

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
ST. JOHN, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
ROSTER OF SCHOOL OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Notes to the Basic Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule for the General Fund	47
Schedule of District's Contributions to the TFFR and NDPERS Pension Plans	48
Schedule of District's Contributions to the NDPERS OPEB Plan	49
Schedule of District's Proportionate Share of Net Pension Liability	50
Schedule of District's Proportionate Share of the Net OPEB Liability	51
Notes to the Required Supplementary Information	52
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 <i>GOVERNMENT AUDITING STANDARDS</i>	55
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	57

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	60
Notes to the Schedule of Expenditures of Federal Awards	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	62
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	68
CORRECTIVE ACTION PLAN	72

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2024

Bernie Belgarde	President
Rusty Cain	Vice-President
Amy Gourneau	Board Member
Alan Berginski	Board Member
Monti LaVallie	Board Member
Keith LaVille	Superintendent
Mary Vandal	Business Manager

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
St. John Public School District No. 3
St. John, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of St. John Public School District No. 3, 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, each major fund and the aggregate remaining fund information of St. John Public School District No. 3 as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. John Public School District No. 3, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the St. John Public School District No. 3'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 St. John Public School District No. 3'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 St. John Public School District No. 3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, schedule of District's contributions to the TFFR and NDPERS pension plans, schedule of District's contributions to the NDPERS OPEB plan, schedule of District's proportionate share of net pension liability and schedule of District's proportionate share of net OPEB liability, as listed in 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the roster of school officials on page 1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

February 12, 2025

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

The discussion and analysis of St. John Public School District'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 for 2024 are as follows:

- Net position of the District increased \$1,725,241 as a result of the current year's operations.
- Governmental net position totaled \$7,127,222.
- Total revenues from all sources were \$12,653,657.
- Total expenses were \$10,928,416.
- The District's general fund had \$11,931,612 in total revenues, \$10,720,770 in expenditures and \$125,000 in other financing uses. Overall, the general fund balance increased by \$1,085,842 for the year ended June 30, 2024.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand St. John Public School District No. 3 as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Financial Analysis of the District as a Whole

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

Table 1 provides a summary of the District's net position as of June 30, 2024.

As indicated in the financial highlights, the District's net position increased by \$1,725,241. Long-term liabilities decreased by \$1,749,059 for the year ended June 30, 2024 primarily due to changes in the net pension liability. Net position may serve over time as a useful indicator of the District's financial position.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

The District's net position of \$7,127,222 is segregated into three separate categories. Net position invested in Capital Assets (net of related debt) represents 141% of the District's entire net position. It should be noted that these assets are not available for future spending. Restricted net position represents 3% of the District's net position. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted net position represents (46)% of the District's net position. The unrestricted net position is available to meet the District's ongoing obligations.

Table 1

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets	\$ 4,846,063	\$ 4,144,286
Capital Assets (Net of Accumulated Depreciation)	11,754,935	10,863,366
Total Assets	<u>16,600,998</u>	<u>15,007,652</u>
Deferred Outflows of Resources	<u>3,078,877</u>	<u>4,267,236</u>
Liabilities		
Current Liabilities	676,041	937,685
Non-Current Liabilities	9,762,479	11,520,133
Total Liabilities	<u>10,438,520</u>	<u>12,457,818</u>
Deferred Inflows of Resources	<u>2,114,133</u>	<u>1,415,089</u>
Net Position		
Net Investment in Capital Assets	10,062,980	8,991,608
Restricted	339,057	256,077
Unrestricted	(3,274,815)	(3,845,704)
Total Net Position	<u>\$ 7,127,222</u>	<u>\$ 5,401,981</u>

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Table 2 shows the changes in net position for the fiscal year ended June 30, 2024.

	Table 2	
	2024	2023
Revenues		
Program Revenues		
Charges for Services	\$ 798,268	\$ 360,813
Operating Grants and Contributions	6,551,414	8,824,631
General Revenues		
Property Taxes	263,213	278,428
State Aid - Formula Grants	4,914,372	3,747,746
Investment Earnings	126,390	9,734
Total Revenues	<u>12,653,657</u>	<u>13,221,352</u>
Expenses		
Business Support Services	509,058	415,045
Instructional Support Services	196,848	163,876
Administration	840,183	809,870
Operations and Maintenance	1,272,352	1,085,966
Transportation	611,880	555,362
Regular Instruction	5,137,033	5,727,025
Special Education	579,750	440,246
Vocational Education	346,299	327,241
Extra-Curricular Activities	492,354	482,094
Food Services	918,552	799,562
Interest and Fees on Long-Term Debt	24,107	32,331
Total Expenses	<u>10,928,416</u>	<u>10,838,618</u>
Change in Net Position	<u>1,725,241</u>	<u>2,382,734</u>
Net Position - Beginning	5,401,981	3,019,247
Net Position - Ending	<u>\$ 7,127,222</u>	<u>\$ 5,401,981</u>

Operating grants and contributions constituted 52%, state aid 38%, property taxes 2%, charges for services made up 6%, and interest income made up less than 1% of the total revenues of governmental activities of the District for fiscal year 2024.

Regular instruction comprised 47% of District expenses.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 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. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table 3

	Total Cost for Year Ended 6/30/2024	Net Cost for Year Ended 6/30/2024	Total Cost for Year Ended 6/30/2023	Net Cost for Year Ended 6/30/2023
Business Support Services	\$ 509,058	\$ (509,058)	\$ 415,045	\$ (415,045)
Instructional Support Services	196,848	(196,848)	163,876	(163,876)
Administration	840,183	(840,183)	809,870	(809,870)
Operations and Maintenance	1,272,352	(1,218,935)	1,085,966	(1,085,966)
Transportation	611,880	(406,556)	555,362	(245,278)
Regular Instruction	5,137,033	988,765	5,727,025	2,233,195
Special Education	579,750	(579,750)	440,246	(440,246)
Vocational Education	346,299	(257,407)	327,241	(288,559)
Extra-Curricular Activities	492,354	(233,318)	482,094	(255,907)
Food Services	918,552	(301,337)	799,562	(149,291)
Interest and Fees on Long-Term Debt	24,107	(24,107)	32,331	(32,331)
Total Expenses	<u>\$ 10,928,416</u>	<u>\$ (3,578,734)</u>	<u>\$ 10,838,618</u>	<u>\$ (1,653,174)</u>

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

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

Administration includes payroll expenses for the Superintendent and for the School Board members as well as other benefit expenses.

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

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

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

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

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

Financial Analysis of the District's Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the District's net resources available for spending at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. The District's governmental funds had total revenues of \$12,651,618 and expenditures of \$11,684,175 for the year ended June 30, 2024. As of June 30, 2024, the unassigned fund balance of the District's general fund was \$3,996,294.

Budget Highlights

During the course of the 2024 fiscal year, the District's general fund received \$122,001 more revenues and incurred \$754,167 less expenditures than budgeted. This is primarily due to the timing of construction expenditures and related grant reimbursements.

Capital Assets

As of June 30, 2024, the District had \$11,754,935 invested in capital assets, net of accumulated depreciation. Table 4 shows balances as of June 30, 2024 (see Note 4 for details).

Table 4

Buildings	\$ 10,429,864
Equipment	873,935
Vehicles	451,136
Total	<u>\$ 11,754,935</u>

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Long-Term Liabilities:

As of June 30, 2024, the District had \$1,756,842 in outstanding long-term liabilities. The District decreased its long-term liabilities by \$171,507 from June 30, 2023 (See Note 5). See below for a description of the District's long-term liabilities:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Due in One Year
Refunding Bond, Series 2021	\$ 1,700,000	\$ -	\$ 150,000	\$ 1,550,000	\$ 155,000
2021 Bond Premium	73,966	-	7,397	66,569	7,397
Financed Purchase - 2019 School Bus	1,298	-	1,298	-	-
Financed Purchase - 2018 Passenger Bus	4,144	-	4,144	-	-
Financed Purchase - 2023 Passenger Bus	92,350	-	16,964	75,386	17,686
Compensated Absences	56,591	8,296	-	64,887	64,887
Total	<u>\$ 1,928,349</u>	<u>\$ 8,296</u>	<u>\$ 179,803</u>	<u>\$ 1,756,842</u>	<u>\$ 244,970</u>

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. You may request a copy of this report by contacting Mary Vandal, Business Manager, St. John Public School District, 400 Foussard Ave, St. John, ND 58369, or email at mary.vandal@k12.nd.us.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 4,143,287
Prepaid Insurance	49,257
Property Taxes Receivable (Net)	42,247
Due from Other Governments	611,272
Total Current Assets	<u>4,846,063</u>

Non-Current Assets:

Capital Assets

Buildings and Improvements	17,805,449
Equipment	2,400,486
Vehicles	1,187,298
Less Accumulated Depreciation	(9,638,298)
Total Non-Current Assets	<u>11,754,935</u>

TOTAL ASSETS	<u>16,600,998</u>
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DEFERRED OUTFLOWS OF RESOURCES

Cost Sharing Defined Benefit Pension Plan - TFFR	1,562,349
Cost Sharing Defined Benefit Pension Plan - NDPERS	1,480,488
Cost Sharing Defined Benefit OPEB Plan - NDPERS	36,040

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,078,877</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	256,150
Accrued Payroll and Benefits	159,463
Interest Payable	15,458
Compensated Absences	64,887
Short-Term Portion of Financed Purchases	17,686
Bonds Due Within a Year	162,397
Total Current Liabilities	<u>676,041</u>

Long-Term Liabilities:

Financed Purchases (Net of Current Portion)	57,700
Bonds Payable (Net of Current Portion)	1,454,172
Net OPEB Liability	68,515
Net Pension Liability	8,182,092
Total Non-Current Liabilities	<u>9,762,479</u>

TOTAL LIABILITIES	<u>10,438,520</u>
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DEFERRED INFLOWS OF RESOURCES

Cost Sharing Defined Benefit Pension Plan - TFFR	571,702
Cost Sharing Defined Benefit Pension Plan - NDPERS	1,527,743
Cost Sharing Defined Benefit OPEB Plan - NDPERS	14,688

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,114,133</u>
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NET POSITION

Net Investment in Capital Assets	10,062,980
Restricted for:	
Student Activities	125,114
Building	213,943
Unrestricted	<u>(3,274,815)</u>

TOTAL NET POSITION	<u><u>\$ 7,127,222</u></u>
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See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Business Support Services	\$ 509,058	\$ -	\$ -	\$ (509,058)
Instructional Support Services	196,848	-	-	(196,848)
Administration	840,183	-	-	(840,183)
Operations and Maintenance	1,272,352	-	53,417	(1,218,935)
Transportation	611,880	-	205,324	(406,556)
Regular Instruction	5,137,033	372,021	5,753,777	988,765
Special Education	579,750	-	-	(579,750)
Vocational Education	346,299	53,417	35,475	(257,407)
Extra-Curricular Activities	492,354	259,036	-	(233,318)
Food Services	918,552	113,794	503,421	(301,337)
Interest and Fees on Long-Term Debt	24,107	-	-	(24,107)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,928,416	\$ 798,268	\$ 6,551,414	(3,578,734)
GENERAL REVENUES				
Property Taxes, Levied for General Purposes				213,449
Property Taxes, Levied for Capital Projects				49,764
Aids and Payments from the State				4,914,372
Unrestricted Investment Earnings				126,390
TOTAL GENERAL REVENUES				5,303,975
Change in Net Position				1,725,241
Net Position - Beginning				5,401,981
Net Position - Ending				\$ 7,127,222

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,946,735	\$ 196,552	\$ 4,143,287
Prepaid Insurance	49,257	-	49,257
Property Taxes Receivable (Net)	34,160	8,087	42,247
Due from Other Funds	9,483	35,292	44,775
Due from Other Governments	611,272	-	611,272
TOTAL ASSETS	<u>\$ 4,650,907</u>	<u>\$ 239,931</u>	<u>\$ 4,890,838</u>
LIABILITIES			
Accounts Payable	\$ 256,150	\$ -	\$ 256,150
Accrued Payroll and Benefits	159,463	-	159,463
Due to Other Funds	36,685	8,090	44,775
TOTAL LIABILITIES	<u>452,298</u>	<u>8,090</u>	<u>460,388</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Uncollected Taxes	27,944	7,613	35,557
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>27,944</u>	<u>7,613</u>	<u>35,557</u>
FUND BALANCES			
Nonspendable - Prepaids	49,257	-	49,257
Restricted for:			
Building Fund	-	206,330	206,330
Student Activities	125,114	-	125,114
Committed	-	17,898	17,898
Unassigned	3,996,294	-	3,996,294
TOTAL FUND BALANCES	<u>4,170,665</u>	<u>224,228</u>	<u>4,394,893</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,650,907</u>	<u>\$ 239,931</u>	<u>\$ 4,890,838</u>

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds	\$	4,394,893
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as net assets in government funds:

Cost of capital assets	\$	21,393,233	
Less: accumulated depreciation		(9,638,298)	
Net			11,754,935

Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		964,744
--	--	---------

Bond premiums that are amortized over the life of the debt issue		(59,171)
--	--	----------

Property taxes receivable will be collected during the year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		35,557
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Long-term liabilities are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.

Compensated Absences		(64,888)	
Bonds Payable		(1,557,397)	
Long-Term Debt Payable		(75,386)	
Net OPEB Liability		(68,515)	
Net Pension Liability		(8,182,092)	

Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(15,458)
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Net Position - Governmental Activities	\$	7,127,222
--	----	-----------

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local Property Tax Levies	\$ 212,544	\$ 48,629	\$ 261,173
Other Local and County Revenues	684,473	113,794	798,267
Revenue from State Sources	5,196,885	172	5,197,057
Revenue from Federal Sources	5,712,064	556,667	6,268,731
Interest	125,646	744	126,390
TOTAL REVENUES	11,931,612	720,006	12,651,618
EXPENDITURES			
Current:			
Business Support Services	509,058	-	509,058
Instructional Support Services	196,848	-	196,848
Administration	840,183	-	840,183
Operations and Maintenance	1,227,499	44,853	1,272,352
Transportation	491,469	-	491,469
Regular Instruction	4,198,696	-	4,198,696
Special Education	579,750	-	579,750
Vocational Education	346,299	-	346,299
Extra-Curricular Activities	492,354	-	492,354
Food Services	-	918,552	918,552
Capital Outlay	1,632,169	-	1,632,169
Debt Service:			
Principal Retirement	172,406	-	172,406
Interest and Fiscal Charges on Long-Term Debt	34,039	-	34,039
TOTAL EXPENDITURES	10,720,770	963,405	11,684,175
Excess (Deficiency) of Revenues over Expenditures	1,210,842	(243,399)	967,443
OTHER FINANCING SOURCES (USES)			
Transfers Out	(125,000)	-	(125,000)
Transfers In	-	125,000	125,000
TOTAL OTHER FINANCING SOURCES (USES)	(125,000)	125,000	-
Net Change in Fund Balances	1,085,842	(118,399)	967,443
Fund Balance - Beginning of Year	3,084,823	342,627	3,427,450
Fund Balance - End of Year	<u>\$ 4,170,665</u>	<u>\$ 224,228</u>	<u>\$ 4,394,893</u>

See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - Governmental Funds	\$	967,443
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlays	\$	1,632,169
Depreciation Expense		<u>(737,729)</u>

Excess of capital outlay over depreciation expense		894,440
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Loss on Disposal of Asset		(2,872)
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Some revenues will not be collected for several months after the District's fiscal year end. These revenues are considered "available" revenues in the government funds. These revenues consist of:

Net change in unavailable property taxes		2,040
--	--	-------

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.

		172,406
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consisted of the (increase)/decrease in:

Compensated Absences		(8,297)
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Changes in deferred outflows and inflows of resources related to net pension liability net OPEB liabilities		(1,887,401)
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Change in net OPEB liability		29,699
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Change in net pension liability		1,547,852
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Amortization of premiums received from bond issuance		7,397
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

		<u>2,534</u>
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Change in net position - Governmental Activities	\$	<u><u>1,725,241</u></u>
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See Notes to the Basic Financial Statements

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The St. John Public School District operates the public school in the City of St. John, North Dakota.

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.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from this unit is combined with data from the primary government.

Based on these criteria, there is one blended component unit to be included within the St. John Public School District No. 3 reporting entity. The blended component unit is described below.

St. John Public School District Building Authority

The school board as a legally separate entity created the building authority on March 5, 2012. Its purpose is to aid, assist and foster the planning, development, construction, renovation and improvement of school buildings, furnishing, fixtures and equipment and related facilities for the school district. The school board is the governing board of the building authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements display information about the District as a whole.

The statement of net position presents the financial condition of the governmental activities of the District at year-end.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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 and 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 of 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. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Fund Accounting

The District's funds consist of the following:

Governmental Funds:

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

General Fund:

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

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

Special Revenue Fund:

This is the school district's hot lunch operating fund. It accounts for all financial resources related to food services.

Building Fund:

This fund accounts for the acquisition, construction, maintenance and insurance of major facilities.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

Basis of Accounting:

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

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

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

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

Revenues - Exchange and Non-Exchange Transactions:

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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.

Unearned / Unavailable Revenues:

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

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

Expenses and Expenditures:

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

Budgets and Budgetary Accounting:

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

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

1. The administration prepares the District's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

2. The Board reviews the budget, may make revisions, and adopts the final budget at the September board meeting to ensure it is adopted before the fifteenth of October each year. The budget is then filed with the county auditor by October tenth of each year.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10 of each year. The budget amounts shown in the financial statements are the final authorized amounts.
4. All appropriations lapse at the close of the District's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

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:

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

Fair Value Measurements:

The Organization accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Capital Assets:

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

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

Buildings	7 to 30 Years
Equipment	8 to 25 Years
Vehicles	3 to 15 Years
Improvements	20 to 30 Years

Accrued Liabilities and Long-term Obligations:

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

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

Other Post-Employment Benefits (OPEB):

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Fund Balance Classifications:

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The District will strive to maintain a minimum unassigned general fund balance of not less than 10 percent and not more than 25 percent of the annual budget.

Deferred Outflows/Inflows of Resources:

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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

Net Position:

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

Inter-fund Activity:

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

Estimates:

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

Revenue Recognition - Property Taxes:

The taxes receivable represent the past three years of current and delinquent uncollected taxes at June 30, 2024. No allowance has been established for uncollectible taxes receivable.

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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.

NOTE 3 CASH

Custodial Credit Risk – Deposits

In accordance with North Dakota laws, the District maintains deposits at a depository authorized by the School Board. The depository is a member of the Federal Reserve System.

North Dakota laws require that all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal at least 110 percent of the deposits not covered by insurance or bonds.

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

At June 30, 2024, the carrying amount of the District's deposits was \$4,143,287 and the bank balance was \$4,230,033. The entire bank balance was covered by Federal Depository Insurance or by collateral held by the District's Agent in the District's name in amounts sufficient to meet North Dakota legal requirements.

Interest Rate Risk

In accordance with its investment policy, the school district invests its operating funds primarily in short term certificates of deposit and limits the average maturity in accordance with the school district's cash requirements and to manage exposure to fair value losses arising from interest rate changes.

Concentration of Credit Risk

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 4 CAPITAL ASSETS

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

	Balance 7/1/2023	Additions	Disposals	Transfers	Balance 6/30/2024
Governmental Activities:					
Capital Assets Not Being Depreciated					
Construction in Progress	\$ 4,971,744	\$ 1,248,176	\$ -	\$ (6,219,920)	\$ -
Capital Assets Being Depreciated					
Buildings and Improvements	11,522,095	68,407	4,973	6,219,920	17,805,449
Equipment	2,156,160	275,586	31,260	-	2,400,486
Vehicles	1,234,154	40,000	86,856	-	1,187,298
Total	14,912,409	383,993	123,089	6,219,920	21,393,233
Less Accumulated Depreciation					
Buildings and Improvements	6,843,192	535,915	3,522	-	7,375,585
Equipment	1,470,648	85,742	29,839	-	1,526,551
Vehicles	706,946	116,072	86,856	-	736,162
Total	9,020,786	737,729	120,217	-	9,638,298
Net Capital Assets Being Depreciated	5,891,623	(353,736)	2,872	6,219,920	11,754,935
Net Capital Assets for					
Governmental Activities	\$ 10,863,367	\$ 894,440	\$ 2,872	\$ -	\$ 11,754,935

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

Regular Instruction	\$ 621,657
Transportation	116,072
Total	<u>\$ 737,729</u>

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 5 LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024.

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Due in One Year
Refunding Bond, Series 2021	\$ 1,700,000	\$ -	\$ 150,000	\$ 1,550,000	\$ 155,000
2021 Bond Premium	73,966	-	7,397	66,569	7,397
Financed Purchase - 2019 School Bus	1,298	-	1,298	-	-
Financed Purchase - 2018 Passenger Bus	4,144	-	4,144	-	-
Financed Purchase - 2023 Passenger Bus	92,350	-	16,964	75,386	17,686
Compensated Absences	56,591	8,296	-	64,887	64,887
Total	<u>\$ 1,928,349</u>	<u>\$ 8,296</u>	<u>\$ 179,803</u>	<u>\$ 1,756,842</u>	<u>\$ 244,970</u>

All debt service payments are being made through the general fund.

Bonds Payable

The District issued \$1,835,000 Revenue Bond, Series 2021 on April 1, 2021 to advance refund the \$3,355,000 Revenue Bonds Series 2012. It is due in annual installments ranging from \$171,570 to \$188,045, including interest, through August 1, 2032. The interest rate ranges from 1% to 3% and is paid semi-annually. State Aid to be received from the North Dakota Department of Public Instruction has been pledged and assigned to secure the payment of principal and interest. The bond issue has no debt service reserve requirement.

The net proceeds of the Refunding Bond, Series 2021, included a premium of \$88,760 which is being amortized against interest expense in the Statement of Activities through August 1, 2032.

Financed Purchases

The District is financing three bus purchases. One is a 2019 school bus established August 22, 2018 due in 60 monthly installments of \$1,302, including interest at a rate of 4.56%, through August 22, 2023. The second is a 2018 14 passenger bus established September 4, 2018 due in 60 monthly installments of \$2,084, including interest at a rate of 4.66%, through September 4, 2023. The third is a 2023 school bus established July 28, 2022 due in 60 monthly installments of \$20,892 per year, including interest at a rate of 4.25%, through July 28, 2027.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Debt Service Requirements

The annual requirements to amortize bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 155,000	\$ 27,720	\$ 182,720
2026	160,000	22,995	182,995
2027	170,000	18,045	188,045
2028	170,000	12,945	182,945
2029	175,000	9,520	184,520
2030-2033	720,000	17,830	737,830
Total	<u>\$ 1,550,000</u>	<u>\$ 109,055</u>	<u>\$ 1,659,055</u>

The annual requirements to amortize the financed bus purchase is as follows:

2023 Passenger Bus			
Year	Principal	Interest	Total
2025	\$ 17,686	\$ 3,206	\$ 20,892
2026	18,438	2,454	20,892
2027	19,222	1,670	20,892
2028	<u>20,040</u>	<u>852</u>	<u>20,892</u>
Total	<u>\$ 75,386</u>	<u>\$ 8,182</u>	<u>\$ 83,568</u>

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 6 FUND BALANCES

A. CLASSIFICATIONS

At June 30, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Other Governmental Funds	Total
Nonspendable - Prepaids	\$ 49,257	\$ -	\$ 49,257
Restricted for:			
Building	-	206,330	206,330
Student Activities	125,114		125,114
Committed to:			
Food Service	-	17,898	17,898
Unassigned	3,996,294	-	3,996,294
	<u>\$ 4,170,665</u>	<u>\$ 224,228</u>	<u>\$ 4,394,893</u>

Nonspendable fund balances reflect resources that are recorded as expenditures when consumed rather than when purchased. They do not constitute “available spendable resources”, even though they are a component of net current assets.

Nonspendable for General Fund

This account represents expenses that were prepaid by the District.

Restricted fund balances reflect resources restricted for statutorily defined purposes not accounted for in a separate fund. At June 30, 2024, there were the following accounts:

Restricted for Building:

This account represents funds held by the School District available to provide future capital outlay.

Restricted for Student Activities:

This account represents funds held by the School District available to provide for future student activities.

Committed fund balances reflect resources that can be used only for the specific purposes determined by a formal action of the School District’s Board of Education. At June 30, 2024, there were the following accounts:

Committed for Food Service:

This account represents funds held by the School District available to provide food service.

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATEWIDE

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

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

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

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

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC 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 \$6,318,918 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2023, the Employer's proportion was 0.004503 percent which was a decrease of 0.00015211 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of \$654,095. At June 30, 2024, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,545	\$ 335,408
Changes in actuarial assumptions	99,989	-
Net difference between projected and actual investment earnings	385,669	-
Changes in proportion	574,818	236,294
Contributions paid to TFFR subsequent to the measurement date	478,328	-
Total	<u>\$ 1,562,349</u>	<u>\$ 571,702</u>

\$478,328 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.

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

Year ending June 30:	Pension Expense Amount
2025	\$ 124,804
2026	37,485
2027	482,365
2028	(2,468)
2029	(1,891)
Thereafter	(127,976)

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Actuarial Assumptions

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

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

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

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:

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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% 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 June 30, 2023. Therefore, the long-term expected rate of return on TFFR investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

The following presents the net pension liability of the TFFR Employers calculated using the discount rate of 7.25 percent as of June 30, 2023, as well as what the Employers' 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 in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.25%	7.25%	8.25%
School's proportionate share of the TFFR net pension liability:	\$ 8,797,713	\$ 6,318,918	\$ 4,261,927

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.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

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

Death and Disability Benefits

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

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

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

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

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

At June 30, 2024, the District reported a liability of \$1,863,174 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 District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the District's proportion was 0.000966 percent which was a decrease of 0.00005875 from its proportion measured June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$234,116. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 60,653	\$ 10,275
Changes in actuarial assumptions	1,027,376	1,414,196
Difference between projected and actual investment earnings	48,886	-
Changes in proportion	234,938	103,272
Contributions paid to NDPERS subsequent to the measurement date	108,635	-
Total	<u>\$ 1,480,488</u>	<u>\$ 1,527,743</u>

\$108,635 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Year ending June 30:	Pension Expense Amount
2025	\$ 82,301
2026	(150,079)
2027	32,364
2028	(120,477)

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	31.00%	6.25%
International Equity	20.00%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the 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:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.50%	6.50%	7.50%
School's proportionate share of the NDPERS net pension liability:	\$ 2,568,869	\$ 1,863,174	\$ 1,277,745

Pension Plan Fiduciary Net Position

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

NOTE 8 DEFINED BENEFIT OPEB PLAN

Defined Benefit OPEB Plan

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

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

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

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

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

At June 30, 2024, the District reported a liability of \$68,515 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 District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the District's proportion was 0.000685 percent which was a decrease of 0.00013292 percent from its proportion measured as of July 1, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$12,691. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,288	\$ 784
Changes of assumptions	14,613	5,674
Net difference between projected and actual earnings on OPEB plan investments	4,949	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	6,028	8,230
District contributions subsequent to the measurement date	9,162	-
Total	<u>\$ 36,040</u>	<u>\$ 14,688</u>

\$9,162 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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

<u>Year Ending June 30:</u>	<u>OPEB Expense Amount</u>
2025	\$ 4,836
2026	4,185
2027	6,034
2028	(2,864)

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.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
S&P 500 Index	33%	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 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 Plan as of June 30, 2023, calculated using the discount rate of 5.75 percent, 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 in Discount Rate 4.75%	Discount Rate 5.75%	1% Increase in Discount Rate 6.75%
District's proportionate share of the net OPEB liability	\$ 90,045	\$ 68,515	\$ 50,389

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 9 RISK MANAGEMENT

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

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

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund.

The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees.

The State Bonding Fund does not currently charge any premium for this coverage. The District participates in the North Dakota Worker's Compensation Bureau and purchases commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 10 CONTINGENT LIABILITIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 11 NON-MONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2024 was \$29,887.

NOTE 12 SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK

As of June 30, 2024, the District's receivables consist of amounts due from other governmental units within the State of North Dakota.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 13 INTERFUND BALANCES

The District has the following interfund receivables and payables as of June 30, 2024:

	Interfund Receivable	Interfund Payable
General Fund	\$ 9,483	\$ 36,685
Building Fund	30,292	-
Food Service Fund	5,000	8,090
	<u>\$ 44,775</u>	<u>\$ 44,775</u>

Interfund balances consist of expenditures paid on behalf of other funds as of June 30, 2024.

NOTE 14 INTERFUND TRANSFERS

During 2024, the District transferred \$125,000 from the general fund to the food service fund to help cover the current year operating expenditures.

NOTE 15 NEW PRONOUNCEMENTS

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

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

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

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

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2024

NOTE 16 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through February 12, 2025, the date which the financial statements were available to be issued.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts Original/Final	Actual	Over (Under) Final Budget
REVENUES			
Local Property Tax Levies	\$ 203,814	\$ 212,544	\$ 8,730
Other Local & County Revenues	497,246	684,473	187,227
Revenue From State Sources	5,173,548	5,196,885	23,337
Revenue From Federal Sources	5,809,814	5,712,064	(97,750)
Interest	125,189	125,646	457
TOTAL REVENUES	11,809,611	11,931,612	122,001
EXPENDITURES			
Business Support Services	531,394	509,058	(22,336)
Instructional Support Services	212,848	196,848	(16,000)
Administration	872,107	840,183	(31,924)
Operations and Maintenance	1,287,230	1,227,499	(59,731)
Transportation	537,882	491,469	(46,413)
Regular Instruction	6,655,639	4,198,696	(2,456,943)
Special Education	553,840	579,750	25,910
Vocational Education	370,431	346,299	(24,132)
Extra-Curricular Activities	247,121	492,354	245,233
Capital Outlay	-	1,632,169	1,632,169
Principal Retirement	174,150	172,406	(1,744)
Interest and Fiscal Charges on Long-Term Debt	32,295	34,039	1,744
TOTAL EXPENDITURES	11,474,937	10,720,770	(754,167)
Excess (Deficiency) of Revenues Over Expenditures	334,674	1,210,842	876,168
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(125,000)	(125,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(125,000)	(125,000)
Net Change in Fund Balances	334,674	1,085,842	751,168
Fund Balances - Beginning	3,084,823	3,084,823	-
Fund Balances - Ending	\$ 3,419,497	\$ 4,170,665	\$ 751,168

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN YEARS

Teachers Fund for Retirement

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 478,328	\$ (478,328)	-	\$ 3,751,590	12.75%
2023	459,601	(459,601)	-	3,604,713	12.75%
2022	472,902	(472,902)	-	3,708,939	12.75%
2021	462,861	(462,861)	-	3,630,282	12.75%
2020	404,508	(404,508)	-	3,172,613	12.75%
2019	355,051	(355,051)	-	2,784,935	12.75%
2018	333,611	(333,611)	-	2,643,349	12.62%
2017	317,732	(317,732)	-	2,616,553	12.14%
2016	309,705	(309,705)	-	2,492,018	12.43%
2015	244,046	(244,046)	-	2,429,174	10.05%

North Dakota Public Employees Retirement System

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 108,635	\$ (108,635)	-	\$ 1,343,405	8.09%
2023	95,991	(95,991)	-	1,276,063	7.52%
2022	90,084	(90,084)	-	1,216,948	7.40%
2021	72,097	(72,097)	-	998,916	7.22%
2020	58,863	(58,863)	-	835,125	7.05%
2019	59,633	(59,633)	-	837,547	7.12%
2018	56,667	(54,695)	1,972	747,830	7.31%
2017	51,404	(47,528)	3,876	781,471	6.08%
2016	38,433	(41,033)	(2,600)	710,015	5.78%
2015	38,598	(38,598)	-	505,976	7.63%

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2024	\$ 9,162	\$ (9,162)	\$ -	\$ 802,729	1.14%
2023	9,412	(9,412)	-	825,614	1.14%
2022	10,436	(10,436)	-	915,409	1.14%
2021	11,256	(11,256)	-	987,356	1.14%
2020	9,601	(9,601)	-	842,200	1.14%
2019	9,548	(9,548)	-	798,930	1.20%
2018	8,772	(9,538)	(766)	747,830	1.17%

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.450290%	\$ 6,318,918	\$ 3,613,153	174.89%	69.34%
2023	0.465501%	6,777,935	3,663,082	185.03%	67.50%
2022	0.471037%	4,963,106	3,630,280	136.71%	75.70%
2021	0.434807%	6,654,729	3,172,612	209.76%	63.40%
2020	0.396949%	5,466,990	2,784,709	196.32%	65.50%
2019	0.388837%	5,182,643	2,643,349	196.06%	65.50%
2018	0.387650%	5,324,528	2,616,553	203.49%	63.20%
2017	0.383550%	5,619,229	2,492,018	225.49%	59.20%
2016	0.394920%	5,164,982	2,429,174	212.62%	62.10%
2015	0.391381%	4,100,979	2,270,215	180.64%	66.60%

North Dakota Public Employees Retirement System

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.096630%	\$ 1,863,174	\$ 1,276,063	146.01%	65.31%
2023	0.102500%	2,952,011	987,356	298.98%	54.47%
2022	0.089901%	937,039	1,018,036	92.04%	78.26%
2021	0.074717%	2,350,613	824,214	285.19%	48.91%
2020	0.076808%	900,245	798,930	112.68%	71.66%
2019	0.072794%	1,228,478	747,830	164.27%	63.53%
2018	0.076552%	1,230,442	781,471	157.45%	61.98%
2017	0.070454%	686,643	710,015	96.71%	70.46%
2016	0.056795%	386,196	505,976	76.33%	77.15%
2015	0.065678%	416,872	569,727	73.17%	77.70%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN FISCAL YEARS

North Dakota Public Employees Retirement System – OPEB

For the Fiscal Year Ended June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered - employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	0.0685%	\$ 68,515	\$ 688,871	9.95%	62.74%
2023	0.8182%	98,214	1,216,948	8.07%	56.28%
2022	0.0720%	40,048	987,356	4.06%	76.63%
2021	0.0685%	57,635	781,046	7.38%	63.38%
2020	0.0716%	57,507	798,930	7.20%	63.13%
2019	0.0683%	53,826	747,830	7.20%	61.89%
2018	0.0722%	57,139	781,471	7.31%	59.78%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net OPEB liability which is June 30 of the previous fiscal year.

The District implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1– BUDGETARY COMPARISON

Budgets and Budgetary Accounting:

The District's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School District, annually on or before the last day of July must levy taxes. The governing body of the School District may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year. Taxes for School District purposes must be based upon an itemized budget statement which must show the complete expenditure by program of the District for the current fiscal year and the sources of the revenue from which it is to be financed. The School Board, in levying taxes, is limited by the amount necessary to be raised for the purpose of meeting the appropriations included in the school budget of the current fiscal year, and the sum necessary to be provided as an interim fund, together with a tax sufficient in amount to pay the interest on the bonded debt of the District and to provide a sinking fund to pay and discharge the principal thereon at maturity. During the current year in the General Fund, budgeted expenditures exceeded actual expenditures by \$754,167.

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

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2024

NOTE 2 – CHANGES OF ASSUMPTIONS

TFFR

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

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

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

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

NDPERS

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NDPERS OPEB

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
JUNE 30, 2024

NOTE 3 – CHANGES OF BENEFIT TERMS

NDPERS

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

NDPERS OPEB

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

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

To the Board of Education
St. John Public School District No. 3
St. John, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. John Public School District No. 3 (District) as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively the District's basic financial statements and have issued our report thereon dated February 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.

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 2024-004 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the District'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 Findings

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

Purpose Of This Report

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



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

February 12, 2025

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

To the Board of Education
St. John Public School District No. 3
St. John, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. John Public School District No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on St. John Public School District No. 3's major federal programs for the year ended June 30, 2024. St. John Public School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, St. John Public School District No. 3 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 St. John Public School District No. 3 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 St. John Public School District No. 3'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 St. John Public School District No. 3'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 St. John Public School District No. 3'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 St. John Public School District No. 3'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 St. John Public School District No. 3'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 St. John Public School District No. 3'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 St. John Public School District No. 3'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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on St. John Public School District No. 3's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. St. John Public School District No. 3's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



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

February 12, 2025

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

<u>AL #</u>	<u>Description</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<u>United States Department of Education</u>			
Direct Programs			
84.041B	Impact Aid		\$ 3,593,527
84.060	Indian Education Grants to Local Education Agencies		127,332
Passed Through the North Dakota Department of Public Instruction			
84.010	Title I Grants to Local Educational Agencies	F84010	1,035,721
84.358B	Title VI B - Rural Education Achievement	F84358	12,996
84.367A	Title II Part A - Teacher and Principal Quality	F84367A	36,541
84.371	Comprehensive Literacy Development	F84371	268,437
84.424A	Title IV Transferability	F84424A	35,763
84.424F	Stronger Connections	F84424F	71,687
	Total 84.424		<u>107,450</u>
84.425D	COVID 19 - Education Stabilization Fund	F84425D	9,830
84.425U	COVID 19 - Education Stabilization Fund	F84425U	388,171
Passed Through North Dakota Department of Health			
84.425D	COVID-19 Best in Class		<u>120,000</u>
	Total 84.425 Education Stabilization Fund		518,001
Passed Through North Dakota Department of Career Technical Education			
84.048	Career and Technical Education Grants to States		35,475
Passed Through North Central Education Cooperative			
84.287	Twenty-First Century Community Learning Centers		<u>30,000</u>
	Total Department of Education		<u>5,765,480</u>
<u>United States Department of Agriculture</u>			
Passed Through the North Dakota State Department of Public Instruction			
	Child Nutrition Cluster:		
10.553	School Breakfast Program	F10553	163,511
10.555	Food Distribution - Non Cash	F10555	24,171
10.555	National School Lunch Program	F10555	299,498
10.555	School/ CN Supply Chain Assistance	F10555S	13,488
	Total Cluster		<u>500,668</u>
10.560	SAE Food Nutrition	F10560	2,583
	Total Department of Agriculture		<u>503,251</u>
	TOTAL		<u>\$ 6,268,731</u>

See Notes to the Schedule of Expenditures of Federal Awards

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 - INDIRECT COST RATE

St. John Public School District No. 3 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - NONMONETARY TRANSACTIONS

The District receives commodities through the food distribution program and the assistance is valued at the fair value of the commodities received and disbursed.

NOTE 4 - BASIS OF PRESENTATION

The accompanying schedule includes the federal award activity of St. John Public School District No. 3 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* 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 St. John Public School District No. 3, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 5 - PASS-THROUGH ENTITIES

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

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
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 that are
 not considered to be material weaknesses? x yes none reported

Non-compliance material to financial
statements noted? yes x no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified that are
 not considered to be material weaknesses? x yes 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)? x yes no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I – Grants to Local Educational Agencies
84.041B	Impact Aid
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? yes x no

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001: Segregation of Duties

Criteria

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

Condition

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

Effect

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

Cause

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

Repeat Finding

Yes

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

The St. John School District has segregated accounting duties in the most effective manner given its limited staff. Due to cost constraints, additional administrative employees will not be added. Moving forward, a division of responsibilities will continue to be made when necessary between current staff.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2024-002: Preparation of the Financial Statements

Criteria

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

Condition

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

Effect

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

Cause

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

Repeat Finding

Yes

Recommendation

We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures. 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

Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2024-003: Proposition of Journal Entries

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.

Effect

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

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.

Repeat Finding

Yes

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

Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-004: Activities Allowed or Unallowed; Allowable Costs/Cost Principles – 84.425
Education Stabilization Fund (U.S. Department of Education)

Passed Through North Dakota Department of Public Instruction – F84425D
Passed Through North Dakota Department of Public Instruction – F84425U
Passed Through North Dakota Department of Health

Criteria

Payroll charges to federal grant programs should be properly supported and approved.

Condition

The District does not have controls in place to ensure all payroll transactions are formally approved.

Effect

There is an increased risk of unallowable costs being charged to grants.

Cause

Management oversight

Questioned Costs

None

Context

Out of seventeen payroll transactions tested, two employee timesheets were not approved until after payroll was processed. Additionally, thirteen employees did not have a formally documented approved rate of pay.

Repeat Finding

Yes

Recommendation

The District should implement policies and procedures to ensure all timesheets are approved prior to processing payroll and that signed contracts are obtained for all employees.

Views of Responsible Officials and Planned Corrective Actions

To ensure that all payroll expenditures are allowable for hourly employees, timesheets will be approved by each supervisor and/or the Superintendent. Any additional pay issued to certified staff will have Superintendent approval documented on a pay request sheet. All certified employees will continue to have a signed contract on file each year. All non-certified employees will have a letter of assignment signed and on file each year.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2024-005: Reporting – 84.041 Impact Aid (U.S. Department of Education)

U.S Department of Education

Criteria

To ensure all data provided for completing the application is accurate and properly certified prior to submitting the application, an entity should have controls in place to mitigate risk.

Condition

We noted that the District was unable to support student enrollment information with review or approval by tribal leaders, BIA/tribal realty, or the special education director prior to submitting the application.

Effect

There is an increased risk of the student counts not being accurate thus, leading to their grant award amounts to be miscalculated.

Cause

Management oversight.

Questioned Costs

None

Context

The District filed one application for Impact Aid funding. This application was found to be missing documentation of formal review and approval by tribal leaders, BIA/tribal realty, or the special education director.

Repeat Finding

No

Recommendation

The District should ensure they are obtaining formal review and approval of student enrollment information by tribal leaders, BIA/tribal realty, and the special education director.

Views of Responsible Officials and Planned Corrective Actions

This finding was noted by the auditors on the Impact Aid application submitted in January 2023. Both applications submitted in January of 2024 and 2025 had the proper support showing student enrollment information with review or approval by tribal authority prior to submitting the application. Applications made in the future will continue to have the required documentation to support the application.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

2023-001 Segregation of Duties

Criteria

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

Condition

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

Effect

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

Cause

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

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

The St. John School District has segregated accounting duties in the most effective manner given its limited staff. Due to cost constraints, additional administrative employees will not be added. Moving forward, a division of responsibilities will continue to be made when necessary between current staff.

Corrective Action Taken

None. See current year finding 2024-001.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2023-002 Preparation of the Financial Statements

Criteria

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

Condition

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

Effect

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

Cause

The District elected to not allocate resources for the preparation of the 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

Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

Corrective Action Taken

None. See current year findings 2024-002.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2023-003 Proposition of Journal Entries

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.

Effect

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

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.

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

Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the footnotes to the financial statements prepared by the auditing firm at the time of the audit.

Corrective Action Taken

None. See current year findings 2024-003.

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

2023-004: Activities Allowed or Unallowed; Allowable Costs/Cost Principles – 84.425
Education Stabilization Fund (U.S. Department of Education)

Passed Through North Dakota Department of Public Instruction – F84425D

Passed Through North Dakota Department of Public Instruction – F84425U

Passed Through North Dakota Department of Health

Criteria

To ensure all payroll expenditures are allowable.

Condition

The District does not have controls in place to ensure all payroll transactions are formally approved.

Effect

There is an increased risk of unallowable costs being charged to grants.

Cause

Management oversight

Questioned Costs

None

Context

Out of nine payroll transactions tested, six employee timesheet were not approved until after payroll was processed. Additionally, two employees did not have a signed contract on file with an approved rate of pay.

Recommendation

The District should implement policies and procedures to ensure all timesheets are approved prior to processing payroll and that signed contracts are obtained for all employees.

Views of Responsible Officials and Planned Corrective Actions

To ensure that all payroll expenditures are allowable for hourly employees, timesheets will be approved by each supervisor and/or the Superintendent. Any additional pay issued to certified staff will have Superintendent approval documented on a pay request sheet. All certified employees will continue to have a signed contract on file each year. All non-certified employees will have a letter of assignment signed and on file each year.

Corrective Action Taken

None. See current year findings 2024-004.

ST. JOHN SCHOOL DISTRICT NO. 3

HOME OF THE WOODCHUCKS

School Board Members

Bernie Belgarde, President

Russel Cain, Vice President

Amy Gourneau

Alan Berginski

Monti LaVallie

PO BOX 200

400 FOUSSARD AVENUE

ST. JOHN, NORTH DAKOTA

58369

701-477-5651 – phone

www3.stjohn.k12.nd.us

Mr. Paul J. Frydenlund, Superintendent

High School Principal

Mr. Charles Anderson

Middle School Principal

Ms. Catherine Anderson

Elementary Principal

Dr. Sherry Manning

Business Manager

Mary Vandal

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3

CORRECTIVE ACTION PLAN

JUNE 30, 2024

2024-001

Contact Person

Mary Vandal, Business Manager

Planned Corrective Action

The St. John Public School District has segregated accounting duties in the most effective manner given its limited staff. Due to cost constraints, additional administrative employees will not be added. Moving forward, a division of responsibilities will continue to be made when necessary between current staff.

Planned Completion Date

June 30, 2025

2024-002

Contact Person

Mary Vandal, Business Manager

Planned Corrective Action

Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the financial statements prepared by the auditing firm, along with the necessary adjustments to present the financial statements in accordance with GAAP.

Planned Completion Date

June 30, 2025

ST. JOHN SCHOOL DISTRICT NO. 3

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Russel Cain, Vice President
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Middle School Principal
Ms. Catherine Anderson
Elementary Principal
Dr. Sherry Manning
Business Manager
Mary Vandal

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3

CORRECTIVE ACTION PLAN

JUNE 30, 2024

2024-003

Contact Person

Mary Vandal, Business Manager

Planned Corrective Action

Due to the financial, efficiency and time constraints, it has been determined by the District's management that it is in the best interest of the District to have the financial statements prepared by the auditing firm, along with the necessary adjustments to present the financial statements in accordance with GAAP.

Planned Completion Date

June 30, 2025

2024-004

Contact Person

Mary Vandal, Business Manager

Planned Corrective Action

To ensure that all payroll expenditures are allowable for hourly employees, timesheets will be approved by each supervisor and/or the Superintendent. Any additional pay issued to certified staff will have Superintendent approval documented on a pay request sheet. All certified employees will continue to have a signed contract on file each year. All non-certified employees will have a letter of assignment signed and on file each year.

Planned Completion Date

June 30, 2025

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Ms. Catherine Anderson
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Dr. Sherry Manning
Business Manager
Mary Vandal

ST. JOHN PUBLIC SCHOOL DISTRICT NO. 3

CORRECTIVE ACTION PLAN

JUNE 30, 2024

2024-005

Contact Person

Mary Vandal, Business Manager

Planned Corrective Action

This finding was noted by the auditors on the Impact Aid application submitted in January 2023. Both applications submitted in January of 2024 and 2025 had the proper support showing student enrollment information with review or approval by tribal authority prior to submitting the application. Applications made in the future will continue to have the required documentation to support the application.

Planned Completion Date

June 30, 2025