

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MINOT, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund	58
Schedule of Employer Contributions - Pension	59
Schedule of Employer Contributions - OPEB	60
Schedule of Employer's Proportionate Share of Net Pension Liability	61
Schedule of Employer's Proportionate Share of Net OPEB Liability	62
Notes to the Required Supplementary Information	63
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards	66
Notes to the Schedule of Expenditures of Federal Awards	68
<b>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</b>	69

<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>71</b>
Schedule of Findings and Questioned Costs	74
Schedule of Prior Year Findings and Questioned Costs	77
Corrective Action Plan	79

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Minot Public School District No. 1  
Minot, North Dakota

### Report on the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minot Public School District No. 1 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minot Public School District No. 1 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 the Minot Public School District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

##### ***Change in Accounting Principle***

As described in Note 2 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.

## ***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 misstatements, 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 Minot Public School District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***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 Minot Public School District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Minot Public School District No. 1's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

The schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

October 3, 2024

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

The discussion and analysis of Minot Public School District No. 1's financial performance provides an overall review of the District's financial activities for the year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the district's financial performance.

**Financial Highlights**

Key financial highlights MPSD#1 including component unit MAFB PSD#160 for 2024 are as follows:

- \* Net Position of the District increased by \$7,486,730.
- \* Governmental net position totaled \$69,121,318.
- \* The District's general fund had \$123,325,821 in total revenues and \$125,892,653 in expenditures.

**Using the Annual Report**

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand Minot Public School District No. 1 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

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



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during the year ended June 30, 2024?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Capital Projects Fund, and the Minot Air Force Base District #160 General Fund.

**Governmental Funds**

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

**Financial Analysis of the District as a Whole**

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

Table 1 provides a summary of the District's net position (including component unit MAFB PSD#160) as of June 30, 2024. As the table illustrates, net position decreased by 12.15% during the past fiscal year. As indicated in the financial highlights, the District's net position increased by \$7,486,730 for the year ended June 30, 2024. Net position may serve over time as a useful indicator of the District's financial position.

The District's June 30, 2024 net position of \$69,121,318 is segregated into three separate categories: 1) net position invested in Capital Assets (net of related debt), 2) restricted net position (resources that are subject to external restrictions on how they must be spent) and 3) unrestricted net position. Table 1 shows a comparison of assets, liabilities and net position between fiscal year ended June 30, 2024 and fiscal year ended June 30, 2023.

**Table 1 Net Position**      Including Component Unit

	<u>2024</u>	<u>2023</u>	<u>% Change 2024 - 2023</u>
<b>Assets</b>			
Current assets	\$ 79,091,672	\$ 62,725,367	26.1%
Noncurrent assets - restricted	1,669,696	67,635,031	0.0%
Capital assets	278,414,044	214,316,033	29.9%
Total assets	<u>359,175,412</u>	<u>344,676,431</u>	4.2%
<b>Deferred Outflows of Resources</b>	<u>35,867,086</u>	<u>49,749,827</u>	-27.9%
<b>Liabilities</b>			
Current liabilities	39,448,626	34,635,932	13.9%
Long-term liabilities	254,243,172	273,219,083	-6.9%
Total liabilities	<u>293,691,798</u>	<u>307,855,015</u>	-4.6%
<b>Deferred Inflows of Resources</b>	<u>32,229,382</u>	<u>24,936,655</u>	29.2%
<b>Net Position</b>			
Net investment in capital assets	136,567,039	143,356,276	-4.7%
Restricted	20,262,524	9,782,265	107.1%
Unrestricted	(87,708,245)	(91,503,953)	4.1%
	<u>\$ 69,121,318</u>	<u>\$ 61,634,588</u>	12.15%

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

Table 2 shows the changes in net position (including component unit) for fiscal year ended June 30, 2024 in comparison to the year ended June 30, 2023.

**Table 2 Changes in Net Position**

	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>Variance</u></b> <b><u>2024 - 2023</u></b>
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 15,368,037	\$ 14,555,538	\$ 812,499
Operating grants and contributions	19,583,653	31,552,957	(11,969,304)
Capital grants and contributions	4,199,939	10,270,589	(6,070,650)
General Revenues:			
Taxes	33,378,488	32,454,768	923,720
State aid	76,901,812	71,780,694	5,121,118
Impact aid	10,384,318	7,955,399	2,428,919
Other federal aid	566,018	474,855	91,163
Other	4,668,841	4,100,786	568,055
Total revenues	<u>165,051,106</u>	<u>173,145,586</u>	<u>(8,094,480)</u>
<b>Expenses</b>			
Instruction:			
Regular	54,088,633	40,247,073	13,841,560
Special education	22,771,175	20,221,257	2,549,918
Vocational education	3,387,715	3,231,998	155,717
Federal	5,222,440	19,765,079	(14,542,639)
Tuition	1,535,730	1,294,952	240,778
Support services:			
Pupil services	3,784,723	3,162,699	622,024
Instructional staff services	4,716,754	3,628,187	1,088,567
General administration services	3,947,394	4,139,191	(191,797)
School administration services	7,597,608	7,326,891	270,717
Business services	678,573	736,133	(57,560)
Operations and maintenance	12,000,766	16,836,358	(4,835,592)
Pupil transportation	3,106,459	2,730,839	375,620
Head start	4,683,391	4,718,799	(35,408)
Adult learning center	509,160	523,637	(14,477)
Interest expense	4,322,406	4,630,323	(307,917)
Non education services:			
Enterprise services	258,123	275,392	(17,269)
Food services	6,114,972	5,826,564	288,408
Community services	2,472,582	2,479,700	(7,118)
Extracurricular activities	5,349,535	4,148,938	1,200,597
Services provided another LEA	107,414	105,755	1,659
Other facilities costs	2,852,473	93,083	2,759,390
Total expenses	<u>149,508,026</u>	<u>146,122,848</u>	<u>3,385,178</u>
Component Unit Expenses	<u>8,056,350</u>	<u>8,000,228</u>	<u>56,122</u>
Increase (Decrease) in Net Position	<u>7,486,730</u>	<u>19,022,510</u>	<u>(11,535,780)</u>
Net position - beginning of year	61,634,588	42,424,313	19,210,275
Prior period adjustment - see note 20	<u>-</u>	<u>187,765</u>	<u>(187,765)</u>
Net position - beginning of year, restated	61,634,588	42,612,078	19,022,510
Net position - ending	<u>\$ 69,121,318</u>	<u>\$ 61,634,588</u>	<u>\$ 7,486,730</u>

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

As indicated in table 2, revenue for year ended June 30, 2024 was \$165,051,106 compared to \$173,145,586 for year ended June 30, 2023. The difference, \$8,094,480 constituted an decrease of approximately 4.67%. The difference is largely due to a decrease in state and federal grants.

Property taxes constituted 20.22%, state aid 46.59%, other federal aid 6.63%, program revenue 23.72% and other sources 2.83% of the total revenues of governmental activities of the District for fiscal year 2024.

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

**Table 3**

	Total Cost for Year Ended <u>6/30/2024</u>	Net Cost for Year Ended <u>6/30/2024</u>
Instruction	\$ 85,469,963	\$ 83,465,407
Tuition	1,535,730	1,294,952
Support services	45,347,234	48,433,057
Non education services	14,302,626	12,836,349
Other facilities costs	2,852,473	93,083
Component Unit	8,056,350	8,000,228
Total expenses	<u>\$ 157,564,376</u>	<u>\$ 154,123,076</u>

Instruction expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and pupil including regular education, special education, career and technical education and federal programs. Instruction comprised 54.24% of district expenses in 2024.

Tuition expenses are the costs to reimburse other educational agencies for instructional services to students residing in the Minot Public School District's legal boundaries.

Support Services includes pupil's services, instructional staff services, general administration services, school administration services, business services, operation and maintenance of plant, pupil transportation services, Head Start, Adult Learning Center and interest expense.

Non-Education Services include Enterprise Services, Food Services, Community Services, Extracurricular activities and Services provided another LEA.

Other facilities costs include costs associated with construction services provided by contractors hired by the district.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

**Financial Analysis of the District's Governmental Funds**

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting.

The District's governmental funds had total revenues of \$153,288,092 and expenditures of \$219,610,572 for the year ended June 30, 2024. As of June 30, 2024, the unassigned fund balance of the District's general fund was \$21,510,324 and total unassigned fund balance for all the District's governmental funds was \$21,510,324. There was a decrease of \$2,003,902 in the unassigned fund balance for all the District's governmental funds.

For the 2023-2024 school year there was a projected deficit of \$2,350,854 (expenditures exceed revenue) with anticipated Revenue of \$122,618,467 and anticipated Expenditures of \$124,969,321. In actuality, the General Fund experienced a deficit totaling \$2,043,144 for year ended June 30, 2024.

**Capital, Lease, & SBITA Assets**

As of June 30, 2024, the District has invested the following in capital, lease, and SBITA assets. See table 4 and Notes 6, 7 & 8 to the financial statements for 2023 to 2024 comparisons.

**Table 4**

	Capital Assets (Net of Depreciation) at June 30th		
	2024	2023	Variance
Land	\$ 8,240,466	\$ 8,240,466	\$ -
Construction in progress	120,196,034	52,652,889	67,543,145
Land improvements	14,044,481	14,995,816	(951,335)
Buildings and improvements	131,244,013	134,793,758	(3,549,745)
Furniture and equipment	4,329,573	3,281,027	1,048,546
Right-to-use equipment	159,058	282,046	(122,988)
SBITA's	200,419	70,032	130,387
Totals	<u>\$ 278,414,044</u>	<u>\$ 214,316,034</u>	<u>\$ 64,098,010</u>

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

**Debt Administration**

As of June 30, 2024, the District had \$133,499,733 in outstanding long-term debt compared to \$129,479,985 as of June 30, 2023. See Note 10 to the financial statements.

**Table 5**

Outstanding Debt at June 30, 2024

2014B General obligation bonds	\$ 10,839,733
2015 General obligation bonds	2,070,000
2016A General obligation bonds	1,730,000
2016B Lease revenue refunding bonds	1,060,000
2021B General obligation bonds	4,680,000
2021 General obligation bonds	14,390,000
2022 General obligation bonds	88,730,000
2023 General obligation bonds	<u>10,000,000</u>
Total	<u><u>\$ 133,499,733</u></u>

**For the Future**

The Minot Public School District # 1 has recently shown decrease in student enrollment which is a major source of State revenue. Technology, energy costs (electricity and fuel), special education and health insurance will likely continue to consume large portions of the local budget. The District has experienced positive growth in total taxable valuation. Substantial increases should not be expected or counted on. The district's fund reserves remain strong, but that could be strained should the need to deficit spend continue.

On December 7, 2021, the District successfully passed a \$84.8 million-dollar bond referendum by 84% to fund a new high school and passed a \$24.2 million-dollar bond referendum by 78% to fund a competition swimming pool, new turf and athletic complex at the new high school. The District also successfully passed by 77% raising the debt limit of assessed property valuation from 5% to 10%. This allowed the District to secure funding for the projects.

The project voted on has allowed the District to remodel and repurpose the former Cognizant Building and site to a new comprehensive grade 9-12 Minot Public School high school with a pool, turf field and athletic complex. It allows for the former Voya building to be remodeled into a career and technology center, the remodel and repurpose of Minot High School from its current grade 11-12 configuration to a comprehensive grade 9-12 high school building. It will also allow the remodel and repurpose of the Central High School campus from its current grade 9-10 configuration to a comprehensive grade 6-8 middle school.

As of June 30, 2024, work was near substantial completion at the new north high school site. The District expects an August 21, 2024 opening date for the new Minot North High School. The new career and technology center, which is named the Minot Area Workforce Academy and the Minot High School auxiliary gymnasium are operational and in use.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. You may request a copy of this report and/or a copy of the Minot Air Force Base District No. 160 report by contacting Laura Dokken, Business Manager, Minot Public School District, 215 2<sup>nd</sup> St SE, Minot ND 58701, or email at [laura.dokken@minot.k12.nd.us](mailto:laura.dokken@minot.k12.nd.us).

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Governmental Activities	MPSD AFB #160 Component Unit
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 59,207,461	\$ 8,707,098
Investments	1,672,180	-
Taxes receivable	2,932,871	-
Accounts receivable	88,521	-
Due from other governmental agencies	3,925,745	447,305
Inventories	159,024	-
Prepaid expenses	1,916,278	-
Other assets	35,189	-
Total current assets	<u>69,937,269</u>	<u>9,154,403</u>
Non-current assets:		
Restricted cash and cash equivalents	1,669,696	-
Capital assets, non-depreciable	128,436,500	-
Capital assets, net of depreciation and amortization	<u>149,977,544</u>	<u>-</u>
Total non-current assets	<u>280,083,740</u>	<u>-</u>
Total assets	<u>350,021,009</u>	<u>9,154,403</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Cost sharing defined benefit plan - pension	35,289,718	-
Cost sharing defined benefit plan - OPEB	<u>577,368</u>	<u>-</u>
Total deferred outflows of resources	<u>35,867,086</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	28,413,101	-
Accrued interest	1,813,488	-
Compensated absences	759,628	-
Current portion of lease payable	137,128	-
Current portion of SBITA payable	5,195	-
Current portion of bonds payable	7,580,599	-
Current portion of bond premium	637,194	-
Unearned revenue	<u>102,233</u>	<u>-</u>
Total current liabilities	<u>39,448,566</u>	<u>-</u>
Non-current liabilities		
Net pension liability	119,417,200	-
Net OPEB liability	1,339,083	-
Lease payable	32,841	-
Non-current portion of bonds payable and bond premium	<u>133,454,048</u>	<u>-</u>
Total non-current liabilities	<u>254,243,172</u>	<u>-</u>
Total liabilities	<u>293,691,738</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Cost sharing defined benefit plan - pension	31,986,106	-
Cost sharing defined benefit plan - OPEB	<u>243,276</u>	<u>-</u>
Total deferred inflows of resources	<u>32,229,382</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	136,567,039	-
Restricted for:		
Capital projects	942,967	320,759
Food service	2,374,266	-
Head start	94,580	-
Debt service	7,331,809	-
Student activities	415,669	-
Special reserve	1,333,136	-
Unrestricted	<u>(89,092,491)</u>	<u>8,833,644</u>
Total net position	<u>\$ 59,966,975</u>	<u>\$ 9,154,403</u>

See Notes to the Financial Statements



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	MPSD AFB #160 Component Unit
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions		
<b>Governmental Activities</b>						
Instruction:						
Regular	\$ 54,088,633	\$ 5,300,358	\$ 468,580	\$ -	\$ (48,319,695)	
Special education	22,771,175	-	3,585,864	-	(19,185,311)	
Vocational education	3,387,715	-	1,105,323	-	(2,282,392)	
Federal	5,222,440	-	5,514,355	-	291,915	
Total instruction	<u>85,469,963</u>	<u>5,300,358</u>	<u>10,674,122</u>	<u>-</u>	<u>(69,495,483)</u>	
Tuition:	<u>1,535,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,535,730)</u>	
Support services:						
Pupil services	3,784,723	-	6,651	-	(3,778,072)	
Instructional staff services	4,716,754	-	-	-	(4,716,754)	
General administration services	3,947,394	-	-	-	(3,947,394)	
School administration services	7,597,608	-	-	-	(7,597,608)	
Business services	678,573	-	-	-	(678,573)	
Operations and maintenance	12,000,766	2,500,000	185,544	3,940,126	(5,375,096)	
Pupil transportation services	3,106,459	-	401,050	-	(2,705,409)	
Head start	4,683,391	-	4,772,879	-	89,488	
Adult learning center	509,160	3,613	439,456	-	(66,091)	
Interest expense	<u>4,322,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,322,406)</u>	
Total support services	<u>45,347,234</u>	<u>2,503,613</u>	<u>5,805,580</u>	<u>3,940,126</u>	<u>(33,097,915)</u>	
Non-education services:						
Enterprise services	258,123	-	-	-	(258,123)	
Food services	6,114,972	2,736,955	2,933,654	-	(444,363)	
Community services	2,472,582	1,875,137	95,296	-	(502,149)	
Extracurricular	5,349,535	2,951,974	75,001	-	(2,322,560)	
Services provided another LEA	107,414	-	-	-	(107,414)	
Total non-education services	<u>14,302,626</u>	<u>7,564,066</u>	<u>3,103,951</u>	<u>-</u>	<u>(3,634,609)</u>	
Other facilities costs:	<u>2,852,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,852,473)</u>	
Total governmental activities	<u>\$ 149,508,026</u>	<u>\$ 15,368,037</u>	<u>\$ 19,583,653</u>	<u>\$ 3,940,126</u>	<u>(110,616,210)</u>	
Component unit	<u>\$ 8,056,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,813</u>		<u>\$ (7,796,476)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					20,718,102	-
Property taxes, levied for special assessments					942,702	-
Property taxes, levied for debt service					11,717,684	-
State aid not restricted for specific purpose:						
Tuition apportionment					426,216	-
Per pupil aid and other state aid					76,475,596	-
Federal aid not restricted for a specific purpose:						
Impact aid					-	10,384,318
Other federal aid					-	566,018
Interest income and other revenues					<u>4,432,746</u>	<u>236,094</u>
Total general revenues					<u>114,713,046</u>	<u>11,186,430</u>
Change in net position					4,096,836	3,389,954
Total net position - beginning of year					<u>55,870,139</u>	<u>5,764,449</u>
Net position - end of year					<u>\$ 59,966,975</u>	<u>\$ 9,154,403</u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 28,440,534	\$ 15,622,238	\$ 8,751,709	\$ 3,619,931	\$ 56,434,412
Investments	163,739	-	-	-	163,739
Restricted cash and cash equivalents	-	1,669,696	-	-	1,669,696
Taxes receivable	1,613,309	69,173	942,431	56,040	2,680,953
Accounts receivable	286,795	37,005	-	129	323,929
Due from other governmental agencies	3,146,451	98,912	-	680,383	3,925,746
Inventories	-	-	-	159,024	159,024
Prepaid expenses	1,899,661	-	-	16,617	1,916,278
Other assets	35,189	-	-	-	35,189
Total assets	<u>\$ 35,585,678</u>	<u>\$ 17,497,024</u>	<u>\$ 9,694,140</u>	<u>\$ 4,532,124</u>	<u>\$ 67,308,966</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,114,419	\$ 14,938,229	\$ -	\$ 271,468	\$ 27,324,116
Unearned revenue	-	-	-	102,233	102,233
Total liabilities	<u>12,114,419</u>	<u>14,938,229</u>	<u>-</u>	<u>373,701</u>	<u>27,426,349</u>
Deferred inflows of resources:					
Unavailable tax revenue	<u>1,545,266</u>	<u>66,673</u>	<u>905,284</u>	<u>53,868</u>	<u>2,571,091</u>
Fund balances:					
Nonspendable					
Inventory	-	-	-	159,024	159,024
Prepaid expenses	1,899,661	-	-	16,617	1,916,278
Other assets	35,189	-	-	-	35,189
Restricted					
Debt service	-	-	8,788,856	356,441	9,145,297
Food service	-	-	-	2,215,242	2,215,242
Head start	-	-	-	77,963	77,963
Student activities	415,669	-	-	-	415,669
Capital projects	-	2,492,122	-	-	2,492,122
Special reserve	-	-	-	1,279,268	1,279,268
Unassigned	19,575,474	-	-	-	19,575,474
Total fund balances	<u>21,925,993</u>	<u>2,492,122</u>	<u>8,788,856</u>	<u>4,104,555</u>	<u>37,311,526</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,585,678</u>	<u>\$ 17,497,024</u>	<u>\$ 9,694,140</u>	<u>\$ 4,532,124</u>	<u>\$ 67,308,966</u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**DISTRICT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

Total fund balance, governmental funds	\$	37,311,526
--	----	------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Capital assets, non-depreciable		128,436,500
Capital assets, net of depreciation		149,977,544

Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and, therefore are unavailable in the governmental funds.

2,571,091

The assets and liabilities of internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

3,209,014

Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities that are not financial resources, and therefore are not reported as deferred outflows/(inflows) of resources in the governmental funds.

Cost sharing defined benefit plan deferred inflow - pension		(31,986,106)
Cost sharing defined benefit plan deferred outflow- pension		35,289,718
Cost sharing defined benefit plan deferred inflow - OPEB		(243,276)
Cost sharing defined benefit plan deferred outflow- OPEB		577,368

Certain long-term liabilities are not recognized as an expenditure in the governmental funds until they are due. All liabilities both current and long-term are reported in the Statement of Net Position.

(759,628)

Certain long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Net pension liability		(119,417,200)
Net OPEB liability		(1,339,083)
Lease payable		(169,969)
SBITA payable		(5,195)
Bond premium		(8,172,108)
Bonds payable and accrued interest		(135,313,221)

Net position of governmental activities in the Statement of Net Position	\$	59,966,975
--	----	------------

59,966,975

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 19,865,343	\$ 911,583	\$ 11,576,466	\$ 697,593	\$ 33,050,985
Other local sources	16,182,936	2,061,034	-	2,756,843	21,000,813
County sources	1,370,159	-	-	-	1,370,159
State sources	77,115,239	3,100,853	-	541,664	80,757,756
Federal sources	8,792,144	715,875	-	7,600,360	17,108,379
Total revenues	<u>123,325,821</u>	<u>6,789,345</u>	<u>11,576,466</u>	<u>11,596,460</u>	<u>153,288,092</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular	48,654,211	-	-	-	48,654,211
Special education	20,309,535	-	-	-	20,309,535
Vocational education	3,369,174	-	-	-	3,369,174
Federal	5,204,968	-	-	-	5,204,968
Total instruction	<u>77,537,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,537,888</u>
Tuition:	<u>1,535,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,535,730</u>
Support services:					
Pupil services	5,144,914	-	-	-	5,144,914
Instructional staff services	4,487,754	-	-	-	4,487,754
General administration services	4,692,632	-	-	-	4,692,632
School administration services	7,574,563	-	-	-	7,574,563
Business services	665,923	-	-	-	665,923
Operations and maintenance	10,748,620	3,712,097	-	-	14,460,717
Pupil transportation services	2,866,543	-	-	-	2,866,543
Head start	-	-	-	4,662,583	4,662,583
Adult learning center	-	-	-	527,200	527,200
Other	-	-	15,049	-	15,049
Total support services	<u>36,180,949</u>	<u>3,712,097</u>	<u>15,049</u>	<u>5,189,783</u>	<u>45,097,878</u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – GOVERNMENTAL FUNDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Debt service:					
Principal	\$ 447,143	\$ -	\$ 5,640,252	\$ 340,000	\$ 6,427,395
Interest	-	-	4,705,902	26,200	4,732,102
Total debt service	<u>447,143</u>	<u>-</u>	<u>10,346,154</u>	<u>366,200</u>	<u>11,159,497</u>
Non-education services:					
Enterprise services	257,491	-	-	-	257,491
Food service	-	-	-	5,991,089	5,991,089
Community services	2,466,442	-	-	-	2,466,442
Extra curricular	5,314,048	-	-	-	5,314,048
Services provided another LEA	107,414	-	-	-	107,414
Total non education services	<u>8,145,395</u>	<u>-</u>	<u>-</u>	<u>5,991,089</u>	<u>14,136,484</u>
Capital outlay	<u>2,045,548</u>	<u>68,037,894</u>	<u>-</u>	<u>59,654</u>	<u>70,143,096</u>
Total expenditures	<u>125,892,653</u>	<u>71,749,991</u>	<u>10,361,203</u>	<u>11,606,726</u>	<u>219,610,573</u>
Excess of revenues over (under) expenditures	<u>(2,566,832)</u>	<u>(64,960,646)</u>	<u>1,215,263</u>	<u>(10,266)</u>	<u>(66,322,481)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from leases and SBITAs	316,806	-	-	-	316,806
Proceeds from the sale of bonds	-	10,000,000	-	-	10,000,000
Proceeds from sale of capital assets	1,705	-	-	-	1,705
Transfers in	580,077	-	-	367,800	947,877
Transfers out	(367,800)	-	-	(580,077)	(947,877)
Total other financing sources and uses	<u>530,788</u>	<u>10,000,000</u>	<u>-</u>	<u>(212,277)</u>	<u>10,318,511</u>
Net change in fund balances	<u>(2,036,044)</u>	<u>(54,960,646)</u>	<u>1,215,263</u>	<u>(222,543)</u>	<u>(56,003,970)</u>
Fund balances - beginning, as originally stated	23,962,037	57,452,768	-	11,900,691	93,315,496
Changes within the financial reporting entity	<u>-</u>	<u>-</u>	<u>7,573,593</u>	<u>(7,573,593)</u>	<u>-</u>
Fund balance - beginning, restated	<u>23,962,037</u>	<u>57,452,768</u>	<u>7,573,593</u>	<u>4,327,098</u>	<u>93,315,496</u>
Fund balances - ending	<u>\$ 21,925,993</u>	<u>\$ 2,492,122</u>	<u>\$ 8,788,856</u>	<u>\$ 4,104,555</u>	<u>\$ 37,311,526</u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds: \$ (56,003,970)

Amounts reported for governmental activities in the Statement of Activities are different because:  
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital, lease and subscription asset additions	\$ 70,143,096	
Current year depreciation	(5,723,241)	
Current year amortization	(309,407)	
Total		64,110,448

Governmental funds report the entire net sales price (proceeds) from the 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 net book value of the asset sold. (12,437)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This amount is the net change in property taxes receivable. 327,503

Repayment of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position. 6,427,395

Issuance of long-term debt is reported as a revenue in governmental funds. However, the issuance increases long-term liabilities in the statement of net position. (10,316,806)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net change in accrued interest		96,956
Net change in compensated absences and early retirement obligations		(15,487)
Net change in net pension liability		20,250,459
Net change in OPEB liability		378,561

Changes in cost sharing defined benefit plan relating to net pension liability		(7,147,622)
Changes in cost sharing defined benefit plan relating to net pension liability		(13,570,981)
Changes in cost sharing defined benefit plan relating to OPEB liability		(145,105)
Changes in cost sharing defined benefit plan relating to OPEB liability		(311,760)

Internal service funds are used by the District to account for its self funded health insurance plan. The net income or loss of the internal service fund is reported with governmental activities. (607,512)

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the amount by which current year amortization exceeds premiums and discounts.

		637,194
Change in net position of governmental activities	\$	4,096,836

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION – PROPRIETARY FUND**  
**JUNE 30, 2024**

	Internal Service Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,773,050
Investments	1,508,442
Accounts receivable	<u>16,507</u>
Total assets	<u><u>4,297,999</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Incurred but not reported claims	<u>1,088,985</u>
Total liabilities	<u><u>1,088,985</u></u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 3,209,014</u></u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Internal Service Fund
<b>REVENUES</b>	
Premium revenue	\$ 14,641,017
HSA contributions	2,268,642
	<u>16,909,659</u>
<b>OPERATING EXPENSES</b>	
Stop loss premiums and administrative fees	4,833,580
Insurance claims	13,052,106
Total operating expenses	<u>17,885,686</u>
Operating income (loss)	<u>(976,027)</u>
<b>NON-OPERATING REVENUES</b>	
Interest and investment revenue	<u>368,515</u>
Change in net position	(607,512)
Total net position - beginning of year	<u>3,816,526</u>
Total net position - end of year	<u><u>\$ 3,209,014</u></u>

See Notes to the Financial Statements



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Internal Service Fund
Cash flows from operating activities	
Cash received from charges to other funds	\$ 16,903,489
Cash paid to insurance claims and stop loss premiums	<u>(17,792,725)</u>
Net cash provided (used) by operating activities	<u>(889,236)</u>
Cash flows from investing activities	
Interest on investments	<u>360,073</u>
Net cash provided by investing activities	<u>360,073</u>
Net change in cash and cash equivalents	(529,163)
Cash and cash equivalents - beginning of year	<u>3,302,213</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,773,050</u></u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (976,027)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Incurred but not reported claims	92,961
Accounts receivable	<u>(6,170)</u>
Net cash provided (used) by operating activities	<u><u>\$ (889,236)</u></u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2024**

	Custodial Fund - Starbase
<b>ASSETS</b>	
Receivable from other governments	\$ -
Total assets	- <hr/> <hr/>
<b>LIABILITIES</b>	
Due to primary government	- <hr/>
Total liabilities	\$ - <hr/> <hr/>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Custodial Fund - Starbase</u>
<b>ADDITIONS</b>	
Federal sources	\$ 367,009
<b>DEDUCTIONS</b>	
Instruction	
Regular	<u>367,009</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

See Notes to the Financial Statements

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Principal Activity**

The Minot Public School District operates the public schools in the City of Minot, North Dakota. There are eleven elementary schools, four middle schools and three high schools. Two elementary schools and one middle school are located on the Minot Air Force Base, a U.S. Air Force installation.

**Reporting Entity**

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

Based on the above criteria, the Minot Air Force Base District No. 160 is included in the District's reporting entity as a discretely presented component unit, and the Minot School District Building Authority is included as a blended component unit.

The Minot Air Force Base School District No. 160 contracts with the Minot Public School District to provide educational services for the pupils that reside in the Minot Air Force Base District. A copy of the Minot Air Force Base District No. 160 financial statements may be obtained through a request of the District's management.

The Minot School District Building Authority leases various facilities and capital improvements to the Minot Public School District. The Building Authority does not prepare external financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Minot Public School District No. 1's significant accounting policies are described below.

**Basis of Presentation**

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

Government-wide Financial Statements

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

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

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

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

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. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

**Fund accounting** – The District's funds consist of the following:

Governmental Funds

Governmental funds are utilized to account for most of the Districts' 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.

*Capital projects fund* – This fund accounts for the acquisition and construction of the District's major capital facilities.

*Debt service fund* – This fund accounts for the acquisition and payment of the District's debt.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

Proprietary Funds

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

The District has one fund that qualifies for reporting under this category which is also an internal service fund. The reporting focus of internal service funds is on services provided by one fund of the District to another fund on a cost reimbursement basis. The District's internal service fund is as follows:

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

Fiduciary Funds

The reporting focus of fiduciary funds is on net position and changes in net position. The District's only fiduciary fund is a custodial fund. The custodial fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's custodial fund consists of the following:

*Starbase Fund* – The fund accounts for the financial transactions related to the Starbase programs.

**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, liabilities, and deferred outflows/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 outflows/inflows 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.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**Basis of Accounting**

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

Government-wide financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District's internal service fund also uses the accrual basis of accounting.

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

**Revenues-Exchange and Non-Exchange Transactions**

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

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

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

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

**Cash and Cash Equivalents**

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

**Investments**

Investment consist of certificates of deposit with original maturity dates greater than 3 months.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**Due from Other Governmental Agencies**

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various programs, credits from the State and federal dollars in regards to flood reimbursements. The amount consists of a mix of state and federal dollars. No allowance is recorded as management considers all accounts are collectible.

**Inventories**

Inventories in governmental funds consist of expendable supplies held for consumption. They are stated at cost determined on a first-in, first-out basis. They are recorded as expenditures at the time individual inventory items are used.

**Other Assets**

The District's other assets as of June 30, 2024 consist of construction houses and associated lots built by students which are held for sale.

**Capital Assets**

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

The District has established a capitalization threshold of \$5,000. Donated fixed assets are recorded at their acquisition values at the date received. The District does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

The District's land and construction in progress costs are capitalized but are not depreciated. Interest associated with construction in progress is capitalized as part of the asset's original cost. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The District has established the following useful lives:

Land Improvements	20 years
Buildings and Improvements	50 years
Equipment and Furniture	5 to 20 years

**Leases**

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

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement. The District accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District are reasonably certain to exercise. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

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

### **Subscription-Based Information Technology Arrangements (SBITA)**

Subscription-Based Information Technology Arrangements (SBITA) are contracts that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The determination of whether a SBITA asset and liability are to be recorded in the financial statements is made at inception by evaluating the maximum possible term of the SBITA.

A SBITA contract with an initial term of more than 12 months, or that contain an option to extend the contract more than 12 months that is reasonably expected to be exercised by the District, are recognized based on the present value of subscription payments over the contract term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the SBITA contract commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the SBITA contract commencement.

The District continues to recognize short-term SBITA subscription payments as outflows of resources (expenditure) based on the payment provision of the SBITA contract. Short-term SBITA contracts have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

The amortizable life of SBITA assets are limited to the shorter of the expected agreement term or the useful life of the underlying asset.

### **Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. Although employees accrue sick leave on an annual basis, this accrual vests only if the employee is eligible for and elects to take advantage of the District's early retirement policy. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

accumulated sick leave and employees wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave upon notification of the employee's election for early retirement. These liabilities qualify for recognition on both the fund and government wide statements, and are shown under accounts payable and accrued liabilities.

**Unearned Revenue**

Unearned revenue amounts represent funds received by the food service fund for which the obligation to provide meals to children has not yet been met.

**Long-Term Debt**

In the District-wide financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Pension Liability**

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

**Net OPEB Liability**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the North Dakota Public Employee Retirement System (NDPERS) and additions to/deduction 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items reported on the statement of net position as deferred pension outflows, one which

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

represents the actuarial differences within the NDPERS and TFFR pension plans, and another that represents the actuarial differences within the NDPERS OPEB liability. See notes 11 and 12 for further details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in this category. One of the items, unavailable revenue – delinquent taxes, is reported only in the governmental funds balance sheet. This amount, which is from delinquent property taxes, is deferred and recognized as an inflow of resources in the period that the amount becomes available. The other item is reported on the statement of net position as deferred pension inflows, which represents the actuarial differences within the NDPERS and TFFR pensions as well as amounts paid to the plan after the measurement date. The last item is reported on the statement of net position as deferred OPEB inflows, which represents the actuarial differences within the NDPERS OPEB liability. See notes 11 and 12 for further details.

### **Net Position**

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

### **Fund Balance Classifications**

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

*Nonspendable* - consists of amounts that are not in spendable form, such as inventory.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the North Dakota Department of Public Instruction.

*Committed* - consists of internally imposed constraints. These constraints are established by Resolution of the School Board.

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

*Unassigned* - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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

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

### **Interfund Activity**

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

### **Revenue Recognition**

Taxes receivable consists of current and delinquent uncollected taxes at June 30, 2024.

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

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

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

### **Expenses and Expenditures**

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**Estimates**

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

As discussed in Note 14, the District has established a self-funded health insurance plan. Because of the inherent uncertainties associated with estimating the accrued liability for claims, it is at least reasonably possible that the estimate used will change within the near term.

**Change in Accounting Principle**

The District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, 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 debt service fund from a non-major program in June 30, 2023 to a major program for the year ended June 30, 2024.

**NOTE 3 DEPOSITS**

Custodial Credit Risk:

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in possession of an outside party.

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

The District approves designated depositories for District funds at its annual School Board meeting.

The District maintains cash on deposit at various financial institutions. The amounts on deposit were insured by the FDIC up to \$250,000 per applicable financial institution. At June 30, 2024, all of the District's deposits were covered by FDIC coverage or pledged collateral from local financial institutions.

**NOTE 4 RESTRICTED CASH AND CASH EQUIVALENTS**

**Capital Projects Fund**

The capital projects fund is used to account for unspent bond proceeds that are legally restricted to expenditures for construction projects within the District. The outstanding balance at June 30, 2024 was \$1,669,696.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**NOTE 5 DUE FROM OTHER GOVERNMENTAL AGENCIES**

The following table represents a detailed breakdown of the amounts due from other governmental agencies as shown on the Statement of Net Position as of June 30, 2024:

**Minot Public School District No. 1**

General fund	
Department of Public Instruction	\$ 2,629,736
Department of Career and Technical Education	435,968
Other	80,747
Total general fund	<u>3,146,451</u>
Capital projects	
Department of Commerce	<u>98,912</u>
Other governmental funds	
Department of Public Instruction	317,470
Department of Treasury	115,237
Headstart	247,676
Total other governmental funds	<u>680,383</u>
Total due from other governmental agencies	<u>\$ 3,925,746</u>

**Minot Air Force Base District No. 160 (Component Unit)**

Department of Defense	\$ 447,305
Total due from other governmental agencies	<u>\$ 447,305</u>

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**NOTE 6 CAPITAL ASSETS**

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

	7/1/2023	Additions	Deductions	6/30/2024
Capital assets not being depreciated:				
Land	\$ 8,240,466	\$ -	\$ -	\$ 8,240,466
Construction in Progress	52,652,889	67,981,242	(438,097)	120,196,034
Total capital assets not being depreciated	<u>60,893,355</u>	<u>67,981,242</u>	<u>(438,097)</u>	<u>128,436,500</u>
Capital assets being depreciated or amortized				
Land improvements	31,342,104	521,542	-	31,863,646
Building and improvements	192,220,159	-	-	192,220,159
Equipment and furniture	14,010,801	1,761,603	(287,437)	15,484,967
Right-to use equipment	537,863	14,027	(4,783)	547,107
SBITA's	179,022	302,779	(158,003)	323,798
Total capital assets at historical cost	<u>238,289,949</u>	<u>2,599,951</u>	<u>(450,223)</u>	<u>240,439,677</u>
Less accumulated depreciation or amortization				
Land improvements	16,346,289	1,472,876	-	17,819,165
Building and improvements	57,426,401	3,549,745	-	60,976,146
Equipment and furniture	10,729,774	700,620	(275,000)	11,155,394
Right-to use equipment	255,817	137,015	(4,783)	388,049
SBITA's	108,990	172,392	(158,003)	123,379
Total accumulated depreciation or amortization	<u>84,867,271</u>	<u>6,032,648</u>	<u>(437,786)</u>	<u>90,462,133</u>
Total capital assets being depreciated or amortized,	<u>153,422,678</u>	<u>(3,432,697)</u>	<u>(12,437)</u>	<u>149,977,544</u>
Total capital assets, net	<u>\$ 214,316,033</u>	<u>\$ 64,548,545</u>	<u>\$ (450,534)</u>	<u>\$ 278,414,044</u>

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

In the governmental activities section of the Statement of Activities, depreciation was charged to expense in the following governmental functions:

Instruction:	
Regular	\$ 5,128,390
Special education	12,784
Support services:	
Instruction staff services	87,106
General administrative services	13,905
Head Start	2,702
Operations and maintenance	154,475
Pupil transportation services	237,625
Non-education services:	
Extracurricular	30,009
Food service	56,245
Total	<u><u>\$ 5,723,241</u></u>

**NOTE 7      LEASES**

The District leases various types of equipment and copy machines. The term of the leases range from 13 - 53 months, commencing on July 1, 2021 and terminating at various dates until June 30, 2026 with monthly rent payments ranging from \$1,125 to \$6,289.

The following is the total lease expense for the year ended June 30, 2024:

Amortization expense by class of underlying asset	
Equipment	\$ 19,374
Copy Machine	117,641
Total amortization expense	<u>137,015</u>
Interest on lease liabilities	<u>11,445</u>
Total	<u><u>\$ 148,460</u></u>

**NOTE 8      SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The District entered into various subscription-based information technology arrangement (SBITAs) with 6 companies for the usage of various education-related software. The SBITA contracts all commenced in July 2022 and terminate at various date ranging from December 2023 to July 2025, with annual payments ranging from \$5,345 to \$5,480.



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

The following is the total subscription expense for the year ended June 30, 2024:

Amortization expense by class of underlying asset	
SBITA - GASB 96	\$ 172,392
Total amortization expense	172,392
Interest on lease liabilities	1,353
Total	<u>\$ 173,745</u>

**NOTE 9 ACCOUNTS PAYABLE**

The following table represents a detailed breakdown of the amounts in accounts payable and accrued liabilities as shown on the Statement of Net Position as of June 30, 2024:

Trade Payables	
General fund	\$ 582,134
Capital projects fund	14,938,229
Other funds	2,447
Total trade payables	<u>15,522,810</u>
Accrued Salaries & Benefits	
General fund	11,532,285
Other funds	269,021
Total accrued salaries & benefits	<u>11,801,306</u>
Internal Service Fund	
Incurred but not reported claims	<u>1,088,985</u>
Total accounts payable and accrued liabilities	<u>\$ 28,413,101</u>

**NOTE 10 LONG TERM DEBT**

**Changes in Long-Term Liabilities**

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
Compensated absences *	\$ 744,141	\$ 543,598	\$ (528,111)	\$ 759,628	\$ 759,628
Lease payable	295,257	14,027	(139,315)	169,969	137,128
SBITA payable	10,244	302,779	(307,828)	5,195	5,195
Bonds payable	129,479,985	10,000,000	(5,980,252)	133,499,733	7,580,598
Bond premium	8,809,302	-	(637,194)	8,172,108	637,194
Total	<u>\$ 139,338,929</u>	<u>\$ 10,860,404</u>	<u>\$ (7,592,700)</u>	<u>\$ 142,606,633</u>	<u>\$ 9,119,743</u>

\* The general fund is primarily used to liquidate compensated absences.

**General Obligation School Building Bonds, Series 2014B** – The District issued \$20,000,000 of general obligation bonds for the purpose of financing school improvement construction projects. The bond carries an interest rate of 1.72% and is scheduled to mature in 2034. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$10,839,733.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**General Obligation School Building Bonds, Series 2015** – The District issued \$9,205,000 of general obligation bonds for the purpose of financing the construction of a new elementary school, new additions to Edison and Perkett elementary schools, and to repair, renovate and improve school buildings and property. The bond carries an interest rate of 2.00%-4.00% and is scheduled to mature in 2025. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$2,070,000.

**General Obligation School Building Bonds, Series 2016A** – The District issued \$5,260,000 of general obligation bonds for the purpose of constructing, repairing, renovating and improving school property resulting from the flood of 2011. The bond carries an interest rate of 2.00%-3.00% and is scheduled to mature in 2026. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$1,730,000. Includes premium of \$184,117.

**Lease Revenue Refunding Bonds, Series 2016B** – The District issued \$3,310,000 in bonds to be used for the purpose of refunding the Lease Revenue Bonds of 2007. The bond carries an interest rate of 2.00% and is scheduled to mature in 2026. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$1,060,000. Includes premium of \$14,105.

**General Obligation School Building Refunding Bonds, Series 2021B** – The District issued \$5,535,000 in bonds to be used to refinance the Series 2012B General Obligation School Building Bonds with an original purpose of purchasing land, replacing Erik Ramstad middle school, and funding new additions at various elementary schools. The bonds carry interest rates of 2.00%-5.00% and are scheduled to mature in August 2032. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$4,680,000. Includes premium of \$466,524.

**General Obligation School Building Refunding Bonds, Taxable Series 2021** – The District issued \$15,605,000 in bonds to be used to refinance the Series 2014 and Series 2011 Bonds. The bonds carry interest rates of 1.45%-2.00% and are scheduled to mature in August 2034. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$14,390,000. Includes premium of \$222,379.

**General Obligation School Building Refunding Bonds, Series 2022A** – The District issued \$90,915,000 in bonds to be used for the construction and remodeling of the new high school, along with the construction of a competition pool and athletic complex. The bonds carry interest rates of 4.00%-5.00% and are scheduled to mature in August 2041. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$88,730,000. Includes premium of \$7,284,983.

**General Obligation School Building Refunding Bonds, Series 2023** – The District issued \$10,000,000 in bonds to be used for the construction and remodeling of the new high school. The bonds carry an interest rate of 2.00% and are scheduled to mature in August 2043. Payments are to be made out of the Sinking and Interest fund. Outstanding obligation as of June 30, 2024 was \$10,000,000.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**Future Payments**

Following is a schedule of the future expected principal and interest requirements to retire the long-term debt obligations as of June 30, 2024:

Fiscal Year Ending June 30,	Bonds Payable		Lease Payable	
	Principal	Interest	Principal	Interest
2025	\$ 7,580,598	\$ 4,710,974	\$ 137,128	\$ 5,061
2026	7,891,475	4,393,622	27,389	717
2027	8,088,641	4,107,281	3,355	175
2028	7,376,132	3,830,792	1,868	45
2029	7,638,999	3,552,606	229	1
2030 - 2034	40,584,834	12,240,225	-	-
2035 - 2039	31,904,003	6,049,440	-	-
2040 - 2044	22,435,051	637,125	-	-
Premium	8,172,108	(8,172,108)	-	-
Total	<u>\$ 141,671,841</u>	<u>\$ 31,349,957</u>	<u>\$ 169,969</u>	<u>\$ 5,999</u>

  

Fiscal Year Ending June 30,	SBITA Payable		Total	
	Principal	Interest	Principal	Interest
2025	\$ 5,195	\$ 150	\$ 7,722,921	\$ 4,716,185
2026	-	-	7,918,864	4,394,339
2027	-	-	8,091,996	4,107,456
2028	-	-	7,378,000	3,830,837
2029	-	-	7,639,228	3,552,607
2030 - 2034	-	-	40,584,834	12,240,225
2035 - 2039	-	-	31,904,003	6,049,440
2040 - 2044	-	-	22,435,051	637,125
Premium	-	-	8,172,108	(8,172,108)
Total	<u>\$ 5,195</u>	<u>\$ 150</u>	<u>\$ 141,847,005</u>	<u>\$ 31,356,106</u>

On March 14, 2024, the District approved \$8,085,000 in bonds to be used for the construction and remodeling of the Minot High School and Magic City Campus. The bonds carry interest rates of 2.00% and are scheduled to mature in March 2044. Payments are to be made out of the Sinking and Interest fund. The proceeds have not been drawn as of June 30, 2024.

**NOTE 11 DEFINED BENEFIT PENSION PLANS - STATEWIDE**

Substantially, all employees of the District are required by state law to belong to pension plans administered by Teachers' Fund for Retirement (TFFR) or the North Dakota Public Employee Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans follow:

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**North Dakota Teachers' Fund for Retirement**

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

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

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

***Pension Benefits***

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

***Tier 1 Grandfathered***

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

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

***Tier 1 Non-grandfathered***

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

*Tier 2*

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

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

***Death and Disability Benefits***

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

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

***Member and Employer Contributions***

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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

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

At June 30, 2024, the District reported a liability of \$88,955,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2023, the Employer's proportion was 6.338956 percent, which was a decrease of 0.01976921 percent from its proportionate measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of \$6,754,825. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 331,461	\$ (4,721,745)
Changes of assumptions	1,407,602	-
Net difference between projected and actual earnings on pension plan investments	5,429,296	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,129,172	(2,278,874)
Employer contributions subsequent to the measurement date	<u>6,669,119</u>	<u>-</u>
Total	<u>\$ 14,966,650</u>	<u>\$ (7,000,619)</u>

\$6,669,119 reported as deferred outflows of resources related to pensions resulting from



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

Employer 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 ended June 30:**

2025	\$	(508,937)
2026		(1,510,318)
2027		5,303,782
2028		(412,998)
2029		(404,881)
Thereafter		(1,169,736)

***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
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 5% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2023, funding actuarial valuation for TFFR.

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	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, 2023, 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.

***Pension Liability Sensitivity***

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2023, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension liability	\$ 123,850,872	\$ 88,955,344	\$ 59,997,794



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

***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>

**North Dakota Public Employees Retirement System**

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a board comprised of 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 annual 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.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

***Death and Disability Benefits***

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

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

***Refunds of Member Account Balance***

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

***Member and Employer Contributions***

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

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

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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

At June 30, 2024, the Employer reported a liability of \$30,461,856 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the Employer's proportion was 1.579765 percent which was a decrease of 0.054963 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of \$1,985,283. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 991,633	\$ (167,995)
Changes of assumptions	16,797,023	(23,121,320)
Net difference between projected and actual earnings on pension plan investments	799,264	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,410	(1,696,172)
Employer contributions subsequent to the measurement date	<u>1,700,738</u>	<u>-</u>
Total	<u>\$ 20,323,068</u>	<u>\$ (24,985,487)</u>

\$1,700,738 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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

**Year ended June 30:**

2025	\$	(541,045)
2026		(4,060,972)
2027		126,167
2028		(1,887,307)

***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	3.50% 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	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
Global Real Assets	19%	4.33%

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

***Discount Rate***

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.86%, and the resulting Single Discount Rate is 6.50%.

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

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

	<b>1% Decrease 5.50%</b>	<b>Current Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
Employer's proportionate share of the net pension liability	\$ 41,999,581	\$ 30,461,856	\$ 20,890,418

***Pension Plan Fiduciary Net Position***

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**NOTE 12 OTHER POST EMPLOYMENT BENEFITS**

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

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

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

**OPEB Benefits**

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

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

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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 \$1,339,083 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 1.339416 percent, which was a decrease of 0.091585 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized OPEB expense of \$223,516. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,193	\$ (15,324)
Changes of assumptions	285,596	(110,892)
Net difference between projected and actual earnings on OPEB plan investments	96,719	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,933	(117,060)
Employer contributions subsequent to the measurement date	<u>155,927</u>	<u>-</u>
Total	<u>\$ 577,368</u>	<u>\$ (243,276)</u>



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

\$155,927 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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

**Year ended June 30:**

2025	\$	70,621
2026		50,787
2027		101,429
2028		(44,674)

**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 MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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%	5.50%
US Small Cap Equity	6%	7.65%
World Equity ex US	26%	6.82%
US High Yield	3%	5.32%
Emerging Markets Debt	4%	6.25%
Core-Plus Fixed Income	28%	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 Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Plans as of June 30, 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	\$ 1,759,883	\$ 1,339,083	\$ 984,821

**NOTE 13 NONMONETARY TRANSACTIONS**

The District receives food commodities from the federal government to subsidize its hot lunch and summer food service programs. The market value of commodities received for the year ended June 30, 2024 was \$287,316.

**NOTE 14 RISK MANAGEMENT**

The District is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the mid-1980's, the District was not able to obtain general liability insurance at a cost it considered to be

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

economically justifiable. In 1986, the state and other political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions.

All members paid an additional charge the first year they joined to help capitalize the NDIRF. In each of the years from 1991 through 1994, the NDIRF returned 20% of the capitalized amount with a premium reduction or cash payment to the District. The District pays an annual premium to NDIRF for its general, business and auto insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence. In the past three years, no settled claims have exceeded insurance coverage.

The District participates in a self-funding health insurance plan with United Health Care. Under the plan, the District is liable for individual claims up to \$150,000 stop loss limit per participant. As of June 30, 2024, the District has accrued an estimated claims liability of \$1,088,985. The estimated liability is based upon information provided by insurance carrier, which the District believes is a reasonable basis for determining unpaid claims as of June 30, 2024. The following is a recap of the District's claims:

Claim liability as of July 1, 2023	\$ 996,024
Claims incurred	13,052,106
Claims paid	(12,959,145)
Claim liability as of June 30, 2024	<u>\$ 1,088,987</u>

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 15 TRANSFERS**

The following is a summary of transfers for the year ended June 30, 2024:

	General Fund	Other Funds - Nonmajor	Total
Transfers in	\$ 580,077	\$ 367,800	\$ 947,877
Transfers out	(367,800)	(580,077)	(947,877)
	<u>\$ 212,277</u>	<u>\$ (212,277)</u>	<u>\$ -</u>

The transfer from the general fund to non-major funds was for the building authority lease payment. The transfer from non-major funds to the general fund was to transfer 50% of the special reserve to the general fund.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**NOTE 16 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 17 ECONOMIC DEPENDENCY**

Minot Public School District No. 1 receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have a material effect on the District's programs and therefore on its continued operations.

**NOTE 18 COMMITMENTS**

The District has various construction commitments to be completed in future years. These consisted of the construction and renovation of the new Magic City Campus, Minot North construction, and Minot Area Workforce Academy. The original contract amount for the Magic City Campus and CTE renovation was \$12,893,142, of which \$12,606,061 was paid as of June 30, 2024. The original contract amount for Minot North construction was \$115,995,774, of which \$101,184,119 was paid as of June 30, 2024. The original contract amount for the Minot Area Workforce Academy was \$5,444,208, of which \$5,413,485 was paid as of June 30, 2024. All amounts paid were included in construction in progress amounts as of June 30, 2024.

**NOTE 19 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.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

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

**NOTE 20 SUBSEQUENT EVENTS**

The District received proceeds from the General Obligation School Building Bond, Series 2023B on August 9, 2024 in the amount of \$8,085,000 at a 2.00% fixed interest rate, payable through 2044. Subsequent events have been evaluated through October 3, 2024, which is the date these financial statements were available to be issued.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 20,329,618	\$ 20,324,197	\$ 19,865,343	\$ (458,854)
Other local sources	11,980,850	11,980,850	13,584,311	1,603,461
County sources	1,300,000	1,300,000	1,370,159	70,159
State sources	77,547,568	77,817,122	77,115,239	(701,883)
Federal sources	10,424,700	10,586,221	8,792,144	(1,794,077)
Total revenues	<u>121,582,736</u>	<u>122,008,390</u>	<u>120,727,196</u>	<u>(1,281,194)</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular	47,815,133	47,847,567	48,654,211	(806,644)
Special education	21,108,497	21,095,196	20,309,535	785,661
Vocational education	3,353,137	3,356,016	3,369,174	(13,158)
Federal instruction	7,033,414	6,978,832	5,204,968	1,773,864
Total instruction	<u>79,310,181</u>	<u>79,277,611</u>	<u>77,537,888</u>	<u>1,739,723</u>
Tuition:	<u>1,380,000</u>	<u>1,380,000</u>	<u>1,535,730</u>	<u>(155,730)</u>
Support services:				
Pupil services	4,800,658	4,828,008	5,144,914	(316,906)
Instructional staff services	4,306,203	4,303,653	4,487,754	(184,101)
General administration services	4,652,931	4,656,009	4,692,633	(36,624)
School administration services	7,361,936	7,607,036	7,574,563	32,473
Business services	700,247	700,247	665,923	34,324
Operations and maintenance	12,906,816	13,102,913	10,748,620	2,354,293
Pupil transportation services	3,583,063	3,583,063	2,866,543	716,520
Lease payments	366,200	366,200	447,143	(80,943)
Total support services	<u>38,678,054</u>	<u>39,147,129</u>	<u>36,628,093</u>	<u>2,519,036</u>
Non-education services:				
Enterprise services	376,135	376,135	257,491	118,644
Community services	2,372,646	2,372,646	2,466,442	(93,796)
Extracurricular	2,310,800	2,310,800	2,722,522	(411,722)
Services provided another LEA	105,000	105,000	107,414	(2,414)
Total non education services	<u>5,164,581</u>	<u>5,164,581</u>	<u>5,553,869</u>	<u>(389,288)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>2,045,548</u>	<u>(2,045,548)</u>
Total expenditures	<u>124,532,816</u>	<u>124,969,321</u>	<u>123,301,128</u>	<u>1,668,193</u>
Excess (deficiency) of revenues over expenditures	<u>(2,950,080)</u>	<u>(2,960,931)</u>	<u>(2,573,932)</u>	<u>386,999</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from leases	-	-	316,806	316,806
Proceeds from sale of capital assets	30,000	30,000	1,705	(28,295)
Transfers in	580,077	580,077	580,077	-
Transfers out	-	-	(367,800)	(367,800)
Total other financing sources and uses	<u>610,077</u>	<u>610,077</u>	<u>530,788</u>	<u>(79,289)</u>
Net change in fund balances	(2,340,003)	(2,350,854)	(2,043,144)	307,710
Fund balances - beginning	<u>23,962,037</u>	<u>23,962,037</u>	<u>23,962,037</u>	<u>-</u>
Fund balances - ending	<u>\$ 21,622,034</u>	<u>\$ 21,611,183</u>	<u>\$ 21,918,893</u>	<u>\$ 307,710</u>

See Notes to the Required Supplementary Information

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION**  
**LAST TEN 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	\$ 6,669,119	\$ (6,669,119)	\$ -	\$ 52,306,798	12.75%
2023	6,485,236	(6,485,236)	-	50,864,587	12.75%
2022	6,353,473	(6,353,473)	-	49,831,172	12.75%
2021	5,791,474	(5,791,474)	-	49,289,153	11.75%
2020	5,691,413	(5,691,413)	-	44,638,534	12.75%
2019	5,687,971	(5,687,971)	-	45,852,703	12.40%
2018	5,674,143	(5,674,143)	-	44,503,060	12.75%
2017	5,727,812	(5,727,812)	-	44,924,000	12.75%
2016	5,554,725	(5,554,725)	-	43,566,502	12.75%
2015	5,327,246	(5,327,246)	-	41,782,306	12.75%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$ 1,700,738	\$ (1,700,738)	\$ -	\$ 21,217,933	8.02%
2023	1,497,754	(1,497,754)	-	20,227,188	7.40%
2022	1,488,621	(1,488,621)	-	20,407,150	7.29%
2021	1,373,074	(1,373,074)	-	19,765,013	6.95%
2020	1,371,279	(1,371,279)	-	19,259,537	7.12%
2019	1,285,267	(1,285,267)	-	18,051,503	7.12%
2018	1,259,237	(1,259,237)	-	17,685,913	7.12%
2017	1,234,550	(1,234,550)	-	17,339,185	7.12%
2016	1,137,121	(1,137,121)	-	15,970,801	7.12%
2015	1,047,245	(1,047,245)	-	14,708,497	7.12%

See Notes to the Required Supplementary Information

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB**  
**LAST TEN 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	\$ 155,927	\$ (155,927)	\$ -	\$ 13,711,825	1.14%
2023	163,544	(163,544)	-	14,380,004	1.14%
2022	186,575	(186,575)	-	16,405,312	1.14%
2021	204,408	(204,408)	-	17,991,944	1.14%
2020	220,640	(220,640)	-	19,354,386	1.14%
2019	209,313	(209,313)	-	18,360,789	1.14%
2018	201,619	(201,619)	-	17,685,877	1.14%

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

See Notes to the Required Supplementary Information

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST TEN 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	6.338956%	\$ 88,955,344	\$ 50,864,587	174.89%	69.34%
2023	6.358725%	92,586,404	49,831,172	185.80%	67.50%
2022	6.450834%	67,969,551	49,289,153	137.90%	75.70%
2021	6.323983%	96,788,786	44,638,534	216.83%	63.40%
2020	6.363097%	87,635,161	45,852,703	191.12%	65.50%
2019	6.546403%	87,254,274	44,503,060	196.06%	65.50%
2018	6.655690%	91,417,617	44,924,000	203.49%	63.20%
2017	6.705377%	98,237,700	43,566,502	225.49%	59.20%
2016	6.792713%	88,838,849	41,782,306	212.62%	62.10%
2015	6.911929%	72,424,762	40,092,868	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	1.57977%	\$ 30,461,856	\$ 20,227,188	150.60%	65.31%
2023	1.63473%	47,081,255	20,407,150	230.71%	54.47%
2022	1.68384%	17,550,621	19,765,013	88.80%	78.26%
2021	1.71524%	53,961,723	19,259,537	280.18%	48.91%
2020	1.74990%	20,510,071	18,051,503	113.62%	71.66%
2019	1.69713%	28,640,903	17,434,897	164.27%	63.53%
2018	1.66806%	26,811,182	17,028,272	157.45%	61.98%
2017	1.58004%	15,398,991	15,923,030	96.71%	70.46%
2016	1.51309%	10,288,781	13,479,829	76.33%	77.15%
2015	1.51033%	9,586,375	12,722,678	75.35%	77.70%

See Notes to the Required Supplementary Information



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY**  
**JUNE 30, 2024**

	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	1.339416%	\$ 1,339,083	\$ 13,463,579	9.95%	62.74%
2023	1.431001%	1,717,644	16,405,312	10.47%	56.28%
2022	1.538681%	855,773	17,991,944	4.76%	76.63%
2021	1.614360%	1,357,996	18,403,232	7.38%	63.38%
2020	1.631204%	1,310,162	18,360,789	7.14%	63.13%
2019	1.593368%	1,254,886	17,434,897	7.20%	61.89%
2018	1.574009%	1,245,058	17,028,272	7.31%	59.78%

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

See Notes to the Required Supplementary Information

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2024**

**NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING**

The District's Board follows the procedures established by North Dakota law for the budgetary process. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. Formal budgetary integration is employed as a management control device during the year for the general fund. The School Board must adopt the preliminary budget and tax levy and provide it to the county auditor on or before August 10. The final budget and tax levy must be filed with the county auditor by October 10.

The budget may be amended during the year by the Board; however, no amendment changing the taxes levied can be made after October 10.

All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

**NOTE 2 BUDGETARY BASIS OF ACCOUNTING**

To provide a meaningful comparison of the District's actual results compared to the budgeted results, the Statements of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual are prepared on the District's budgetary basis. Under the District's budgetary basis of accounting, revenues are budgeted on the cash basis of accounting. Expenditures are also budgeted on the cash basis except for teacher salaries and benefits. The District allows teachers to take their compensation in nineteen or twenty-four payments. The budget is prepared estimating the entire contract cost regardless of when the actual payment is made.

**Budgeted Inflows and Outflows**

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

	<u>General Fund</u>
<i>Sources/Inflows of resources</i>	
Actual revenues (budgetary basis) presented on the budgetary comparison schedule	\$ 120,727,196
<u>Difference - budget to GAAP</u>	
Student activities revenues included in the fund statements but not on the budget statement due to the implementation of GASB 84.	<u>2,598,625</u>
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Government Funds.	<u><u>\$ 123,325,821</u></u>

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**JUNE 30, 2024**

*Uses/outflows of resources*

Actual expenditures and transfers (budgetary basis) presented on the budgetary comparison schedule \$ 123,301,128

Difference - budget to GAAP

Student activities expenses included in the fund statements but not on the budget statement due to the implementation of GASB 84.

2,591,525

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds

\$ 125,892,653

**NOTE 3 CHANGE OF ASSUMPTIONS AND BENEFIT TERMS**

**TFFR Pension Plan**

*Changes of Assumptions*

Amounts reported in 2021 and later reflect actuarial assumption changes effective July 1, 2015 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.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED**  
**JUNE 30, 2024**

**NDPERS Pension Plan**

*Changes of Assumptions*

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.

*Changes of Benefit Terms*

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**

*Changes of assumptions*

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.

*Changes of benefit terms*

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

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Agriculture</u>			
Passed through the ND Department of Public Instruction:			
School Breakfast Program	10.553	F10553	\$ 446,575
National School Lunch Program	10.555	F10555 / PII000614	1,912,003
National School Lunch Program - Commodities	10.555	N/A	286,501
Special Milk Program for Children	10.556	F10556	1,022
Summer Food Service Program	10.559	F10559	145,729
Summer Food Service Program - Commodities	10.559	F10559	815
Total Child Nutrition Cluster			<u>2,792,645</u>
Child Care Food Program - Head Start	10.558	F10558	173,512
State Pandemic Electronic Benefit Transfer	10.649	F10649	<u>3,112</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,969,269</u>
<u>U.S. Department of Defense</u>			
National Guard Challenge Program	12.404		367,009
Reserve Officer Training Course	12.U01		<u>64,115</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>431,124</u>
<u>U.S. Department of the Treasury</u>			
Passed through the ND Department of Commerce			
COVID-19: ND Dept of Commerce MAWA Grant	21.027		123,399
Passed through ND State Department of Vocational Education			
COVID-19: CTE Capital Projects Grant (Coronavirus Capital Projects Fund)	21.029		<u>715,875</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>839,274</u>
<u>U.S. Department of Homeland Security</u>			
State and Local Cybersecurity Grant Program	97.137		<u>185,544</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>185,544</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through ND Department of Health			
Every Student Succeeds Act/Preschool Development Grants	93.434		3,000
Headstart Cluster			
Headstart	93.600		<u>4,471,453</u>
Total Headstart Cluster			<u>4,471,453</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>4,474,453</u>

See Notes to the Schedule of Expenditures of Federal Awards

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
Indian Education - Grants to Local Educational Agencies	84.060A		47,949
Passed through the ND Department of Public Instruction			
Adult Education - Basic Grants to States	84.002A	F84002A	95,888
Title I	84.010	F84010	2,568,851
TSI 22-23 - Sunnyside Elementary Schools	84.010A	F84010	49,777
Total 84.010 Title I funds			2,618,628
Program for Neglected and Delinquent Children and Youth	84.013	F84013	112,731
Twenty-First Century Community Learning Centers	84.287	F84287	505,000
English Language Acquisition State Grants	84.365A	F84365A	25,472
Title II-A	84.367	F84367	556,402
ED Grants for State Assessments and Related Activities	84.369A	F84369A	24,094
Striving Readers/Comprehensive Literacy Development	84.371C	F84371C2	764,480
Student Support and Academic Enrichment Program	84.424A	F84424A	296,108
COVID-19: Adult Ed IET Grant	84.425D	F84425D	21,590
COVID-19: ESSER II Family Engagement Grant	84.425D	32403	7,112
COVID-19: ESSER II 21st CCLC Grant	84.425D	F84425D	95,296
COVID-19: ESSER III	84.425D	F84425D	616,949
COVID-19: ESSER III Teacher Innovation Grant	84.425U	F84425U	9,306
COVID-19: Greater Math Grant	84.425U	31012	27,280
COVID-19: ARP - ESSER - Homeless Children and Youth	84.425W		42,161
Total 84.425 ESSER funds			819,694
Special Education - Preschool Grants	84.173	F84173A	77,445
Special Education Grants to States	84.027A	F84027A	2,436,989
Special Education Grants to States	84.027X	F84027X	13,586
Total Special Education Cluster			2,528,020
Passed through ND State Department of Vocational Education			
Career and Tech Education Basic Grants to States	84.048A	F84048A	181,259
TOTAL U.S. DEPARTMENT OF EDUCATION			8,575,725
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 17,475,389

See Notes to the Schedule of Expenditures of Federal Awards

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 2 DE MINIMIS COST RATE**

Minot Public School District No. 1 has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

**NOTE 3 BASIS OF PRESENTATION**

The accompanying Schedule includes the federal award activity of Minot Public School District No. 1 under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Minot Public School District No. 1, it is not intended to and does not present the net position, changes in net position, or cash flows of Minot Public School District No. 1.

**NOTE 4 AGENCY OR PASS-THROUGH NUMBER**

Minot Public School District No. 1 received money passed through from multiple grantor agencies. There were no pass-through numbers identified with these grants identified above.

**NOTE 5 RECONCILIATION TO FINANCIAL STATEMENTS**

The schedule of expenditures of federal awards reports expenditures of federal awards of \$17,475,389. Compared to federal revenue reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds of \$17,108,380, there is a difference of \$367,009. The difference is made up of the following:

Difference in revenues and expenditures based on compliance reporting requirements	\$ (367,009)
Federal revenue in Custodial Fund	367,009
	<u>\$ -</u>

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

To the Board of Education  
Minot Public School District No. 1  
Minot, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the government activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Minot Public School District No. 1 as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Minot Public School District No. 1's basic financial statements, and have issued our report thereon dated October 3, 2024.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Minot Public School District No. 1's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Minot Public School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Minot Public School District No. 1's internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on Minot Public School District No. 1's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Minot Public School District No. 1'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 & ASSOCIATES, P.C.**  
**BISMARCK, NORTH DAKOTA**

October 3, 2024

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

To the Board of Education  
Minot Public School District No. 1  
Minot, North Dakota

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Minot Public School District No. 1's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2024. The Minot Public School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Minot Public School District No. 1's basic financial statements include the operations of the Minot Air Force Base School District #160 as a discretely presented component unit which spent \$11,210,149 in federal awards. These awards are not included in the District's schedule of expenditures of federal awards for the year ended June 30, 2024. Our compliance audit described in the "Opinion on Each Major Program" does not include the operations of the above-mentioned component unit because a separate audit was performed in accordance with Uniform Guidance.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### *Basis for Opinion on Each Major Federal Program*

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

We are required to be independent of Minot Public School District No. 1 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal

determination of Minot Public School District No. 1's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Minot Public School District No. 1's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Minot Public School District No. 1's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Minot Public School District No. 1's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Minot Public School District No. 1's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Minot Public School District No. 1's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Minot Public School District No. 1's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Report on Internal Control Over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal*

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



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

October 3, 2024

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

x yes        no

Significant deficiency(ies) identified?

x yes        none reported

Noncompliance material to financial  
statements noted?

       yes   x   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

       yes   x   no

Significant deficiency(ies) identified?

       yes   x   none reported

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

Unmodified

Any audit findings disclosed that are

Required to be reported in accordance with  
2 CFR 200.516(a)?

       yes   x   no

AL Number(s)

Name of Federal Program or Cluster

10.553/10.555/10.556/10.559 Child Nutrition Cluster  
84.010 Title I  
93.600 Head Start

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

       yes   x   no

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Section II - Financial Statement Findings**

**2024-001 Preparation of the Financial Statements – Significant Deficiency**

Criteria

An appropriate system of internal control requires the District to prepare financial statements and the schedule of expenditures of federal awards 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 note.

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

The School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Indication of Repeat Finding

This is a repeat of finding 2023-001 from the prior year.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2024-002 Proposition of 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 organization'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

Minot Public School District No. 1 will review their year-end process for adjusting entries to ensure the necessary journal entries are completed to properly reflect the balances in each general ledger account.

Indication of Repeat Finding

This is a repeat finding of 2023-002.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings to be reported under this section.

**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2023-001 Preparation of the Financial Statements – Significant Deficiency**

Criteria

An appropriate system of internal control requires the District to prepare financial statements and the schedule of expenditures of federal awards 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 note.

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

The School Board has decided to accept the degree of risk associated with the District not preparing its own financial statements due to the time and expense necessary to have staff prepare the statements prior to the annual audit.

Current Status

Based upon our audit testing, the finding was repeated as current year finding 2024-001.



**MINOT PUBLIC SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2023-002 Proposition of 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, an adjusting entry to the financial statements for Head Start was 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 an adjustment 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

Minot Public School District No. 1 will review their year-end process for adjusting entries to ensure the necessary journal entries are completed to properly reflect the balances in each general ledger account.

Current Status

This finding is repeated in the current year as 2024-002.



215 2<sup>nd</sup> St. SE  
Minot, ND 58701  
Ph 701-857-4400  
Fax 701-857-4432

## **Corrective Action Plan - June 30, 2024**

### **2024-001**

#### Contact Person

Laura Dokken, Business and Operations Manager

#### Corrective Action Plan

The Board of Education of Minot Public School District No. 1 has decided to accept the degree of risk associated with the District not preparing its own financial statements due to the time and expense necessary to have staff prepare the financial statements prior to the annual audit.

#### Completion Date

Minot Public School District No. 1 will implement when it becomes cost effective.

### **2024-002**

#### Contact Person

Laura Dokken, Business and Operations Manager

#### Corrective Action Plan

Minot Public School District No. 1 will review their year-end process for adjusting entries to ensure the necessary journal entries are completed to properly reflect the balances in each general ledger account.

#### Completion Date

Minot Public School District No. 1 completed this review in November of 2023.