CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
CARRINGTON, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2024

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CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2024

Joel Lemer	President
Kevin Wolsky	Vice-President
Tonia Erickson	Director
Angela Kutz	Director
Dr. Ben Garr	Director
Janelle Helm	Superintendent
Kimary Edland	Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the School Board
Carrington Public School District No. 49
Carrington, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carrington Public School District No. 49, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Carrington Public School District No. 49's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carrington Public School District No. 49, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carrington Public School District No. 49 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

Change in Accounting Principle

As described in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 100 *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Correction of Error

As described in Note 13 to the financial statements, restatements have been made to adjust the beginning net position. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025 on our consideration of Carrington Public School District No. 49'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 Carrington Public School District No. 49's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carrington Public School District No. 49's internal control over financial reporting and compliance.

Brady Martz

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

March 20, 2025

The Management's Discussion and Analysis (MD&A) section of Carrington Public School District No. 49 (known as the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2023-2024 are as follows:

- Net position of Carrington Public School District No. 49 increased $664,257 as a result of the current year's operations.

- Governmental net position as of the end of the fiscal year totaled $7,305,338.

- Total revenues from all sources were $10,515,815.

- Total expenditures were $9,852,558.

- The District's general fund had $7,857,747 in total revenues and $8,117,979 in total expenditures. Overall, the general fund balance decreased by $397,517 for the year ended June 30, 2024.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand Carrington Public School District No. 49 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

REPORTING ON THE DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all funds used by the Carrington Public School District No. 49 to provide programs and activities and attempt to answer the question "How did the District do financially during the year ended June 30, 2024?"

The Statement of Net Position presents information on all the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of buildings and grounds, student transportation and co-curricular activities.

REPORTING ON THE DISTRICT'S MOST SIGNIFICANT FUNDS

BALANCE SHEET – GOVERNMENTAL FUNDS

The District uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the District's major funds. The general fund is considered a major fund using the criteria established by GASB Statement No. 34.

The District's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds" which includes the school lunch fund, special reserve fund and school activity fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table I provides a summary of the District's net position as of June 30, 2024 and 2023.

As indicated in the financial highlights above, the District's net position increased by $664,257 for the year ended June 30, 2024 and increased by $1,526,388 for the year ended June 30, 2023. Changes in net position may serve over time as a useful indicator of the District's financial condition.

The District's net position of $7,305,338 is segregated into three separate categories. Net investment in capital assets is 99% of total net position. Restricted net position represents 45% of the District's total net position. It should be noted that these assets are not available for future spending.

Table I
NET POSITION

	6/30/24	6/30/23 Re-stated
ASSETS		
Current assets	$ 6,880,529	$ 7,038,086
Capital assets (net of accumulated depreciation)	18,722,735	19,065,551
Total assets	25,603,264	26,103,637
DEFERRED OUTFLOWS OF RESOURCES	1,771,914	2,198,285
LIABILITIES		
Current liabilities	1,199,247	1,306,019
Long-term liabilities:		18,916,957
Compensated absences	104,855	-
Net pension liability	6,398,240	-
Net OPEB liability	41,152	-
Bonds payable	10,677,121	-
Total liabilities	18,420,615	20,222,976
DEFERRED INFLOWS OF RESOURCES	1,649,225	1,437,865
NET POSITION		
Net investment in capital assets	7,249,427	6,397,723
Restricted	3,375,654	3,366,782
Unrestricted	(3,319,743)	(3,123,424)
TOTAL NET POSITION	$ 7,305,338	$ 6,641,081

Table II shows the changes in net position for the fiscal years ended June 30, 2024 and 2023.

Table II
CHANGES IN NET POSITION

	2023-2024	As Re-Stated 2022-2023
REVENUES		
Program revenues		
Charges for services	$ 1,023,459	$ 878,935
Operating grants and contributions	471,205	964,654
General revenues		
Property taxes	3,770,937	4,057,909
State aid - unrestricted	5,017,758	4,587,293
Other	-	160,572
Interest earnings and miscellaneous revenue	233,456	-
Total revenues	10,516,815	10,649,363
EXPENSES		
Regular instruction	3,816,602	4,235,065
Federal programs	-	525,434
Special education	824,235	703,133
Career and technical education	444,218	237,859
District wide services	803,559	605,982
School food services	496,048	434,178
Operations and maintenance	1,047,269	668,136
Transportation	458,199	486,493
Co-curricular activities	1,012,764	957,150
Depreciation and amortization - unallocated	654,324	-
Interest - unallocated	294,670	269,545
Bond service charges and costs	670	-
Total expenses	9,852,558	9,122,975
Change in net position	664,257	1,526,388
Net position, beginning of year, restated	6,641,081	5,114,693
Net position - ending	$ 7,305,338	$ 6,641,081

Property taxes constituted 36%, unrestricted state aid 48%, operating grants and contributions 4% and charges for services 10% of the total revenues of governmental activities of the District for fiscal year ended June 30, 2024. Property taxes constituted 38%, unrestricted state aid 43%, operating grants and contributions 9% and charges for services 8% of the total revenues of governmental activities of the District for fiscal year ended June 30, 2023.

Regular instruction constituted 39%, career and technical education 5%, and special education 8% of total expenditures for governmental activities for fiscal year ended June 30, 2024. Regular instruction constituted 46%, career and technical education 3% and special education 8% of total expenditures for governmental activities for fiscal year ended June 30, 2023.

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

Table III
TOTAL AND NET COST OF SERVICES

	Year Ended 6/30/24		Year Ended 6/30/23 Re-stated	
	Total Cost	Net Cost	Total Cost	Net Cost
Regular instruction	$ 3,816,602	$ 3,418,426	4,235,065	$4,149,506
Federal programs	-	-	525,434	17,176
Special education	824,235	824,235	703,133	703,133
Career and technical education	444,218	444,218	237,859	190,510
District wide services	803,559	803,559	605,982	605,982
School food services	496,048	25,241	434,178	(70,009)
Operations and maintenance	1,047,269	1,047,269	668,136	668,136
Transportation	458,199	458,199	486,493	319,863
Co-curricular activities	1,012,764	1,012,764	957,150	403,845
Community service programs	-	(625,681)	-	-
Depreciation and amortization - unallocated	654,324	654,324	-	-
Interest - unallocated	294,670	294,670	269,545	269,545
Bond service charges and costs	670	670	-	-
Total	$ 9,852,558	$ 8,357,894	$ 9,122,975	$ 7,257,687

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the District's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unreserved fund balance generally can be used as a measure of the District's resources available for spending as of the end of the fiscal year. Those funds are accounted for using the modified accrual basis of accounting. The District's governmental funds had total revenues of $10,541,626 and expenditures of $10,717,872 for the year ended June 30, 2024. As of June 30, 2024, the total unassigned fund balance of all District governmental funds was $2,959,436. The District's governmental funds had total revenues of $10,640,690 and expenditures of $10,452,358 for the year ended June 30, 2023. As of June 30, 2023, the total unassigned fund balance for all District governmental funds was $3,336,389.

GENERAL FUND BUDGET HIGHLIGHTS

Actual revenue for the year ended June 30, 2024 was $150,596 less than budgeted. This was mainly due to less federal funds, state fund and local sources than was budgeted but more interest income. Actual revenue for the year ended June 30, 2023, was $12,124 more than budgeted. This was mainly due to less federal funds than was budgeted but more tax revenues and interest income.

Actual expenditures for the year ending June 30, 2024, were $122,707 less than budgeted. This was mainly due in part to less spent in regular instruction, district wide services and transportation than was budgeted. Actual expenditures for the year ending June 30, 2023, were $610,082 less than budgeted. This was mainly due in part to less spent in regular instruction than was budgeted.

CAPITAL ASSETS

As of June 30, 2024, Carrington Public School District No. 49 had $18,722,735 invested in capital assets. Table IV shows the balances as of June 30, 2024 and 2023.

Table IV
CAPITAL ASSETS, NET

	6/30/24	6/30/23 Re-stated
CAPITAL ASSETS		
Land	$ 43,598	$ 43,598
Construction in progress	-	127,600
Buildings	17,155,621	17,474,943
Equipment	600,831	652,613
Vehicles	922,685	756,505
Total capital assets (net of depreciation)	$ 18,722,735	$ 19,055,259

This total represents a decrease of $332,259 in capital assets from July 1, 2023. For a detailed breakdown of additions and deletions to capital assets, readers are referred to Note 3 to the audited financial statements that follow this analysis.

DEBT ADMINISTRATION

At June 30, 2024, the District had $11,578,163 of outstanding long-term debt consisting of bonds and compensated absences. For more detailed information on the District's debt, please refer to Note 4 of the basic financial statements.

FOR THE FUTURE

The Carrington School District, located in Foster County, North Dakota, is an accredited K-12 school district that covers about 775 square miles. The Carrington School District is a progressive school district that is housed in one campus. The high school was originally built in 1962, with a junior high addition completed in 2008 and an elementary addition completed in 2018. There are two gymnasiums, a shared commons/cafeteria and two library media centers.

Carrington Public School District remains steadfast in our commitment to benefit our students as we prepare them for the future. Now in our final phase of our strategic plan, we continue our mission of "Empowering our students for the future" by strengthening our multi-tiered systems of supports, rigorously analyzing student data, and building a collaborative culture amongst our students and staff. Our strong culture and collaborative team create an environment where every educator contributes to collective efficacy, driving student achievement through shared vision, mutual support, and high expectations. We will continue to make our priorities clear, provide transparency for the public, and hold the district accountable for maintaining the focus on what is best for students and how we can meet the needs of all students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, taxpayers and creditors with a general overview of Carrington Public School District No. 49's finances and to show the District's accountability for the money it receives to provide the best possible education to all students enrolled in Carrington Public Schools. Anyone who has questions about the information contained in this report or who is interested in receiving additional information is encouraged to contact the Business Manager of Carrington Public School District No. 49, 100 3rd Avenue South, Carrington, ND 58421; phone 701-652-3136, fax 701-652-1243.

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current assets	
Cash	$ 5,713,516
Investments	742,503
Accounts receivable	4,754
Grants receivable	194,895
Taxes receivable	176,526
Due from county treasurer	23,355
Interest receivable	21,287
Inventory	3,693
Total current assets	6,880,529
Capital assets	
Non-depreciable	
Land	43,598
Depreciable, net of accumulated depreciation	
Buildings and improvements	17,155,621
Furniture and equipment	600,831
Vehicles	922,685
Total capital assets, net of depreciation and amortization	18,722,735
TOTAL ASSETS	25,603,264
DEFERRED OUTFLOWS OF RESOURCES	
Cost sharing defined benefit - pension	1,753,530
Cost sharing defined benefit - OPEB	18,384
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,771,914
LIABILITIES	
Current liabilities	
Accounts payable	16,122
Salaries payable	52,385
Benefits payable	211,682
Unearned revenue	22,490
Interest payable	100,381
Long-term liabilities due within one year	
Bonds payable	796,187
Total current liabilities	1,199,247
Long-term liabilities	
Long-term liabilities due after one year	
Compensated absences payable	104,855
Net pension liability	6,398,240
Net OPEB liability	41,152
Bonds payable	10,677,121
Total long-term liabilities	17,221,368
TOTAL LIABILITIES	18,420,615
DEFERRED INFLOWS OF RESOURCES	
Cost sharing defined benefit - pension	1,643,213
Cost sharing defined benefit - OPEB	6,012
TOTAL DEFERRED INFLOWS OF RESOURCES	1,649,225
NET POSITION	
Net investment in capital assets	7,249,427
Restricted:	
Capital projects	84,845
Debt service	2,305,111
Student activities	754,743
Special reserve	230,955
Unrestricted	(3,319,743)
TOTAL NET POSITION	$ 7,305,338

See Notes to the Financial Statements

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Regular instruction	$ 3,816,602	$ 113,586	$ 284,590	$ (3,418,426)
Special education	824,235	-	-	(824,235)
Career and technical education	444,218	-	-	(444,218)
District wide services	803,559	-	-	(803,559)
School food services	496,048	284,192	186,615	(25,241)
Operations and maintenance	1,047,269	-	-	(1,047,269)
Transportation	458,199	-	-	(458,199)
Co-curricular activities	1,012,764	-	-	(1,012,764)
Community service programs	-	625,681	-	625,681
Depreciation and amortization - unallocated	654,324	-	-	(654,324)
Interest on long-term debt	294,670	-	-	(294,670)
Bond service charges and costs	670	-	-	(670)
TOTAL GOVERNMENTAL ACTIVITIES	$ 9,852,558	$ 1,023,459	$ 471,205	(8,357,894)

GENERAL REVENUES	
Taxes:	
Property taxes, levied for general purposes	2,261,072
Property taxes, levied for building purposes	250,982
Property taxes, levied for debt services	1,258,883
Unrestricted state aid	5,017,758
Unrestricted investment earnings	231,219
Miscellaneous revenue	2,237
TOTAL GENERAL REVENUES	9,022,151
Change in net position	664,257
Net position, beginning of year, as previously stated	7,553,143
Correction of error - see note 13	(912,062)
Net position, beginning of year, restated	6,641,081
Net position - ending	$ 7,305,338

See Notes to the Financial Statements

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Student Activity Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,248,737	$ 769,243	$ 2,343,707	$ 351,829	$ 5,713,516
Investments	742,503	-	-	-	742,503
Accounts receivable	-	-	-	4,754	4,754
Grants receivable	194,895	-	-	-	194,895
Taxes receivable	108,799	-	55,696	12,031	176,526
Due from county treasurer	16,071	-	6,089	1,195	23,355
Interest receivable	21,287	-	-	-	21,287
Inventory	-	-	-	3,693	3,693
TOTAL ASSETS	$ 3,332,292	$ 769,243	$ 2,405,492	$ 373,502	$ 6,880,529
LIABILITIES					
Accounts payable	$ -	$ 14,500	$ -	$ 1,622	$ 16,122
Salaries payable	52,385	-	-	-	52,385
Benefits payable	211,672	-	-	10	211,682
Unearned revenue	-	-	-	22,490	22,490
TOTAL LIABILITIES	264,057	14,500	-	24,122	302,679
DEFERRED INFLOWS OF RESOURCES					
Delinquent taxes	108,799	-	55,696	12,031	176,526
TOTAL DEFERRED INFLOWS OF RESOURCES	108,799	-	55,696	12,031	176,526
FUND BALANCES					
Nonspendable	-	-	-	3,693	3,693
Restricted	-	754,743	2,349,796	303,769	3,408,308
Assigned	-	-	-	29,887	29,887
Unassigned	2,959,436	-	-	-	2,959,436
TOTAL FUND BALANCES	2,959,436	754,743	2,349,796	337,349	6,401,324
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,332,292	$ 769,243	$ 2,405,492	$ 373,502	$ 6,880,529

See Notes to the Financial Statements

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds		$ 6,401,324
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of capital assets	24,031,320	
Less accumulated depreciation	(5,308,585)	
Net capital assets		18,722,735
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		176,526
Deferred outflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		1,771,914
Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Balances at June 30, 2024 are:		
Net pension liability	(6,398,240)	
Net OPEB liability	(41,152)	
Bonds payable	(11,473,308)	
Interest payable	(100,381)	
Compensated absences payable	(104,855)	
Total long-term liabilities		(18,117,936)
Deferred inflows relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		(1,649,225)
Total net position of governmental activities		$ 7,305,338

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Student Activities Fund	Building Fund (Formally Major)	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Local sources	$ 2,387,161	$ 625,681	$ -	$ 1,266,480	$ 539,889	$ 4,819,211
State sources	5,017,758	-	-	-	2,368	5,020,126
Federal sources	284,590	-	-	-	184,247	468,837
Investment earnings	166,004	-	-	65,029	185	231,218
Miscellaneous	2,234	-	-	-	-	2,234
TOTAL REVENUES	7,857,747	625,681	-	1,331,509	726,689	10,541,626
EXPENDITURES						
Current:						
Regular instruction	3,886,135	-	-	-	120	3,886,255
Special education	824,235	-	-	-	-	824,235
Career and technical education	456,479	-	-	-	-	456,479
District wide services	801,504	-	-	-	-	801,504
School food services	-	-	-	-	483,510	483,510
Operations and maintenance	995,351	-	-	-	19,493	1,014,844
Transportation	455,930	-	-	-	-	455,930
Co-curricular activities	300,725	718,667	-	-	-	1,019,392
Debt Service:						
Principal	75,081	-	-	1,119,321	-	1,194,402
Interest	739	-	-	258,112	-	258,851
Service charges	-	-	-	670	-	670
Capital outlay	321,800	-	-	-	-	321,800
TOTAL EXPENDITURES	8,117,979	718,667	-	1,378,103	503,123	10,717,872
Excess (deficiency) of revenues over expenditures	(260,232)	(92,986)	-	(46,594)	223,566	(176,246)
OTHER FINANCING SOURCES (USES)						
Transfers in	49,400	186,685	-	-	-	236,085
Transfers out	(186,685)	-	-	-	(49,400)	(236,085)
TOTAL OTHER FINANCING SOURCES (USES)	(137,285)	186,685	-	-	(49,400)	-
Net change in fund balances	(397,517)	93,699	-	(46,594)	174,166	(176,246)
Fund balances - beginning, as previously reported	3,396,403	-	(60,014)	2,396,390	909,190	6,641,969
Changes within the financial reporting entity - see note 13	-	661,044	60,014	-	(721,058)	-
Correction of error - see note 13	(39,450)	-	-	-	(24,949)	(64,399)
Fund balances - beginning, restated	3,356,953	661,044	-	2,396,390	163,183	6,577,570
Fund balances - ending	$ 2,959,436	$ 754,743	$ -	$ 2,349,796	$ 337,349	$ 6,401,324

See Notes to the Financial Statements

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds		$ (176,246)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets with a cost greater than $5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Capital asset additions	321,800	
Current year depreciation expense	(654,324)	
		(332,524)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(10,292)
Repayment of debt principal is an expenditure in the governmental fund, but repayment reduces long-term liabilities in the Statement of Net Position		1,194,402
Repayment of bond premium payable is not recognized in the governmental funds, but reduces interest expense in the Statement of Activities.		119
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	1,133	
Net change in interest payable	(35,936)	
Net change in OPEB liability	8,361	
Net change in net pension liability	677,785	
		651,343
Changes in deferred inflows and outflows relating to net pension liability		(626,781)
Changes in deferred inflows and outflows relating to net OPEB liability		(10,950)
Some revenues reported on the Statement of Activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the following:		
Net change in taxes receivable		(24,814)
Change in net position of governmental activities		$ 664,257

See Notes to the Financial Statements

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Custodial Fund
ASSETS	
Current assets	
Cash and cash equivalents	$ 166
Investments	1,165,871
Interest receivable	51,482
Total assets	$ 1,217,519
NET POSITION	
Restricted for scholarships	$ 1,217,519

See Notes to the Financial Statements

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Fund
Additions	
Local sources	$ 400,000
Investment earnings	51,648
Total additions	451,648
Change in net position	451,648
Net position - beginning, as previously reported	654,291
Correction of error - see note 13	111,580
Net position - beginning, restated	765,871
Net position - ending	$ 1,217,519

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the District

The Carrington Public School District No. 49 is organized under the laws of the State of North Dakota. It provides a system of free public schools for all children of legal age residing within the district. It is governed by an elected five-member school board and operates grades K through 12.

Reporting Entity

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no component units to be included with the District.

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District's funds consist of the following:

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

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

Student Activities Fund – This fund accounts for the financial resources related to the District's student activities.

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

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

Scholarship fund – The fund is used to account for money received from private donors that is restricted towards the use of scholarships.

Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements:

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

Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Under this measurement focus, only current assets, current liabilities, and current deferred inflows/outflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources.

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

Basis of Accounting

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

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

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

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

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

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

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

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

Deposits and Investments

The District maintains deposits at depository banks that are members of the Federal Reserve System. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentality's, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, or instrumentality's, or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body, and bonds issued by any other state of the United States or such other securities approved by the banking board.

Inventories

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

Capital Assets

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

The capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Buildings	60 - 75 years
Equipment	5 - 20 years
Vehicles	10 - 20 years

Compensated Absences

The District allows employees to accumulate unused sick leave. Earned vacation time is generally required to be used in the year earned. Upon termination, payment shall be made at the rate of 25% of the accumulated days based on the current salary level. The amount to be paid from current resources is not significant.

Long-Term Obligations

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

In fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is classified and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position - Consists of net positions with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation.

3. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

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

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

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

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

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Fund for Retirement (TFFR) and 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District currently has deferred outflows of resources related to pensions and OPEB.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The District currently has deferred inflows of resources related to pensions and OPEB. The District has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Transactions

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

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

Estimates

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

Change in Accounting Principle

The District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, during the year ended June 30, 2024. GASB Statement No. 100 enhances the accounting and financial reporting requirements for accounting changes and error corrections.

The adoption of GASB 100 resulted in the reclassification of the student activity fund from a nonmajor program in June 30, 2023 to a major program for the year ended June 30, 2024 and the building fund from a major program in June 30, 2023 to a nonmajor program for the year ended June 30, 2024. See note 13 for further details.

The adoption also resulted in the presentation of an error correction for the year ended June 30, 2023. See note 13 for further details regarding the error correction.

NOTE 2 CASH AND CASH EQUIVALENTS

The following is a breakdown of deposits in the banks under custody of the District as of June 30, 2024.

Governmental Activities	Book Balance	Bank Balance
Cash and cash equivalents	$ 5,713,516	$ 6,431,495
Certificates of deposit over three months	742,503	742,503
Custodial Fund		
Cash and cash equivalents	166	166
Certificates of deposit over three months	1,165,871	1,165,871
Total	$ 7,622,056	$ 8,340,035

Custodial Credit risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, the District's deposits are fully insured or collateralized with securities held by the financial institutions in the District's name and a letter of credit.

Interest Rate Risk

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

Credit Risk

North Dakota state statute authorizes the District to invest their surplus funds in:

I. 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.
II. 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.
III. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.
IV. Obligations of the state.

The District has no investments other than fully insured and collateralized demand and time deposits.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	July 1, 2023, Re-stated	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated				
Land	$ 43,598	$ -	$ -	$ 43,598
Construction in progress	127,600	-	(127,600)	-
Total capital assets, not depreciated	171,198	-	(127,600)	43,598
Capital assets, being depreciated				
Buildings	20,720,716	72,897	-	20,793,613
Equipment	1,503,753	104,153	(33,673)	1,574,233
Vehicles	1,347,526	272,350	-	1,619,876
Total capital assets, being depreciated	23,571,995	449,400	(33,673)	23,987,722
Less accumulated depreciation for				
Buildings	3,245,773	392,219	-	3,637,992
Equipment	851,140	155,935	(33,673)	973,402
Vehicles	591,021	106,170	-	697,191
Total accumulated depreciation	4,687,934	654,324	(33,673)	5,308,585
Total capital assets being depreciated, net	18,884,061	(204,924)	-	18,679,137
Governmental activities capital assets, net	$ 19,055,259	$ (204,924)	$ (127,600)	$ 18,722,735

Depreciation expense was charged to functions as follows:

Unallocated	$ 654,324

NOTE 4 LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
Compensated absences [1]	$ 105,988	$ -	$ (1,133)	$ 104,855	$ -
Lease liability	10,796	-	(10,796)	-	-
Financed purchase	64,285	-	(64,285)	-	-
Bonds payable	12,564,686	-	(1,119,321)	11,445,365	796,187
Bond premium (discount)	28,061	-	(118)	27,943	-
Total	$ 12,773,816	$ -	$ (1,195,653)	$ 11,578,163	$ 796,187

[1] The change in compensated absences is shows as a net change.

Terms and maturity of long-term debt are as follows:

Bonds Payable	Outstanding 6/30/24
$970,000 General Obligation School Building Bonds of 2006, due in annual installments of $75,000 to $80,000 through August 1, 2026, interest at 0.60% to 2.50%. Payments are to be made from the Debt Service Fund. Includes discount of $2,056.	$ 152,944
$6,000,000 General Obligation School Building Bonds of 2016, due in annual installments of $280,000 to $370,000 through August 1, 2036, interest at 2.00% to 2.75%. Payments are to be made from the Debt Service Fund. Includes premium of $29,999.	4,209,999
$8,145,280 Bank of North Dakota Bond of 2016, due in annual installments of $516,187 to $563,827 through August 1, 2036, interest at 2.00%. Payments are to be made from the Debt Service Fund.	7,110,365
Total Bonds Payable	$ 11,473,308

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

	Bonds Payable	
Year Ending June 30	Principal	Interest
2025	$ 796,187	$ 232,952
2026	886,348	219,814
2027	901,562	162,447
2028	831,828	184,014
2029	842,146	167,274
2030-2034	4,397,383	525,888
2035-2036	2,789,911	97,161
Premium / Discount	27,943	(27,943)
Totals	$ 11,473,308	$ 1,561,607

NOTE 5 INTERFUND TRANSFERS

Transfers to/from other funds at June 30, 2024, consist of the following:

Fund	Transfer In	Transfer Out
General fund	$ 49,400	$ 186,685
Food service fund	-	49,400
Other governmental funds	186,685	-
Total transfers	$ 236,085	$ 236,085

The transfer from the food service fund to the general fund was for money remaining from COVID and the transfer from the general fund to the other governmental funds / student activity fund was for athletics and to fund Pre-K.

NOTE 6   NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

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

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

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

Pension Benefits

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

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

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

Tier 1 Non-grandfathered

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

Pension benefits paid by NDTFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under NDTFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year 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. NDTFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70 ½. Refunded members forfeit all service credits under NDTFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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

At June 30, 2024, the District reported a liability of $5,210,919 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the School's share of covered payroll in the pension plan relative to the covered payroll of all participating NDTFFR employers. At July 1, 2023, the District's proportion was 0.371330 percent which was an increase of 0.000607 percent from its proportion measured as of July 1, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $281,953. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,417	$ (276,595)
Changes of assumptions	82,456	-
Net difference between projected and actual earnings on pension plan investments	318,043	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,901	(430,766)
Employer contributions subsequent to the measurement date	408,354	-
Total	$ 844,171	$ (707,361)

$408,354 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

Year ending June 30:		
2025	$	(98,669)
2026		(177,640)
2027		231,029
2028		(72,524)
2029		(72,043)
Thereafter		(81,697)

Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	Composed of 3.80% wage inflations, plus step rate promotional increases for members with less than 30 years of service
Investment rate of return	7.25%, net of investment expenses, including inflation
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disabled 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, 2023, funding actuarial valuation for NDTFFR.

The NDTFFR 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 NDTFFR 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 resulting estimated impact of funded status and contribution rates.

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of July 1, 2023, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55%	6.20%
Global Fixed Income	26%	3.00%
Global Real Assets	18%	4.40%
Cash Equivalents	1%	0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2022, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2023. 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, 2023.

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

The following presents the net pension liability of the TFFR employers' calculated using the discount rate of 7.25% as of June 30, 2023, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of net pension liability	$ 7,255,066	$ 5,210,919	$ 3,514,614

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report. TFFR's Comprehensive Annual Financial Report (CAFR) is located at https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2023.pdf.

NOTE 7 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM (MAIN SYSTEM)

The following brief description of ND PERS 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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, lifetime 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, 2024, the District reported a liability of $1,187,321 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2023, the District's proportion was 0.061575 percent which was a decrease of 0.003309 percent from its proportion measured as of July 1, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $145,251. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38,651	$ (6,548)
Changes of assumptions	654,703	(901,207)
Net difference between projected and actual earnings on pension plan investments	31,153	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	120,815	(28,097)
Employer contributions subsequent to the measurement date	64,037	-
Total	$ 909,359	$ (935,852)

$64,037 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

Year ending June 30:	
2025	$ 42,635
2026	(103,551)
2027	31,331
2028	(60,945)

Actuarial Assumptions

The total pension liability in the July 1, 2023, 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	6.50%, 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	30.90%	6.25%
International Equity	20.10%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

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 (SOR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SOR 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 3.86%; and the resulting Single Discount Rate is 6.50%.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net pension liability	$ 1,637,031	$ 1,187,321	$ 814,252

Pension Plan Fiduciary Net Position

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

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

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

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

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

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as parttime/

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, 2024, the Employer reported a liability of $41,152 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the Employer's proportion was 0.041162 percent, which was a decrease of 0.000088 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized OPEB expense of $7,676. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 774	$ (471)
Changes of assumptions	8,777	(3,408)
Net difference between projected and actual earnings on OPEB plan investments	2,972	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,346	(2,133)
Employer contributions subsequent to the measurement date	4,515	-
Total	$ 18,384	$ (6,012)

$4,515 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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

Year ending June 30:	
2025	$ 2,945
2026	2,113
2027	3,902
2028	(1,103)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5 .75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
S&P 500 Index	33.00%	5.50%
US Small Cap Equity	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Core Fixed Income	28.00%	4.04%

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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Employer's proportionate share of the net OPEB liability	$ 54,083	$ 41,152	$ 30,265

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters. The District has purchased commercial insurance to cover any potential losses.

The District participates in the North Dakota Insurance Reserve Fund (NDIRF) entity risk pool established by certain municipalities ("Members") to provide liability coverage. The District's payments to NDIRF are displayed on the financial statements as expenditures/expenses in the appropriate funds. The purpose of the NDIRF is to act as a joint self- insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of the NDIRF. The District does not exercise any control over the activities of the NDIRF.

The District's risk for worker's compensation is covered by premiums paid to the North Dakota Workforce Safety & Insurance. The Bureau was created by the Legislature of the State of North Dakota.

The District's risk for property coverage is covered by premiums paid to the North Dakota State Fire and Tornado Fund. The Fund was established by the State of North Dakota to insure political subdivisions and certain other entities against loss to public buildings and permanent contents from damage caused by fire, tornadoes and other types of risks. There has been no major reduction in insurance coverage and settled claims from these risks have not exceeded commercial coverage for the past three years.

NOTE 10 CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The District's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the District as of June 30, 2024.

NOTE 11 ENDOWMENT

The District received $649,973 as an endowment with the earnings to be used for scholarships. As of June 30, 2024, $4,151 is in excess of the corpus amount of the endowment and is available to spend on scholarships. These balances are included in the restricted for scholarships on the statement of fiduciary net position.

The District has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the District classifies as restricted net position with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is also classified as restricted net position until those amounts are appropriated for expenditure by the District in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the District considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the District, and (7) the District investment policies.

The District does not have a formal policy regarding investment income or spending policy for endowments.

NOTE 12 GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2024, include the following:

	General Fund	Student Activity	Debt Service Fund	Other Governmental Funds	Total
Non-spendable:					
Inventory	$ -	$ -	$ -	$ 3,693	$ 3,693
Restricted:					
Building	-	-	-	77,326	77,326
Debt Service	-	-	2,349,796	-	2,349,796
Special Reserve	-	-	-	226,443	226,443
Student Activities	-	754,743	-	-	754,743
Assigned:					
Food Service	-	-	-	29,887	29,887
Unassigned	2,959,436	-	-	-	2,959,436
	$ 2,959,436	$ 754,743	$ 2,349,796	$ 337,349	$ 6,401,324

NOTE 13 RESTATEMENTS

The District adjusted the June 30, 2023 financial statements as follows:

	Governmental Funds					
	General Fund	Student Activity	Building Fund (Formerly Major)	Debt Service Fund	Other Governmental Funds	Total
Net Position / Fund Balance, as previously reported	$ 3,396,403	$ -	$ (60,014)	$ 2,396,390	$ 909,190	$ 6,641,969
Changes within reporting entity	-	661,044	60,014	-	(721,058)	-
Correction of errors:						
Record in correct period	(39,450)	-	-	-	(24,949)	(64,399)
	$ 3,356,953	$ 661,044	$ -	$ 2,396,390	$ 163,183	$ 6,577,570

	Governmental Activities	Custodial Fund
Net Position / Fund Balance, as previously reported	$ 7,553,143	$ 654,291
Correction of errors:		
Write off old capital assets	(847,663)	
Record CD's	-	111,580
	$ 6,705,480	$ 765,871

- Changes within the reporting entity represent funds changing between major and non-major funds from the prior year.

- An error correction was recorded for unearned revenue for the food service fund that was not previously recorded on the 2023 financial statements. This resulted in a decrease in fund balance and increase in unearned revenues of $21,699.

- An error correction was recorded in accounts payable for the general fund and capital project fund that were erroneously missed in 2023. This resulted in a decrease in fund balance / net position and an increase in accounts payable of $39,450 for the general fund and $3,250 for the capital project fund.

- An error correction was recorded to remove capital assets that were disposed in prior years. This resulted in a decrease in capital assets and net position of $847,663.

- An error correction was recorded to add certificates of deposit erroneously missed in 2023. This resulted in an increase in investments and net position of $111,580.

NOTE 14 FUTURE PRONOUNCEMENTS

GASB Statement No. 101, *Compensated Absences,* updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

NOTE 15 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through March 20, 2025, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original & Final Budget	Actual	Variance With Budget
REVENUES			
Local sources	$ 2,450,150	$ 2,387,161	$ (62,989)
State sources	5,202,429	5,017,758	(184,671)
Federal sources	314,764	284,590	(30,174)
Investment earnings	40,000	166,004	126,004
Miscellaneous	1,000	2,234	1,234
TOTAL REVENUES	8,008,343	7,857,747	(150,596)
EXPENDITURES			
Current:			
Regular instruction	4,033,664	3,886,135	(147,529)
Special education	818,000	824,235	6,235
Career and technical education	467,781	456,479	(11,302)
District wide services	946,955	801,504	(145,451)
Operations and maintenance	1,000,910	995,351	(5,559)
Transportation	649,596	455,930	(193,666)
Co-curricular activities	323,780	300,725	(23,055)
Debt Service:			
Principal	-	75,081	75,081
Interest	-	739	739
Capital outlay	-	321,800	321,800
TOTAL EXPENDITURES	8,240,686	8,117,979	(122,707)
Excess (deficiency) of revenues over expenditures	(232,343)	(260,232)	(27,889)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	49,400	49,400
Transfers out	(77,250)	(186,685)	(109,435)
TOTAL OTHER FINANCING SOURCES (USES)	(77,250)	(137,285)	(60,035)
Net change in fund balances	$ (309,593)	(397,517)	$ (87,924)
Fund balances - beginning of year, restated		3,356,953	
Fund balances - ending		$ 2,959,436	

See Notes to the Required Supplementary Information

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.371330%	$ 5,210,919	$ 2,917,266	178.62%	69.34%
2023	0.370723%	5,397,925	2,985,315	180.82%	67.50%
2022	0.387351%	4,081,347	2,904,013	140.54%	75.70%
2021	0.397995%	6,091,326	2,921,503	208.50%	63.40%
2020	0.416448%	5,735,548	2,938,966	195.16%	65.50%
2019	0.432322%	5,762,241	2,885,459	199.70%	65.50%
2018	0.427494%	5,871,735	2,963,661	198.12%	63.20%
2017	0.456141%	6,682,731	2,851,899	234.33%	59.20%
2016	0.463644%	6,063,792	2,652,356	228.62%	62.10%
2015	0.457261%	4,791,285	2,652,356	180.64%	66.60%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.06158%	$ 1,187,321	$ 676,377	175.54%	65.31%
2023	0.05827%	1,678,100	684,270	245.24%	54.47%
2022	0.06043%	629,831	561,747	112.12%	78.26%
2021	0.05092%	1,602,048	551,822	290.32%	48.91%
2020	0.05305%	621,796	517,074	120.25%	71.66%
2019	0.05033%	849,407	447,015	190.02%	63.53%
2018	0.04379%	703,833	426,736	164.93%	61.98%
2017	0.04235%	412,693	415,304	99.37%	70.46%
2016	0.04662%	316,988	426,604	74.30%	77.15%
2015	0.05064%	321,436	426,604	75.35%	77.70%

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	0.041162%	$ 41,152	$ 425,871	9.66%	62.74%
2023	0.041250%	49,513	442,550	11.19%	56.28%
2022	0.040591%	22,576	512,889	4.40%	76.63%
2021	0.044991%	37,846	551,822	6.86%	63.38%
2020	0.049453%	39,720	517,074	7.68%	63.13%
2019	0.047255%	37,217	447,015	8.33%	61.89%
2018	0.041320%	32,685	447,015	7.31%	59.78%

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

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 408,354	($408,354)	$ -	$3,202,774	12.75%
2023	379,898	(379,898)	-	2,917,266	13.02%
2022	371,951	(371,951)	-	2,985,315	12.46%
2021	380,628	(380,628)	-	2,904,013	13.11%
2020	370,262	(370,262)	-	2,921,503	12.67%
2019	372,491	(372,491)	-	2,938,966	12.67%
2018	374,718	(374,718)	-	2,885,459	12.99%
2017	377,867	(377,867)	-	2,963,661	12.75%
2016	363,599	(363,599)	-	2,851,899	12.75%
2015	285,126	(285,126)	-	2,652,356	10.75%

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 64,037	$ (64,037)	$ -	$ 779,071	8.22%
2023	50,942	(50,555)	387	676,377	7.47%
2022	50,462	(47,833)	2,629	684,270	6.99%
2021	39,776	(39,351)	425	561,747	7.01%
2020	40,176	(39,007)	1,169	551,822	7.07%
2019	38,084	(35,278)	2,806	517,074	6.82%
2018	32,414	(32,364)	50	447,015	7.24%
2017	30,895	(29,771)	1,124	426,736	6.98%
2016	31,545	(29,570)	1,975	415,304	7.12%
2015	34,304	(34,304)	-	426,604	8.04%

See Notes to the Required Supplementary Information

CARRINGTON PUBLIC SCHOOL DISTRICT NO. 49
SCHEDULES OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 4,515	$ (4,515)	$ -	$ 396,053	1.14%
2023	5,183	(4,918)	265	425,871	1.22%
2022	5,322	(5,560)	(238)	442,550	1.20%
2021	6,025	(6,123)	(98)	512,889	1.17%
2020	6,418	(6,245)	173	551,822	1.16%
2019	6,065	(5,648)	417	517,074	1.17%
2018	5,196	(5,182)	14	447,015	1.16%

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

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

1. The Business Manager, Superintendent, and a two-member finance committee prepare the District budget on the modified accrual basis of accounting. The budget includes proposed expenditures and the means of financing them. The budget includes the general fund and the school lunch fund (special revenue).

2. The School Board reviews the budget, may make revisions and approves it on or before August 15. The budget must be filed with the county auditor by August 25.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 10.

4. The balance of each appropriation becomes a part of the unappropriated balance at year-end.

NOTE 2 CHANGES OF ASSUMPTIONS

TFFR Pension Plan

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

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

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

- Investment return assumption lowered from 8% to 7.75%.
- Inflation assumption lowered from 3% to 2.75%.
- Total salary scale rates lowered by 0.25% due to lower inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.

- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

NDPERS Pension Plan

All 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NDPERS OPEB

All 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NOTE 3 CHANGES OF BENEFIT TERMS

NDPERS Pension Plan

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

NDPERS OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

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

To the School Board
Carrington Public School District No. 49
Carrington, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carrington Public School District No. 49 as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carrington Public School District No. 49's basic financial statements and have issued our report thereon dated March 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carrington Public School District No. 49'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carrington Public School District No. 49's internal control. Accordingly, we do not express an opinion on the effectiveness of Carrington Public School District No. 49's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-002 and 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carrington Public School District No. 49's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.*

Carrington Public School District No. 49's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Carrington Public School District No. 49's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Carrington Public School District No. 49's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Brady Martz

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

March 20, 2025

2024-001: Adjusting Journal Entries – Material Weakness

Criteria
The District is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition
During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

Cause
The District's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect
The District's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

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

Views of Responsible Officials and Planned Corrective Actions
Our district is committed to continuous improvement. We will continue to exercise compliance to overall financial reporting and ensure compliance with GAAP. Superintendent and Business Manager will work together to monitor progress closely through regular check-ins and monthly meetings to ensure that corrective measures are effective in mitigating future deficiencies, however, we will have our auditors continue to prepare end of year journal entries for our financial statements.

2024-002: Financial Statement Preparation – Significant Deficiency

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions
Our school board is aware of this condition. The Board will continue to request that the auditor assist with preparation of the financial statements; however, the board will continue to instruct School Administration to provide all requested schedules.

2024-003: Segregation of Duties – Significant Deficiency

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions
I acknowledge that current personnel and budget restraints in our accounting department limit the ability to perfectly segregate key accounting functions such as authorization, record keeping, and reconciliation. Superintendent and business manager have multiple check-ins throughout the day and meet twice a month to ensure that internal controls and financial reporting are effective, promptly addressing any discrepancies and maintaining compliance with our established procedures.

Moving forward, our district will continue to review its internal control procedure over accounting functions to determine whether additional, cost-effective measures can be implemented to improve segregation of duties. These actions will be communicated to the board to ensure they remain aware of the condition and the steps being taken to mitigate the related risks.