	$ (183,155)	$ 183,155	$ 48,648
Net Change in Fund Balances	$ (106,393)	$ (481,416)	$ 13,648	$ (574,161)
Fund Balance - July 1	$ 2,260,387	$ 1,285,299	$ 467,139	$ 4,012,825
Prior Period Adjustments	$ -	$ (10,000)	$ -	$ (10,000)
Restated Fund Balance - July 1	$ 2,260,387	$ 1,275,299	$ 467,139	$ 4,002,825
Fund Balance - June 30	$ 2,153,994	$ 793,883	$ 480,787	$ 3,428,664

The notes to the financial statements are an integral part of this statement.

LISBON PUBLIC SCHOOL DISTRICT NO. 19

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ (574,161)
The change in net postion reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.		
Capital Outlay	$ 1,046,186	
Capital Contribution	37,000	
Depreciation Expense	(364,619)	718,567
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The issuance of long-term debt provides current financial resoruces to governmnetal funds, however, the debt principal issued increases liabilities in the statement of net position. This is the amount of debt repayment.		138,305
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Change in Compensated Absences	$ (7,396)	
Net Change in Bond Premium	4,692	
Net Change in Interest Payable	1,501	(1,203)
The net pension & OPEB liability, and related deferred outflows of resoruces and deferred inflows of resources are reported in the government wide statements; however activity related to these pension items do not involve current financial resources, and are not reprted in the funds.		
Net Change in Net Pension & OPEB Liability	$ 3,759,791	
Net Change in Deferred Outflows of Resources	(753,232)	
Net Change in Deferred Inflows of Resources	(2,662,235)	344,324
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the increase in taxes receivable.		5,339
Change in Net Position of Governmental Activities		$ 631,171

The notes to the financial statements are an integral part of this statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lisbon Public School District No.19(hereafter referred to as "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

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

Based on these criteria, the component unit discussed below is included within the School District's reporting entity because of the significance of its operational or financial relationship with the School District.

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the primary government, the School District, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the School District's funds, including its fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

> *General Fund* - This is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> *Capital Projects Fund* - This fund is used to account for financial resources to be used for acquisition or construction of major capital facilities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the School District consist of certificates of deposit stated at cost with maturities in excess of three months as well as municipal bonds that are recorded at fair market value.

Capital Assets

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

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

Assets	Years
Land	Indefinite
Permanent Buildings	50 Years
Temporary or Wood Buildings	10 Years
Buses - Vehicles	15 Years
Servers & Copiers	5-6 Years
Other Equipment	10-20 Years
Infrastructure	50 Years

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Unused sick leave benefits will be allowed to accumulate to a limit of 100 days. When that limit is reached, employees may trade additional earned sick leave for vacation days at the rate of 6 days sick leave for 1 day of vacation. Any employee hired prior to October 1, 1988, and who has twenty or more consecutive years of employment or who has reached the age of 65 prior to employment termination, will be eligible to receive payment for sick leave at a rate of 50% of the unused balance to a limit of 50 days. A liability for the vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balances

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

Nonspendable Fund Balances. Nonspendable fund balances consist of amounts for loan receivables and advance to other governments which cannot be spent.

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants & reimbursements).

Assigned Fund Balances. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes.

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Fund Balance of the School District as of July 1, 2021 has been restated for adjustments for retainage payable as shown below. The results of the adjustments decreased Fund Balance for the School District.

Primary Government	Government Activities	Capital Projects Fund
Beginning Fund Balance, as Previously Reported	$ 4,012,825	$ 1,285,299
Prior Period Adjustment		
Retainage Payable	(10,000)	(10,000)
Fund Balance July 1, Restated	$ 4,002,825	$ 1,275,299

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the School District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The School District does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any County, city, township, school district, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At year ended June 30, 2023, the School District's carrying amount of deposits totaled $2,884,302 and the bank balances totaled $3,297,508. Of the bank balances, $518,589 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended June 30, 2022, the School District's carrying amount of deposits totaled $3,053,432, and the bank balances totaled $3,510,191. Of the bank balances, $519,392 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 4 INVESTMENTS

As of June 30,2023 and June 30, 2022, the School District had the following investments:

2023 Investment Type	Moody's or S&P Rating	Investment Maturities: Less than One Year	1-5 Years	6-10 Years	Fair Value	Percent of Investments	Fair Value Hierarchy
US Treasury Notes	Not Rated	$ 231,099	$ -	$ -	$ 231,099	22%	Level 2
US Government Agency	Aaa	-	434,917	125,503	560,420	53%	Level 2
US Government Agency	Not Rated	192,535	-	-	192,535	18%	Level 2
Municipal Bond	AA	-	56,869	-	56,869	5%	Level 2
Money Market Fund	Not Rated	9,375	-	-	9,375	1%	Level 1
Total Investments		$ 433,009	$ 491,786	$ 125,503	$ 1,050,298	100%	

2022 Investment Type	Moody's or S&P Rating	Investment Maturities: Less than One Year	1-5 Years	6-10 Years	Fair Value	Percent of Investments	Fair Value Hierarchy
US Treasury Notes	Not Rated	$ 198,377	$ -	$ -	$ 198,377	19%	Level 2
US Government Agency	Aaa	-	415,251	130,848	546,099	52%	Level 2
US Government Agency	Not Rated	50,061	189,277	-	239,337	23%	Level 2
Municipal Bond	AA	-	59,249	-	59,249	6%	Level 2
Money Market Fund	Not Rated	7,834	-	-	7,834	1%	Level 1
Total Investments		$ 256,271	$ 663,777	$ 130,848	$ 1,050,896	100%	

As authorized in North Dakota Statutes, idle funds may be invested as follows:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
4. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions.
5. State and local securities:
    a. Any security that is a general obligation of any state or local government with taxing powers and is rated in the highest three categories by a nationally recognized rating agency.
    b. An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency.
    c. Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency.
    d. Obligations of this state and general obligations of its political subdivisions.
6. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rate. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have a formal investment policy that specifically addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

Fair Value Measurement

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The fair value leveling of the School District's investment portfolio were as of June 30, 2023 and June 30, 2022.

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

NOTE 5 PROPERTY TAXES

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

NOTE 6 CAPITAL ASSETS

Primary Government

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

2023 **Governmental Activities:**	**Balance** **Jul 1**	**Increases**	**Decreases**	**Transfers**	**Balance** **Jun 30**
Capital assets not being depreciated:					
Land	$ 77,117	$ -	$ -	$ -	$ 77,117
Construction In Progress	920,860	860,522	-	(1,555,889)	225,493
Total Capital Assets, Not Being Depreciated	$ 997,977	$ 860,522	$ -	$ (1,555,889)	$ 302,610
Capital assets being depreciated:					
Buildings and Building Improvements	$ 14,127,467	$ 172,545	$ -	$ 1,507,936	$ 15,807,948
Vehicles	1,031,057	-	(72,075)	-	958,982
Equipment	579,588	57,598	-	47,953	685,139
Total Capital Assets, Being Depreciated	$ 15,738,112	$ 230,143	$ (72,075)	$ 1,555,889	$ 17,452,069
Less Accumulated Depreciation for:					
Buildings and Building Improvements	$ 4,293,903	$ 291,146	$ -	$ -	$ 4,585,049
Vehicles	387,489	62,272	(67,270)	-	382,491
Equipment	329,189	45,460	-	-	374,649
Total Accumulated Depreciation	$ 5,010,581	$ 398,878	$ (67,270)	$ -	$ 5,342,189
Total Capital Assets Being Depreciated, Net	$ 10,727,531	$ (168,735)	$ (4,805)	$ 1,555,889	$ 12,109,880
Governmental Activities - Capital Assets, Net	$ 11,725,508	$ 691,787	$ (4,805)	$ -	$ 12,412,490

2022 **Governmental Activities:**	**Balance** **Jul 1**	**Increases**	**Decreases**	**Transfers**	**Balance** **Jun 30**
Capital assets not being depreciated:					
Land	$ 77,117	$ -	$ -	$ -	$ 77,117
Construction In Progress	3,629,456	902,139	-	(3,610,734)	920,861
Total Capital Assets, Not Being Depreciated	$ 3,706,573	$ 902,139	$ -	$ (3,610,734)	$ 997,978
Capital assets being depreciated:					
Buildings and Building Improvements	$ 10,516,733	$ -	$ -	$ 3,610,734	$ 14,127,467
Vehicles	944,362	86,695	-	-	1,031,057
Equipment	485,236	94,352	-		579,588
Total Capital Assets, Being Depreciated	$ 11,946,331	$ 181,047	$ -	$ 3,610,734	$ 15,738,112
Less Accumulated Depreciation for:					
Buildings and Building Improvements	$ 4,036,366	$ 257,537	$ -	$ -	$ 4,293,903
Vehicles	320,412	67,077	-	-	387,489
Equipment	289,184	40,005	-	-	329,189
Total Accumulated Depreciation	$ 4,645,962	$ 364,619	$ -	$ -	$ 5,010,581
Total Capital Assets Being Depreciated, Net	$ 7,300,369	$ (183,572)	$ -	$ 3,610,734	$ 10,727,531
Governmental Activities - Capital Assets, Net	$ 11,006,942	$ 718,567	$ -	$ -	$ 11,725,509

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

Depreciation by Function:	2023	2022
Administration	$ 6,301	$ 7,024
Instruction	135,123	103,066
Co-Curricular Activities	65,052	60,773
Food Service	33,995	33,995
Maintenance	99,085	95,634
Transportation	59,322	64,127
Total	$ 398,878	$ 364,619

NOTE 7 LONG-TERM LIABILITIES

Primary Government

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

2023 Governmental Activities	Balance Jul 1	Increases	Decreases	Balance Jun 1	Due Within One Year
Long Term Debt					
G.O. Bonds Payable	$ 2,715,000	$ -	$ 120,000	$ 2,595,000	$ 125,000
Bond Premium	84,448	-	4,691	79,757	4,692
Total Long Term Debt	$ 2,799,448	$ -	$ 124,691	$ 2,674,757	$ 129,692
Compensated Absences Payable*	$ 58,857	$ -	$ 4,623	$ 54,234	$ 16,270
Net Pension Liability*	6,258,020	3,642,114	-	9,900,134	-
TOTAL	$ 9,116,325	$ 3,642,114	$ 129,314	$ 12,629,125	$ 145,962

2022 Governmental Activities	Balance Jul 1	Increases	Decreases	Balance Jun 1	Due Within One Year
Long Term Debt					
State School Construction	$ 23,305	$ -	$ 23,305	$ -	$ -
G.O. Bonds Payable	2,830,000	-	115,000	2,715,000	120,000
Bond Premium	89,140	-	4,692	84,448	4,692
Total Long Term Debt	$ 2,942,445	$ -	$ 142,997	$ 2,799,448	$ 124,692
Compensated Absences Payable*	$ 51,461	$ 7,396	$ -	$ 58,857	$ 17,657
Net Pension Liability*	10,017,811	-	3,759,791	6,258,020	-
TOTAL	$ 13,011,717	$ 7,396	$ 3,902,788	$ 9,116,325	$ 142,349

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

Debt service requirements on long-term debt is as follows:

GOVERNMENTAL ACTIVITIES			
Year Ending	G.O. Bonds Pyayable		Bond
June 30	Principal	Interest	Premium
2024	$ 125,000	$ 57,680	$ 4,692
2025	130,000	53,855	4,692
2026	130,000	49,955	4,692
2027	135,000	45,980	4,692
2028	140,000	41,855	4,692
2029-2033	750,000	161,875	23,458
2034-2038	830,000	82,875	23,458
2039-2043	355,000	7,865	9,381
TOTALS	$ 2,595,000	$ 501,940	$ 79,757

NOTE 8: PENSION PLANS

General Information about the TFFR Pension Plan

North Dakota Teachers' Fund for Retirement TFFR

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

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

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

Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

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

At June 30, 2023 and June 30, 2022 the following net pension liabilities were reported:

	TFFR Liability
School District - 2023	$ 7,438,480
School District - 2022	5,363,152

The net pension liability was measured as of June 30, 2022 and June 30, 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The School district had the following proportions and change in proportions at June 30, 2022 and June 30, 2021 respectively and reported the following pension expense for the year ended June 30, 2023 and June 30, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30 Measurement Date	Pension Expense
School District - 2023	0.510866%	0.001862%	$ 418,321
School District - 2022	0.509004%	0.022521%	103,359

At June 30, 2023 and June 30, 2022, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 32,056	$ 198,604
Changes of Assumptions	151,254	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	557,153	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	285,686	292,802
Employer Contributions Subsequent to the Measurement Date	539,908	-
Total Deferred Outflows and Inflows of Resources	$ 1,566,057	$ 491,406

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 37,262	$ 226,178
Changes of Assumptions	188,379	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,571,481
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	332,980	395,785
Employer Contributions Subsequent to the Measurement Date	512,559	-
Total Deferred Outflows and Inflows of Resources	$ 1,071,180	$ 2,193,444

$539,908 and $512,559 were 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 years ended June 30, 2023 and June 30, 2022, respectively.

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

2024	$ 45,937
2025	18,717
2026	(89,384)
2027	475,385
2028	43,177
Thereafter	40,912

Actuarial Assumptions

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

Inflation	2.30%
Salary Increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment Rate of Return	7.25%, net of investment expenses
Cost–of-Living Adjustments	None

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

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

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

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

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

Discount Rate

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

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

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25% 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 or 1-percentage-point higher than the current rate:

2023	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 10,219,789	$ 7,438,480	$ 5,131,734

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At June 30, 2023 and June 30, 2022, the following net pension liabilities were reported:

	Net Pension Liability
School District - 2023	$ 2,372,800
School District - 2022	853,373

The net pension liability was measured as of June 30, 2022 and June 30, 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The School district had the following proportions and change in proportions at June 30, 2022 and June 30, 2021 respectively and reported the following pension expense for the year ended June 30, 2023 and June 30, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30 Measurement Date	Pension Expense
School District - 2023	0.082387%	0.000513%	$ 357,034
School District - 2022	0.081874%	0.002177%	175,113

At June 30, 2023 and June 30, 2022, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 12,377	$ 45,325
Changes of Assumptions	1,418,970	879,683
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	86,844	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	72,950	-
Employer Contributions Subsequent to the Measurement Date	68,565	-
Total Deferred Outflows and Inflows of Resources	$ 1,659,706	$ 925,008

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 14,734	$ 87,098
Changes of Assumptions	944,518	1,231,455
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	316,503
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	111,920	-
Employer Contributions Subsequent to the Measurement Date	68,254	-
Total Deferred Outflows and Inflows of Resources	$ 1,139,426	$ 1,635,056

$68,565 and $68,254 were 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 years ended June 30, 2023 and June 30, 2022, respectively.

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

2024	$ 207,270
2025	222,901
2026	15,895
2027	220,067
2028	-

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	5.10%, Net of Investment Expenses
Cost-of-Living Adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 5.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

2023	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Proportionate Share of the Net Pension Liability	$ 3,131,933	$ 2,372,800	$ 1,749,579

Pension Plan Fiduciary Net Position

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

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to $5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At June 30, 2023 and June 30, 2022, the following net OPEB liabilities were reported:

	Net OPEB Liability
School District - 2023	$ 88,854
School District - 2022	41,495

The net OPEB liability was measured as of June 30, 2022 and June 30, 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2022 and June 30, 2021 and reported the following OPEB expense for the years ended June 30, 2023 and June 30, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30 Measurement Date	OPEB Expense
School District - 2023	0.074026%	-0.000582%	$ 15,959
School District - 2022	0.074608%	-0.002513%	6,877

At June 30, 2023 and June 30, 2022, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 2,106	$ 764
Changes of Assumptions	22,381	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	11,964	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,805	2,028
Employer Contributions Subsequent to the Measurement Date	8,617	-
Total Deferred Outflows and Inflows of Resources	$ 49,873	$ 2,792

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 2,382	$ 1,137
Changes of Assumptions	6,426	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	14,217
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,541	1,656
Employer Contributions Subsequent to the Measurement Date	8,725	-
Total Deferred Outflows and Inflows of Resources	$ 24,074	$ 17,010

$8,617 and $8,725 were 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 years ended June 30, 2023 and June 30, 2022, respectively.

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

2023	$ 346
2024	244
2025	(393)
2026	(2,036)
2027	178
2028	-
Thereafter	(1,661)

Actuarial Assumptions

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

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

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	35%	0.50%
International Equities	26%	6.25%

Discount Rate

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

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

The following presents the net OPEB liability of the Plans as of June 30, 2022, calculated using the discount rate of 5.39%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

2023	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Proportionate Share of the Net OPEB Liability	$ 113,417	$ 88,854	$ 68,234

NOTE 10 TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the years ended June 30, 2023 and June 30, 2022:

2023	Transfers In	Transfers Out
Major Funds		
Capital Projects Funds	$ -	$ 184,555
Non Major Funds	184,555	-
Total Transfers	184,555	184,555

2022	Transfers In	Transfers Out
Major Funds		
Capital Projects Funds	$ -	$ 183,155
Non Major Funds	183,155	-
Total Transfers	183,155	183,155

Transfers are used to move tax levies dollars to the debt service funds to make the schedule annual bond payments.

NOTE 11 RISK MANAGEMENT

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

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The School District pays an annual premium to NDIRF for its general liability, automobile insurance coverage and inland marine. The coverage by NDIRF is limited to losses of ten million dollars per occurrence for general liability and automobile and $183,058 for mobile equipment and portable property.

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

The School District has worker’s compensation with the Workforce, Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	$ 1,583,314	$ 1,583,314	$ 1,678,790	$ 95,476
State Sources	5,954,827	5,954,827	6,109,680	154,853
Federal Sources	603,059	603,059	599,700	(3,359)
Other Sources	180,000	180,000	166,155	(13,845)
Total Revenues	$ 8,321,200	$ 8,321,200	$ 8,554,325	$ 233,125
EXPENDITURES				
Current:				
Regular Instruction	$ 3,371,077	$ 3,386,577	$ 3,367,183	$ 19,394
Special Education	850,755	850,755	757,792	92,963
Vocational Education	364,928	364,928	389,452	(24,524)
Federal Programs	505,296	603,060	462,475	140,585
District Wide Services	464,450	464,450	547,554	(83,104)
Administration	1,149,372	1,149,372	1,088,010	61,362
Operations and Maintenance	900,703	900,703	796,324	104,379
Transportation	402,879	402,879	391,093	11,786
Co-Curricular Activities	266,680	266,680	316,641	(49,961)
Other Programs & Services	194,135	194,135	176,518	17,617
Capital Outlay	75,000	75,000	20,086	54,914
Total Expenditures	$ 8,545,275	$ 8,658,539	$ 8,313,128	$ 345,411
Excess (Deficiency) of Revenues Over Expenditures	$ (224,075)	$ (337,339)	$ 241,197	$ 578,536
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	$ -	$ -	$ 1,000	$ 1,000
Gain/Loss on Sale of Investment	-	-	(598)	(598)
Total Other Financing Sources and Uses	$ -	$ -	$ 402	$ 402
Net Changes in Fund Balances	$ (224,075)	$ (337,339)	$ 241,599	$ 578,938
Fund Balance - July 1	$ 2,153,994	$ 2,153,994	$ 2,153,994	$ -
Fund Balance - June 30	$ 1,929,919	$ 1,816,655	$ 2,395,593	$ 578,938

The accompanying required supplementary information notes are an integral part of this schedule.

LISBON PUBLIC SCHOOL DISTRICT NO. 19

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	$ 1,522,065	$ 1,522,065	$ 1,508,609	$ (13,456)
State Sources	5,801,179	5,801,179	5,893,802	92,623
Federal Sources	464,753	464,753	464,753	-
Other Sources	163,000	163,000	172,349	9,349
Total Revenues	$ 7,950,997	$ 7,950,997	$ 8,039,513	$ 88,516
EXPENDITURES				
Current:				
Regular Instruction	$ 3,260,282	$ 3,273,896	$ 3,255,050	$ 18,846
Special Education	821,352	821,352	880,147	(58,795)
Vocational Education	411,559	411,559	348,790	62,769
Federal Programs	993,958	992,758	473,417	519,341
District Wide Services	437,149	436,949	388,777	48,172
Administration	1,077,201	1,077,201	1,047,031	30,170
Operations and Maintenance	794,783	794,783	808,110	(13,327)
Transportation	450,141	455,141	452,965	2,176
Co-Curricular Activities	241,017	249,689	268,824	(19,135)
Other Programs & Services	171,416	171,416	199,290	(27,874)
Capital Outlay	200,000	200,000	72,153	127,847
Total Expenditures	$ 8,858,858	$ 8,884,744	$ 8,194,554	$ 690,190
Excess (Deficiency) of Revenues Over Expenditures	$ (907,861)	$ (933,747)	$ (155,041)	$ 778,706
OTHER FINANCING SOURCES (USES)				
Gain/Loss on Sale of Investment	$ -	$ -	$ 48,648	$ 48,648
Total Other Financing Sources and Uses	$ -	$ -	$ 48,648	$ 48,648
Net Changes in Fund Balances	$ (907,861)	$ (933,747)	$ (106,393)	$ 827,354
Fund Balance - July 1	$ 2,260,387	$ 2,260,387	$ 2,260,387	$ -
Fund Balance - June 30	$ 1,352,526	$ 1,326,640	$ 2,153,994	$ 827,354

The accompanying required supplementary information notes are an integral part of this schedule.

Schedule of Employer's Share of Net Pension Liability
ND Public Employee's Retirement System
Last 10 Fiscal Years

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	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	0.082387%	$ 2,372,800	$ 956,382	248.10%	54.47%
2022	0.081874%	853,373	927,139	92.04%	92.04%
2021	0.079697%	2,507,285	879,154	285.19%	48.91%
2020	0.073948%	866,724	769,188	112.68%	71.66%
2019	0.067746%	1,143,288	695,962	164.27%	62.80%
2018	0.063700%	1,023,868	650,275	157.45%	61.98%
2017	0.062825%	612,291	633,126	96.71%	70.46%
2016	0.067781%	460,899	603,844	76.33%	77.70%
2015	0.070018%	444,419	589,818	75.35%	78.18%

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	$ 66,681	$ 68,565	(1,883)	$ 936,536	7.32%
2022	66,354	68,254	(1,900)	931,942	7.32%
2021	62,252	61,463	789	970,675	6.33%
2020	56,001	55,596	405	939,545	5.92%
2019	51,261	45,738	5,523	695,962	6.57%
2018	47,153	47,560	(407)	650,275	7.31%
2017	45,837	45,828	9	633,126	7.24%
2016	45,867	46,839	(972)	603,844	7.76%
2015	41,995	41,995	-	589,818	7.12%

The notes to the required supplementary information are an integral part of this statement.

Schedule of Employer's Share of Net Pension Liability
North Dakota Teachers Fund for Retirement
Last 10 Fiscal Years

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	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	0.510866%	$ 7,438,480	$ 4,020,068	185.03%	67.50%
2022	0.509004%	5,363,152	3,922,895	136.71%	75.70%
2021	0.486484%	7,445,652	3,549,681	209.76%	63.40%
2020	0.504345%	6,946,102	3,538,121	196.32%	65.50%
2019	0.486484%	7,445,652	3,586,333	207.61%	65.50%
2018	0.521212%	7,158,987	3,518,035	203.49%	63.20%
2017	0.535765%	7,849,272	3,480,999	225.49%	59.20%
2016	0.525011%	6,866,384	3,229,368	212.62%	62.10%
2015	0.554582%	5,811,036	3,216,870	180.64%	66.60%

Schedule of Employer Contributions
North Dakota Teachers Fund for Retirement
Last 10 Fiscal Years

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	$ 539,908	$ 539,908	-	$ 4,234,571	12.75%
2022	512,559	512,559	-	4,020,070	12.75%
2021	452,588	452,588	-	3,502,836	12.92%
2020	451,110	451,110	-	3,154,335	14.30%
2019	457,258	457,258	-	3,586,333	12.75%
2018	448,550	448,550	-	3,518,035	12.75%
2017	443,827	443,827	-	3,480,999	12.75%
2016	411,725	411,725	-	3,229,368	12.75%
2015	345,810	345,810	-	3,216,870	10.75%

The notes to the required supplementary information are an integral part of this statement.

Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.074026%	$ 88,854	$ 764,246	11.63%	56.28%
2022	0.074608%	41,495	813,421	5.10%	76.63%
2021	0.077121%	64,874	879,154	7.38%	63.38%
2020	0.068932%	55,365	769,188	7.20%	63.13%
2019	0.063604%	50,092	695,962	7.20%	61.89%
2018	0.060108%	47,546	650,275	7.31%	59.78%

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	$ 8,642	$ 8,617	24	$ 758,031	1.14%
2022	8,725	8,725	(0)	765,312	1.14%
2021	10,328	9,828	500	970,675	1.01%
2020	8,946	8,901	45	939,545	0.95%
2019	8,163	7,323	840	695,962	1.05%
2018	7,559	7,615	(56)	650,275	1.17%

The notes to the required supplementary information are an integral part of this statement.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The School District adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund, special revenue funds, debt service funds, and capital project funds.

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

- The annual budget must be prepared, and school district taxes must be levied on or before the tenth day of August of each year.

- The governing body of the school district may amend its tax levy and budget on or before the tenth day of October of each year, but the certification must be filed with the county auditor within the time limitations as outlined in NDCC section 57-15-31.1.

- Taxes for school district purposes must be based upon an itemized budget statement which must show the complete expenditure program of the district for the current fiscal year and the sources of the revenue from which it is to be financed.

- The operating budget includes proposed expenditures and means of financing them.

- The school board of each public school district, 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 thereof at maturity.

- No taxing district may certify any taxes or amend its current budget and no county auditor may accept a certification of taxes or amended budget after the tenth day of October of each year if such certification or amendment results in a change in the amount of tax levied.

- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

NOTE 2 CHANGES OF BENEFIT TERMS

Pension

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

OPEB

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

NOTE 3 CHANGES OF ASSUMPTIONS

North Dakota Teachers Fund for Retirement

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

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

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

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

Pension

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

OPEB

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

NOTE 4 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

NOTE 5: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The school board amended the school district budget for FY2023 and FY2022 as follows:

	Expenditures		
2023	**Original Budget**	**Amendments**	**Amended Budget**
General Fund	$ 8,545,275	$ 113,264	$ 8,658,539

	Expenditures		
2022	**Original Budget**	**Amendments**	**Amended Budget**
General Fund	$ 8,858,858	$ 25,886	$ 8,884,744

LISBON PUBLIC SCHOOL DISTRICT NO. 19
Schedule of Expenditures of Federal Awards
For the Years Ended June 30, 2023 and June 30, 2022

Assistance Listing Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Fiscal Year 2022 Expenditures	Fiscal Year 2023 Expenditures	Total Expenditures
	U.S. DEPARTMENT OF AGRICULTURE				
	Passed through the North Dakota Department of Public Instruction				
	Child Nutrition Cluster				
10.553	School Breakfast Program	F10553	$ 148,698	$ 46,133	$ 194,831
10.555	National School Lunch Program - Cash	F10555	376,146	157,990	534,136
10.555	National School Lunch Program - Commodities*	37019	32,007	42,346	74,353
	Total Child Nutrition Cluster		$ 556,851	$ 246,470	$ 803,321
10.560	State Administrative Expenses for Child Nutrition	F10560A	$ 1,373	$ 2,205	$ 3,578
10.582	Fresh Fruit and Vegetable Program	F10582	12,359	13,271	25,629
10.649	Pandemic EBT Administrative Costs	F10649	614	-	614
	Total U.S Department of Agriculture		$ 571,197	$ 261,946	$ 833,142
	FEDERAL COMMUNICATIONS COMMISSION				
	Direct Assistance				
32.009	Emergency Connectivity Program	N/A	$ -	$ 79,200	$ 79,200
	Total Federal Communications Commission		$ -	$ 79,200	$ 79,200
	U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through the North Dakota Department of Emergency Services				
97.067	Homeland Security Grant Progam	SHSGP 2022	$ -	$ 57,781	$ 57,781
	Total U.S Department of Homeland Security		$ -	$ 57,781	$ 57,781
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION				
	Passed through the North Dakota Department of Transportation				
20.600	State and Community Highway Safety	N/A	$ 15,000	$ -	$ 15,000
	Total National Highway Traffic Safety Administration		$ 15,000	$ -	$ 15,000
	U.S. DEPARTMENT OF EDUCATION				
	Passed through the North Dakota Department of Public Instruction:				
84.010	Title I Grants to Local Educational Agencies	F84010	$ 104,362	$ 121,948	$ 226,310
84.367	Improving Teacher Quality State Grants	F84367	31,624	47,103	78,727
84.424A	Student Support and Academic Enrichment Program	F84424A	14,334	15,143	29,477
	Education Stabilization Fund				
84.425D	COVID-19 -Elementary and Secondary School Emergency Relief (ESSER) Fund	F84425D	$ 330,433	$ 2,210	$ 332,643
84.425U	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	F84425U	-	529,845	529,845
	Total Education Stabilization Funds		$ 330,433	$ 532,055	$ 862,488
	Passed through the Southeast Education Services Cooperative:				
84.287	Twenty-First Century Community Learning Centers	F84287	$ -	$ 79,694	$ 79,694
	Total U.S Department of Education		$ 480,753	$ 795,943	$ 1,276,696
	Total Expenditures of Federal Awards		$ 1,066,950	$ 1,194,869	$ 2,261,819

* - Noncash Assistance

See notes to the Schedule of Expenditures of Federal Awards

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School District under programs of the federal government for the years ended June 30, 2023 and June 30, 2022. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District. Expenditures represent only the federally funded portions of the program. School District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 NON-CASH AWARDS

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

NOTE 4 PASS-THROUGH GRANT NUMBER

For federal programs marked “N/A”, the School District was unable to obtain a pass-through grant number.

NOTE 5 INDIRECT COST RATE

The School District does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate

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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*

Independent Auditor's Report

Libson Public School Board
Lisbon Public School District No. 19
Lisbon, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No. 19 as of and for the years ended June 30,2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise Lisbon Public School District No. 19's basic financial statements, and have issued our report thereon dated April 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lisbon Public School District No. 19's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lisbon Public School District No. 19's internal control. Accordingly, we do not express an opinion on the effectiveness of Lisbon Public School District No. 19's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lisbon Public School District No. 19's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 11, 2024

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Libson Public School Board
Lisbon Public School District No. 19
Lisbon, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lisbon Public School District No. 19'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 Lisbon Public School District No. 19's major federal programs for the years ended June 30, 2023 and June 30, 2022. Lisbon Public School District No. 19's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lisbon Public School District No. 19 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2023 and June 30, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Lisbon Public School District No. 19 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 Lisbon Public School District No. 19'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 Lisbon Public School District No. 19'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 Lisbon Public School District No. 19'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 GAAS, *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 Lisbon Public School District No. 19's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Lisbon Public School District No. 19'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 Lisbon Public School District No. 19'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 Lisbon Public School District No. 19'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.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 11, 2024

Financial Statements

Type of Report Issued:

Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

Material weaknesses identified?	______	Yes	X	None Noted
Significant deficiencies identified not considered to be material weaknesses?	______	Yes	X	None Noted
Noncompliance material to financial statements noted?	______	Yes	X	None Noted

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified?	______	Yes	X	None noted
Reportable conditions identified not considered to be material weaknesses?	______	Yes	X	None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	______	Yes	X	None noted

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
84.425D & 84.425U	Education Stabilization Fund
84.010	Title One

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

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

SECTION I – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATE AUDITOR
Joshua C. Gallion

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GOVERNANCE COMMUNICATION

April 11, 2024

Libson Public School Board
Lisbon Public School District No. 19
Lisbon, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Public School District No. 19, North Dakota, for the years ended June 30, 2023 and June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 2, 2024. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lisbon Public School District No. 19 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Lisbon Public School District No. 19 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities financial statements were:

> Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules list all misstatements provided by management or detected as a result of audit procedures that were corrected by management.

	Audit Adjustments	
2023 Adjustments	**Debit**	**Credit**
To record Intergovernmental Receivable		
Intergovernmental Receivable	53,086	-
Revenue	-	53,086
Government Wide		
To record capital assets	26,535	-
Capital Assets, Net	-	26,535
Expenditures		
2022 Adjustments		
To Record Prior Period Adjustment for Retainage Payable		
Fund Balance	10,000	-
Expenditures	-	10,000
To record Intergovernmental Receivable		
Intergovernmental Receivable	16,000	-
Revenue	-	16,000
Government Wide		
To record capital assets		
Capital Assets, Net	62,250	-
Expenditures	-	62,250

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 11, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Lisbon Public School District No. 19's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the *budgetary comparison information, schedule of district's share of net pension liability and district contributions, schedule of district's share of net OPEB liability and district contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Lisbon Public School District No. 19 board members and management of Lisbon Public School District No. 19, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Lisbon Public School District No. 19 for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Lisbon Public School District No. 19.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 11, 2024

Office of the State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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