TGU PUBLIC SCHOOL DISTRICT NO. 60
TOWNER, NORTH DAKOTA

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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TGU PUBLIC SCHOOL DISTRICT NO. 60
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2024

Evie Johnson	President
Kurt Kramer	Board Member
Terry Bailey	Board Member
Cameron McBeth	Board Member
Jon Sevland	Board Member
Erik Sveet	Superintendent
Lorie Werle	Business Manager
Dani Haman	Head Start Fiscal Officer/Business Manager

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
TGU Public School District No. 60
Towner, North Dakota

Report on the Audit the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund balance of TGU Public School District No. 60, 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 balance of TGU Public School District No. 60 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 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 TGU Public School District No. 60 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.

Correction of Error

As Discussed in Note 13 to the financial statements, the District corrected a previously reported error in net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the TGU Public School District No. 60'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 TGU Public School District No. 60'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 TGU Public School District No. 60'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, 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 combining balance sheet – non-major governmental funds and combining statement of revenues, expenditures and changes in fund balance – non-major governmental funds as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the 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 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 combining balance sheet – non-major governmental funds, combining statement of revenues, expenditures and changes in fund balance – non-major governmental funds and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 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

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

February 4, 2025

The discussion and analysis of TGU 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 $742,472 as a result of the current year's operations.
- Governmental net position totaled $775,658.
- Total revenues from all sources were $11,985,774.
- Total expenses were $11,243,302.
- The District's general fund had $7,347,331 in total revenues and other financing sources and $6,802,346 in expenditures and other financing uses. Overall, the general fund balance increased by $544,985 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 TGU Public School District No. 60 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 of resources, deferred 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.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund and Head Start 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 $742,472. Long-term liabilities decreased by $1,858,409 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.

The District's net position of $775,658 is segregated into three separate categories. Net position invested in Capital Assets (net of related debt) is $4,877,172. It should be noted that these assets are not available for future spending. Restricted net position is $817,180. Restricted net position represents resources that are subject to external restrictions on how they must be spent. The unrestricted net position is $(4,918,694). The unrestricted net position is available to meet the District's ongoing obligations.

Table 1

	2024	2023
Assets		
Current Assets	$ 4,971,636	$ 4,347,927
Capital Assets	5,580,129	5,490,105
Total Assets	10,551,765	9,838,032
Deferred Outflows of Resources		
Cost Sharing Defined Benefit Plan	3,268,367	4,149,691
Total Deferred Outflows of Resources	3,268,367	4,149,691
Liabilities		
Current Liabilities	1,076,698	1,019,530
Non-Current Liabilities	8,308,259	10,314,625
Total Liabilities	9,384,957	11,334,155
Deferred Inflows of Resources		
Cost Sharing Defined Benefit Plan	3,659,517	2,761,750
Total Deferred Inflows of Resources	3,659,517	2,761,750
Net Position		
Net Investment in Capital Assets	4,877,172	4,790,705
Restricted	817,180	660,962
Unrestricted	(4,918,694)	(5,559,849)
Total Net (Deficit) Position	$ 775,658	$ (108,182)

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	$ 1,517,299	$ 1,029,705
Operating Grants and Contributions	4,083,891	3,883,715
Captial Grants and Contributions	-	678,409
General Revenues		
Property Taxes	2,005,507	1,957,386
State Aid - Formula Grants	4,353,811	4,139,562
Investment Earnings	25,266	24,076
Total Revenues	11,985,774	11,712,853
Expenses		
Business Support Services	754,824	551,424
Instructional Support Services	109,240	167,912
Administration	225,660	222,063
Operations and Maintenance	918,359	828,799
Transportation	615,373	658,114
Regular Instruction	7,454,133	6,760,752
Special Education	308,760	204,229
Extra-Curricular Activities	301,211	182,431
Food Services	534,934	500,607
Interest and Fees on Long-Term Debt	20,808	45,164
Total Expenses	11,243,302	10,121,495
Increase in Net Position	742,472	1,591,358
Net Deficit Position - Beginning	(108,182)	(1,998,257)
Prior Period Adjustment - See Note 13	141,368	298,717
Net Deficit Position - Beginning as Restated	33,186	(1,699,540)
Net (Deficit) Position - Ending	$ 775,658	$ (108,182)

Property taxes constituted 17%, state aid 36%, operating grants and contributions 34%, charges for services made up 13%, interest income made up less than 1%, and capital grants and contributions made up 0% of the total revenues of governmental activities of the District for fiscal year 2024.

Regular instruction comprised 66% of District expenses.

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	$ 754,824	$ (754,824)	$ 551,424	$ (551,424)
Instructional Support Services	109,240	(109,240)	167,912	(167,912)
Administration	225,660	(225,660)	222,063	(222,063)
Operations and Maintenance	918,359	(918,359)	828,799	(828,799)
Transportation	615,373	(329,985)	658,114	(377,364)
Regular Instruction	7,454,133	(2,545,213)	6,760,752	(1,771,043)
Special Education	308,760	(308,760)	204,229	(204,229)
Extra-Curricular Activities	301,211	(40,340)	182,431	(637)
Food Services	534,934	(388,923)	500,607	(361,031)
Interest and Fees on Long-Term Debt	20,808	(20,808)	45,164	(45,164)
Total Expenses	$ 11,243,302	$ (5,642,112)	$ 10,121,495	$ (4,529,666)

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

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

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

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

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

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

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 $11,937,238 and expenditures of $11,438,650 for the year ended June 30, 2024. As of June 30, 2024, the unassigned fund balance of the District's General Fund was $3,146,591.

Budget Highlights

During the course of the 2024 fiscal year, the District received $796,911 more revenues and incurred $396,931 more expenditures than budgeted in the General Fund. This is primarily due to the additional ESSER Federal revenues received, not budgeting for student activity revenues, and a new lease.

Capital Assets

As of June 30, 2024, the District had $5,580,129 invested in capital assets, net of accumulated depreciation/amortization. Table 4 shows balances as of June 30, 2024 (see Note 4 for details).

Table 4

	2024	2023
Construction in Progress	$ -	$ 2,382,136
Buildings and Improvements	5,037,032	2,756,553
Equipment	49,381	48,828
Vehicles	386,155	417,170
Right to Use - Building	86,950	-
SBITA	20,611	26,787
Total	$ 5,580,129	$ 5,631,474

Long-Term Liabilities:

As of June 30, 2024, the District had $8,541,216 in long-term liabilities. The District decreased its long-term liabilities by $1,858,409 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
Limited Tax Bonds	$ 85,000	$ -	$ 85,000	$ -	$ -
Discount on Bonds Payable	(600)	-	(600)	-	-
General Obligation Bond, Series 2022	615,000	-	-	615,000	145,000
Lease Liability	-	173,900	85,943	87,957	87,957
Compensated Absences[1]	14,015	3,343	-	17,358	-
Net OPEB Liability	169,269	27,245	58,733	137,781	-
Net Pension Liability	9,516,941	2,684,824	4,518,645	7,683,120	-
Total	$ 10,399,625	$ 2,889,312	$ 4,747,721	$ 8,541,216	$ 232,957

[1] The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions. The general fund is primarily used to liquidate compensated absences.

For the Future:

The TGU Public School District has benefited from an adequate property tax base. The School District has also benefited from continued funding from the State of North Dakota. These elements have enabled the District to meet many of its staffing and building maintenance needs.

The TGU Public School District has shown stable enrollment numbers. With consolidation and other cost efficiencies, the District has maintained a financially stable condition.

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 Lorie Werle, Business Manager, TGU Public School District, 302 2nd St. SE, Towner, ND 58741, or email at lorie.werle@k12.nd.us.

TGU PUBLIC SCHOOL DISTRICT NO. 60
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 4,529,668
Grants Receivable	244,653
Taxes Receivable	146,506
Prepaid Expenses	50,809
Total Current Assets	4,971,636
Non-Current Assets:	
Capital Assets	
Buildings and Improvements	8,770,144
Equipment	161,733
Vehicles	1,615,161
Less Accumulated Depreciation	(5,074,470)
Right to Use Assets	173,900
Less Accumulated Amortization	(86,950)
SBITA Assets	30,882
Less Accumulated Amortization	(10,271)
Total Non-Current Assets	5,580,129
TOTAL ASSETS	10,551,765
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	722,944
Cost Sharing Defined Benefit Pension Plan - NDPERS	2,485,141
Cost Sharing Defined Benefit OPEB Plan - NDPERS	60,282
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,268,367
LIABILITIES	
Current Liabilities:	
Accounts Payable	70,379
Accrued Payroll and Taxes	765,777
Bonds Payable Within a Year	145,000
Lease Liabilities Payable Within a Year	87,957
Accrued Interest	7,585
Total Current Liabilities	1,076,698
Long-Term Liabilities:	
Bonds Payable (Net of Current Portion)	470,000
Compensated Absences	17,358
Net OPEB Liability	137,781
Net Pension Liability	7,683,120
Total Non-Current Liabilities	8,308,259
TOTAL LIABILITIES	9,384,957
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	823,629
Cost Sharing Defined Benefit Pension Plan - NDPERS	2,808,715
Cost Sharing Defined Benefit OPEB Plan - NDPERS	27,173
TOTAL DEFERRED INFLOWS OF RESOURCES	3,659,517
NET POSITION	
Net Investment in Capital Assets	4,877,172
Restricted for:	
Debt Service	150,755
Building	466,919
Student Activity	199,506
Unrestricted	(4,918,694)
TOTAL NET POSITION	$ 775,658

See Notes to the Basic Financial Statements

TGU PUBLIC SCHOOL DISTRICT NO. 60
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Business Support Services	$ 754,824	$ -	$ -	$ -	$ (754,824)
Instructional Support Services	109,240	-	-	-	(109,240)
Administration	225,660	-	-	-	(225,660)
Operations and Maintenance	918,359	-	-	-	(918,359)
Transportation	615,373	-	285,388	-	(329,985)
Regular Instruction	7,454,133	1,110,417	3,798,503	-	(2,545,213)
Special Education	308,760	-	-	-	(308,760)
Extra-Curricular Activities	301,211	260,871	-	-	(40,340)
Food Services	534,934	146,011	-	-	(388,923)
Interest and Fees on Long-Term Debt	20,808	-	-	-	(20,808)
TOTAL GOVERNMENTAL ACTIVITIES	$ 11,243,302	$ 1,517,299	$ 4,083,891	$ -	(5,642,112)
	GENERAL REVENUES				
	Property Taxes, Levied for General Purposes				1,740,561
	Property Taxes, Levied for Capital Projects				265,725
	Property Taxes, Levied for Debt Service				(779)
	Aids and Payments from the State				4,353,811
	Unrestricted Investment Earnings				25,266
	TOTAL GENERAL REVENUES				6,384,584
	Increase in Net Position				742,472
	Net Deficit Position - Beginning				(108,182)
	Prior Period Adjustment - See Note 13				141,368
	Net Position - Beginning as Restated				33,186
	Net Position - Ending				$ 775,658

See Notes to the Basic Financial Statements

TGU PUBLIC SCHOOL DISTRICT NO. 60
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Building Fund	Headstart Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 3,907,914	$ 442,559	$ -	$ 179,195	$ 4,529,668
Grants Receivable	220,867	5,600	14,243	3,943	244,653
Taxes Receivable	126,450	18,760	-	1,296	146,506
Due From Other Funds	6,031	-	-	-	6,031
Prepaid Items	50,809	-	-	-	50,809
TOTAL ASSETS	$ 4,312,071	$ 466,919	$ 14,243	$ 184,434	$ 4,977,667
LIABILITIES					
Accounts Payable	$ 53,753	$ -	$ 16,626	$ -	$ 70,379
Due to Other Funds	-	-	6,031	-	6,031
Accrued Payroll	751,136	-	14,324	-	765,460
Taxes Payable	317	-	-	-	317
TOTAL LIABILITIES	805,206	-	36,981	-	842,187
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Uncollected Taxes	109,959	16,716	-	1,180	127,855
TOTAL DEFERRED INFLOWS OF RESOURCES	109,959	16,716	-	1,180	127,855
FUND BALANCES					
Nonspendable	50,809	-	-	-	50,809
Restricted	199,506	450,203	-	157,160	806,869
Assigned	-	-	-	26,094	26,094
Unassigned	3,146,591	-	(22,738)	-	3,123,853
TOTAL FUND BALANCES	3,396,906	450,203	(22,738)	183,254	4,007,625
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,312,071	$ 466,919	$ 14,243	$ 184,434	$ 4,977,667

See Notes to the Basic Financial Statements

TGU PUBLIC SCHOOL DISTRICT NO. 60
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds		$ 4,007,625
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds:		
Cost of Capital Assets	$ 10,547,038	
Less: Accumulated Depreciation	(5,074,470)	
Net		5,472,568
Lease assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds		
Lease	$ 173,900	
Less: Accumulated Amortization	(86,950)	
Net		86,950
SBITA assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds		
SBITA	$ 30,882	
Less: Accumulated Amortization	(10,271)	
Net		20,611
Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		(391,150)
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.		127,855
Long-term liabilities are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.		
Bonds Payable		(615,000)
Lease Payable		(87,957)
Compensated Absences		(17,358)
Net OPEB Liability		(137,781)
Net Pension Liability		(7,683,120)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(7,585)
Net Position - Governmental Activities		$ 775,658

See Notes to the Basic Financial Statements

TGU PUBLIC SCHOOL DISTRICT NO. 60

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Building Fund	Headstart Fund	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Local Property Tax Levies	$ 1,697,184	$ 257,268	$ -	$ 2,520	$ 1,956,972
Other Local and County Revenues	380,349	-	990,939	146,011	1,517,299
Revenue from State Sources	4,610,909	-	18,000	10,290	4,639,199
Revenue from Federal Sources	461,827	-	2,987,192	349,484	3,798,503
Interest	23,162	1,094	-	1,009	25,265
TOTAL REVENUES	7,173,431	258,362	3,996,131	509,314	11,937,238
EXPENDITURES					
Current:					
Business Support Services	402,817	-	352,007	-	754,824
Instructional Support Services	109,240	-	-	-	109,240
Administration	225,660	-	-	-	225,660
Operations and Maintenance	642,106	10,900	6,359	169,933	829,298
Transportation	434,069	-	82,260	-	516,329
Regular Instruction	4,007,073	-	3,361,407	-	7,368,480
Special Education	308,760	-	-	-	308,760
Extra-Curricular Activities	301,211	-	-	-	301,211
Food Services	139,866	-	13,976	380,211	534,053
Capital Outlay	231,544	-	74,025	-	305,569
Debt Service:					
Principal Retirement	-	-	85,943	85,000	170,943
Interest and Fiscal Charges on Long-Term Debt	-	-	1,130	13,153	14,283
TOTAL EXPENDITURES	6,802,346	10,900	3,977,107	648,297	11,438,650
Excess (Deficiency) of Revenues over Expenditures	371,085	247,462	19,024	(138,983)	498,588
OTHER FINANCING SOURCES (USES)					
Issuance of Lease	173,900	-	-	-	173,900
Transfers Out	-	(152,662)	-	-	(152,662)
Transfers In	-	-	-	152,662	152,662
TOTAL OTHER FINANCING SOURCES (USES)	173,900	(152,662)	-	152,662	173,900
Net Change in Fund Balances	544,985	94,800	19,024	13,679	672,488
Fund (Deficit) Balance - Beginning of Year	2,851,921	355,403	(41,762)	169,575	3,335,137
Fund (Deficit) Balance - End of Year	$ 3,396,906	$ 450,203	$ (22,738)	$ 183,254	$ 4,007,625

See Notes to the Basic Financial Statements

TGU PUBLIC SCHOOL DISTRICT NO. 60

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		$ 672,488
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	$ 305,569	
Depreciation Expense	(263,788)	
Excess of capital outlay over depreciation expense		41,781
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		48,536
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.		85,000
Lease payments are reported in the governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following difference:		
Fund Financial Expenses - Leases	$ 85,943	
Amortization Expense - Leases	(86,950)	(1,007)
SBITA payments are reported in the governmental funds as expenditures. However, in the statement of activities, those assets are set up as SBITA assets and amortized over the life of the SBITA along with interest expenses. In the current period, this resulted in the following difference:		
Amortization Expense - SBITA	$ (6,176)	(6,176)
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		(3,343)
Proceeds from bond issuances are a long-term liability in the statement of net position. They are netted against repayments of long-term debt which reduce long-term liabilities in the statement of net position.		(173,900)
Discount on bonds payable are a long-term liability in the statement of net position.		(600)
Changes in deferred outflows and inflows of resources related to net pension liability.		(1,779,091)
Change in net OPEB liability.		31,488
Change in net pension liability.		1,833,821
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.		(6,525)
Change in net position - Governmental Activities		$ 742,472

See Notes to the Basic Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The TGU Public School District operates the public schools in the City of Towner, North Dakota. There are two elementary schools and two junior/senior high schools.

Potential component units of the TGU Public School District are evaluated on various criteria, the main one being the degree of accountability the primary government has over the potential component unit. The most significant factor in the accountability assessment is the potential component unit's financial accountability to the primary government, measured through the degree to which the primary government can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a financial burden with regard to the potential component unit.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements:

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

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

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement identifies the extent to which each governmental function is self-financing or drawing from the general revenues of the District. Direct expenses are expenses that are specifically associated with a service, program or department. The direct expenses are clearly identifiable to a particular function. Program revenues include charges to recipients for goods or services offered by the program 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.

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

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

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.

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, deferred inflows of resources, deferred outflows of resources, and liabilities. The District's major governmental funds are as follows:

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

Building Fund:
The Building fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for acquiring school sites, constructing and equipping new school facilities and renovating existing facilities. The special assessment fund is included in this category.

Head Start Fund
This fund is established to record financial transactions related to this early childhood federal program.

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

Food Service Fund:
This food service fund is used to account for the accumulation of revenue and proceeds and for the payments of expenditures related to providing meals at the District.

Debt Service Funds:
The Debt Service fund is used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest, and related costs. The sinking and interest fund #8 is included in this category.

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.

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 and 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 unearned revenue.

Expenses and Expenditures:

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

Budgets and Budgetary Accounting:

The District's Board follows the procedures established by North Dakota law for 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.

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 tenth 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:

Investments are recorded at market value. 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.

Capital Assets:

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

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

Buildings and Improvements	50 Years
Equipment	5 to 20 Years
Vehicles	8 Years

Leases:

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

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

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

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

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

Subscription-Based Information Technology Arrangements (SBITA)

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

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

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

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

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

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.

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.

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 two 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 plans* and *cost sharing defined benefit OPEB plan*, which represents the actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan and is reported on the statement of net position.

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 35 percent of the annual budget.

Net Position:

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

Inter-fund Activity:

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

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

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

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

Significant Group Concentrations of Credit Risk:

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

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

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

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

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

At June 30, 2024, the carrying amount of the District's deposits was $4,529,668 and the bank balance was $4,801,646. 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.

Credit Risk

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

a. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.

b. Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.

c. Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.

d. Obligations of the state.

e. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

The investments are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

NOTE 4 CAPITAL ASSETS

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

	As Restated Balance 7/1/2023	Additions	Disposals	Transfers	Balance 6/30/2024
Governmental Activities:					
Construction in Progress	$ 2,382,136	$ -	$ -	$ (2,382,136)	$ -
Total	2,382,136	-	-	(2,382,136)	-
Capital Assets Being Depreciated					
Buildings and Improvements	6,338,824	49,184	-	2,382,136	8,770,144
Equipment	153,273	8,460	-	-	161,733
Vehicles	1,735,029	74,025	193,893	-	1,615,161
Right to Use - Buildings	-	173,900	-		173,900
SBITA	30,882	-	-	-	30,882
Total	8,258,008	305,569	193,893	2,382,136	10,751,820
Less Accumulated Depreciation					
Buildings and Improvements	3,582,270	150,842	-	-	3,733,112
Equipment	104,446	7,906	-	-	112,352
Vehicles	1,317,859	105,040	193,893	-	1,229,006
Total	5,004,575	263,788	193,893	-	5,074,470
Less Accumulated Amortization					
Right to Use - Buildings	-	86,950	-	-	86,950
SBITA	4,095	6,176	-	-	10,271
Total	4,095	93,126	-	-	97,221
Net Capital Assets Being Depreciated or Amortized	3,249,338	(51,345)	-	-	5,580,129
Net Capital Assets for Governmental Activities	$ 5,631,474	$ (51,345)	$ -	$ -	$ 5,580,129

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

Regular Instruction	$ 167,928
Operations and Maintenance	89,061
Food Service	881
Transportation	99,044
Total	$ 356,914

The District leased building space. The term of the lease is for a period of 24 months, commencing on July 1, 2023 and terminates June 30, 2025 with monthly lease payments of $7,441.

The District entered into subscription-based information technology arrangements (SBITA) with IXL Learning for the usage of curriculum. The SBITA contract commenced in October 2022 and terminates October 2027. Contracts were paid in full upfront and therefore no liabilities are set up at year end.

NOTE 5 LONG-TERM DEBT

The School District issued bonds to provide funding for the construction of additions and improvements to existing facilities. Long-term debt is as follows:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Due in One Year
Limited Tax Bonds	$ 85,000	$ -	$ 85,000	$ -	$ -
Discount on Bonds Payable	(600)	-	(600)	-	-
General Obligation Bond, Series 2022	615,000	-	-	615,000	145,000
Lease Liability	-	173,900	85,943	87,957	87,957
Compensated Absences[1]	14,015	3,343	-	17,358	-
Net OPEB Liability	169,269	27,245	58,733	137,781	-
Net Pension Liability	9,516,941	2,684,824	4,518,645	7,683,120	-
Total	$ 10,399,625	$ 2,889,312	$ 4,747,721	$ 8,541,216	$ 232,957

[1] The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions. The general fund is primarily used to liquidate compensated absences.

The District issued $900,000 Limited Tax Bonds with Wells Fargo Bank for an energy management project. The contract is dated June 1, 2011 and calls for 12 annual principal payments of $70,000 to $85,000 from August 1, 2012 through August 1, 2023 and interest payments semiannually at 1% to 3%. This was paid in full as of June 30, 2024.

The District issued $750,000 General Obligation Bonds, Series 2022 with U.S. Bank National Association for a building HVAC project. The contract is dated June 1, 2022 and calls for 5 annual principal payments of $135,000 to $165,000 from August 1, 2023 through August 1, 2027 and interest payments semiannually at 3.7%.

Interest and fiscal charges on long-term debt was $14,283 for the year ended June 30, 2024.

Annual debt service requirements to maturity for the long-term debt are as follows:

General Obligation Bonds, Series 2022

Year	Principal	Interest	Total
2025	$ 145,000	$ 20,073	$ 165,073
2026	150,000	14,615	164,615
2027	155,000	8,973	163,973
2028	165,000	3,053	168,053
Total	$ 615,000	$ 46,714	$ 661,714

Annual debt service requirements to maturity for the lease debt are as follows:

	Principal	Interest	Total Payments
2025	$ 87,957	$ 1,335	$ 89,292

NOTE 6 FUND BALANCES

A. CLASSIFICATIONS

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

	General Fund	Building Fund	Headstart Fund	Food Service Fund	Debt Service Fund	Total
Non-spendable	$ 50,809	$ -	$ -	$ -	$ -	$ 50,809
Restricted for:						
Debt Service	-	-	-	-	157,160	157,160
Building	-	450,203	-	-	-	450,203
Student Activities	199,506	-	-	-	-	199,506
Assigned for:						
Food Service	-	-	-	26,094	-	26,094
Unassigned	3,146,591	-	(22,738)	-	-	3,123,853
	$ 3,396,906	$ 450,203	$ (22,738)	$ 26,094	$ 157,160	$ 4,007,625

Restricted fund balances reflect resources restricted for statutorily defined purposes not accounted for in a separate fund.

Restricted for Debt Service:
This account represents funds held by the District available to service long-term debt.

Restricted for Building:
This account represents funds held by the District available to provide future capital outlay.

Restricted for Student Activities:
This account represents funds held by the School District available for future student activities use.

NOTE 7 DEFICIT FUND BALANCE

The following governmental fund had a deficit fund balance as of June 30, 2024:

Fund	Balance at 6/30/2024
Head Start Fund	$ (22,738)

The total fund balance deficit of $22,738 will be reduced by future transfers.

NOTE 8 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 Employees' Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans follow:

North Dakota Teacher's Fund For Retirement

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

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

At June 30, 2024, the District reported a liability of $4,429,850 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2023, the Employer's proportion was 0.315671 percent which was a decrease of 0.00028571 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Employer recognized pension expense of $191,885. 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	$ 16,506	$ 235,136
Changes in actuarial assumptions	70,097	-
Difference between projected and actual investment earnings	270,372	-
Changes in proportion	-	588,493
Contributions paid to TFFR subsequent to the measurement date	365,969	-
Total	$ 722,944	$ 823,629

$365,969 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	$ (139,445)
2026	(171,797)
2027	186,166
2028	(96,843)
2029	(96,438)
Thereafter	(148,297)

Actuarial Assumptions

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55.00%	6.20%
Global Fixed Income	26.00%	3.00%
Global Real Assets	18.00%	4.40%
Cash Equivalents	1.00%	0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2023, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the 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 Employer's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent as of June 30, 2023, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.25%	7.25%	8.25%
District's proportionate share of the TFFR net pension liability:	$ 6,167,597	$ 4,429,850	$ 2,987,805

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 Annual Comprehensive Financial Report (ACFR) is located at https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2023.pdf.

North Dakota Public Employees' Retirement System

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairmen 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 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 $3,253,270 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 0.168720 percent which was an increase of 0.000123 from its proportion measured June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of $252,074. 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	$ 105,905	$ 17,942
Changes in actuarial assumptions	1,793,891	2,469,315
Net difference between projected and actual earnings on pension plan investments	85,360	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	329,540	321,458
District contributions paid to NDPERS subsequent to the measurement date	170,445	-
Total	$ 2,485,141	$ 2,808,715

$170,445 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

Year ending June 30:	Pension Expense Amount
2025	$ (2,808)
2026	(375,704)
2027	46,429
2028	(161,936)

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.90%	6.25%
International Equity	20.10%	6.95%
Private Equity	7.00%	9.45%
Domestic Fixed Income	23.00%	2.51%
Global Real Assets	19.00%	4.33%

Discount Rate

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

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

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

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.50%	6.50%	7.50%
District's proportionate share of the NDPERS net pension liability:	$ 4,485,478	$ 3,253,270	$ 2,231,058

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 9 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 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 $137,781 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 0.137815 percent which was a decrease of 0.000032 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of $22,220. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,592	$ 1,577
Changes of assumptions	29,385	11,410
Net difference between projected and actual earnings on OPEB plan investments	9,952	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	2,538	14,186
District contributions subsequent to the measurement date	15,815	-
Total	$ 60,282	$ 27,173

$15,815 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:

Year Ending June 30:	
2025	$ 6,374
2026	5,035
2027	9,991
2028	(4,106)

Actuarial Assumptions

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

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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 Indez	33.00%	5.50%
US Small Cap Equity	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Core Fixed Income	28.00%	4.04%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75 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	$ 181,078	$ 137,781	$ 101,330

Pension Plan Fiduciary Net Position

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

NOTE 10 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 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 11 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 12 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 $17,801.

NOTE 13 PRIOR PERIOD ADJUSTMENTS

The District recorded a prior period adjustment to the financial statements to correct an understatement of construction in progress as of June 30, 2023. This increased net position by $141,368 for the year ended June 30, 2023.

NOTE 14 INTERFUND ACTIVITY

The following are amounts recorded as due from/to other funds:

	Interfund Receivable	Interfund Payable
General Fund	$ 6,031	$ -
Head Start Fund	-	6,031
	$ 6,031	$ 6,031

The amounts are to cover the cash deficit within the Head Start fund.

The following are amounts transferred from/to other funds:

	Transfers In	Transfers Out
Debt Service	$ 152,662	$ -
Building Fund	-	152,662
	$ 152,662	$ 152,662

The amounts are to cover the debt payment on the 2022 bonds made in the prior year.

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 standard 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.

NOTE 16 SUBSEQUENT EVENTS

No significant events have occurred subsequent to the District's year end. Subsequent events have been evaluated through February 4, 2025, which is the date these financial statements were available to be issued.

TGU PUBLIC SCHOOL DISTRICT NO. 60
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	$ 1,746,316	$ 1,697,184	$ (49,132)
Other Local and County Revenues	1,000	380,349	379,349
Revenue from State Sources	4,406,110	4,610,909	204,799
Revenue from Federal Sources	217,194	461,827	244,633
Interest	5,900	23,162	17,262
TOTAL REVENUES	6,376,520	7,173,431	796,911
EXPENDITURES			
Current:			
Business Support Services	414,155	402,817	(11,338)
Instructional Support Services	207,165	109,240	(97,925)
Administration	238,594	225,660	(12,934)
Operations and Maintenance	625,221	642,106	16,885
Transportation	483,460	434,069	(49,391)
Regular Instruction	4,102,870	4,007,073	(95,797)
Special Education	165,950	308,760	142,810
Extra-Curricular Activities	4,000	301,211	297,211
Food Services	94,000	139,866	45,866
Capital Outlay	70,000	231,544	161,544
TOTAL EXPENDITURES	6,405,415	6,802,346	396,931
Excess (Deficiency) of Revenues over Expenditures	(28,895)	371,085	399,980
OTHER FINANCING USES			
Issuance of Lease	-	173,900	173,900
TOTAL OTHER FINANCING SOURCES (USES)	-	173,900	173,900
Net Change in Fund Balances	(28,895)	544,985	573,880
Fund Balance - Beginning of Year	2,851,921	2,851,921	-
Fund Balance - End of Year	$ 2,823,026	$ 3,396,906	$ 573,880

See Notes to the Required Supplementary Information

TGU PUBLIC SCHOOL DISTRICT NO. 60
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	$ 365,969	$ 365,969	-	$ 2,870,344	12.75%
2023	322,521	322,521	-	2,529,576	12.75%
2022	345,683	345,683	-	2,711,235	12.75%
2021	341,219	341,219	-	2,676,224	12.75%
2020	334,182	334,182	-	2,621,044	12.75%
2019	323,738	323,738	-	2,539,126	12.75%
2018	332,396	332,396	-	2,590,683	12.83%
2017	341,013	341,013	-	2,674,611	12.75%
2016	344,743	344,743	-	2,703,863	12.75%
2015	331,182	331,182	-	2,597,628	12.75%

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	$ 170,445	$ (170,445)	-	$ 2,125,910	8.02%
2023	145,475	(145,475)	-	1,950,570	7.46%
2022	138,452	(138,452)	-	1,886,890	7.34%
2021	153,231	(153,231)	-	2,151,200	7.12%
2020	138,062	(138,062)	-	1,934,592	7.14%
2019	139,526	(139,526)	-	1,959,633	7.12%
2018	134,198	(134,198)	-	1,884,807	7.12%
2017	135,370	(135,370)	-	1,901,263	7.12%
2016	135,353	(135,353)	-	1,901,020	7.12%
2015	110,896	(110,896)	-	1,557,522	7.12%

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See Notes to the Required Supplementary Information

TGU PUBLIC SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

For The Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required	Contribution Deficiency (Excess)	District's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2024	$15,815	$ (15,815)	-	$2,125,910	0.74%
2023	15,689	(15,689)	-	1,950,570	0.80%
2022	17,405	(17,405)	-	1,886,890	0.92%
2021	24,534	(24,534)	-	2,151,200	1.14%
2020	22,126	(22,126)	-	1,934,591	1.14%
2019	22,340	(22,340)	-	1,959,633	1.14%
2018	21,487	(21,487)	-	1,884,807	1.14%

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

TGU PUBLIC SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN 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	0.315671%	$ 4,429,850	$ 2,532,988	174.89%	69.34%
2023	0.344242%	5,012,344	2,708,882	185.03%	67.50%
2022	0.347032%	3,656,524	2,674,576	136.71%	75.70%
2021	0.359129%	5,496,481	2,620,423	209.76%	63.40%
2020	0.361942%	4,984,854	2,539,124	196.32%	65.50%
2019	0.381130%	5,079,925	2,590,959	196.06%	65.50%
2018	0.396255%	5,442,670	2,674,610	203.49%	63.20%
2017	0.416155%	6,096,915	2,703,863	225.49%	59.20%
2016	0.422307%	5,523,164	2,597,628	212.62%	62.10%
2015	0.430381%	4,509,630	2,496,437	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	0.168720%	$ 3,253,270	$ 1,950,570	166.79%	65.31%
2023	0.156410%	4,504,597	1,815,623	248.10%	54.47%
2022	0.184145%	1,919,344	2,151,200	89.22%	78.26%
2021	0.163814%	5,153,624	1,807,062	285.19%	48.91%
2020	0.178353%	2,090,426	1,855,173	112.68%	71.66%
2019	0.177290%	2,991,962	1,821,327	164.27%	62.80%
2018	0.181426%	2,916,111	1,852,080	157.45%	61.98%
2017	0.188640%	1,838,451	1,901,020	96.71%	70.46%
2016	0.174830%	1,188,814	1,557,522	76.33%	77.15%
2015	0.173710%	1,102,555	1,463,268	75.35%	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

TGU PUBLIC SCHOOL DISTRICT NO. 60
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

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	0.137815%	$ 137,781	$1,385,294	9.95%	62.74%
2023	0.141021%	169,269	1,455,913	11.63%	56.28%
2022	0.165996%	92,322	2,151,200	4.29%	76.63%
2021	0.158518%	133,345	1,807,062	7.38%	63.38%
2020	0.166255%	133,534	1,855,173	7.20%	63.13%
2019	0.166450%	131,091	1,821,327	7.20%	61.89%
2018	0.171200%	135,419	1,852,080	7.31%	59.78%

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.

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

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 were less than actual expenditures by $396,931. The District does not legally adopt budgets for the Building and Head Start funds.

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 October tenth of 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.

NOTE 2 – CHANGES OF ASSUMPTIONS

TFFR

Changes of Assumptions

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.

OPEB

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

NOTE 3 – CHANGES IN BENEFIT TERMS

NDPERS

In 2023, House Bill 1040 was passed, which closes the Main System to new 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.

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.

TGU PUBLIC SCHOOL DISTRICT NO. 60
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Food Service Fund	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 22,151	$ 157,044	$ 179,195
Accounts Receivable	3,943	-	3,943
Taxes Receivable	-	1,296	1,296
TOTAL ASSETS	$ 26,094	$ 158,340	$ 184,434
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Uncollected Taxes	$ -	$ 1,180	$ 1,180
TOTAL DEFERRED INFLOWS OF RESOURCES	-	1,180	1,180
FUND BALANCES			
Restricted	-	157,160	157,160
Assigned	26,094	-	26,094
TOTAL FUND BALANCES	26,094	157,160	183,254
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 26,094	$ 158,340	$ 184,434

TGU PUBLIC SCHOOL DISTRICT NO. 60

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	Food Service Fund	Debt Service Fund	Total Non-Major Governmental Funds
REVENUES			
Local Property Tax Levies	$ -	$ 2,520	$ 2,520
Other Local and County Revenues	146,011	-	146,011
Revenue from State Sources	10,290	-	10,290
Revenue from Federal Sources	349,484	-	349,484
Interest	274	735	1,009
TOTAL REVENUES	506,059	3,255	509,314
EXPENDITURES			
Current:			
Operations and Maintenance	169,933	-	169,933
Food Services	380,211	-	380,211
Debt Service:			
Principal Retirement	-	85,000	85,000
Interest and Fiscal Charges on Long-Term Debt	-	13,153	13,153
TOTAL EXPENDITURES	550,144	98,153	648,297
Excess (Deficiency) of Revenues over Expenditures	(44,085)	(94,898)	(138,983)
OTHER FINANCING SOURCES			
Transfers In	-	152,662	152,662
TOTAL OTHER FINANCING SOURCES (USES)	-	152,662	152,662
Net Change in Fund Balances	(44,085)	57,764	13,679
Fund Balance - Beginning of Year	70,179	99,396	169,575
Fund Balance - End of Year	$ 26,094	$ 157,160	$ 183,254

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
TGU Public School District No. 60
Towner, 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 District as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise TGU Public School District No. 60's basic financial statements and have issued our report thereon dated February 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TGU Public School District No. 60'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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TGU Public School District No. 60'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*.

The District's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response 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

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

February 4, 2025

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

To the Board of Education
TGU Public School District No. 60
Towner, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited TGU Public School District No. 60's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on TGU Public School District No. 60's major federal program for the year ended June 30, 2024. The TGU 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, TGU Public School District No. 60 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Head Start program 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 TGU Public School District No. 60 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 TGU Public School District No. 60'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 TGU Public School District No. 60'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 TGU Public School District No. 60'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 TGU Public School District No. 60'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 TGU Public School District No. 60'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 TGU Public School District No. 60'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 TGU Public School District No. 60'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. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-004 to be a significant deficiency.

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 the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

February 4, 2025

TGU PUBLIC SCHOOL DISTRICT NO. 60
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

AL #	Description	Pass-Through Entity Identifying Number	Expenditures
Department of Health and Human Services			
93.600	Head Start Cluster		$ 2,902,103
93.575	CCDF Cluster		50,873
Total Department of Health and Human Services			2,952,976
Department of Education			
Passed Through the North Dakota State Department of Public Instruction			
84.010	Chapter 1/TITLE I-Compensatory	F84010	151,722
84.367	Title II A - Teacher Principal Quality Training	F84367	46,042
84.424A	Title IV - Student Support and Academic Enrichment	F84424A	18,437
84.425U	COVID-19 - Education Stabilization Fund	F84425U	163,498
	Subtotal 84.425		163,498
Total Passed through ND DPI			379,699
Passed Through Devils Lake Public School District			
84.371	Comprehensive Literacy Development	NA	34,216
Passed Through North Central Education Cooperative			
84.287A	21st Century Community Learning Centers	F84287	75,800
Passed Through Velva Public School District			
84.048	Carl Perkins	NA	6,328
Total Department of Education			496,043
Department of Agriculture			
Passed Through the North Dakota State Department of Public Instruction			
	Child Nutrition Cluster:		
10.555	Child Nutrition - School Lunch	F10555	96,448
10.553	Child Nutrition - School Breakfast	F10553	25,984
10.555	Food Distribution-Non Cash	F10555	17,801
10.555	School/CN Supply Chain Assistance	F10555S	11,485
10.582	Fruit and Vegetable Grant	F10582	15,879
	Total Cluster		167,597
10.558	Child and Adult Care Food Program	F10558	173,043
10.560	State Administrative Expenses for Child Nutrition	F10560	1,881
10.574	Team Nutrition Grants	F10574	833
10.579	Child Nutrition Discretionary Grants	F10579	6,130
Total Department of Agriculture			349,484
	TOTAL		$ 3,798,503

See Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 INDIRECT COST RATE

The District 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 TGU Public School District No. 60 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 TGU Public School District No. 60, 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.

TGU PUBLIC SCHOOL DISTRICT NO. 60
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?	___ Yes _X_ 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:

AL Number(s)	Name of Federal Program or Cluster
93.600	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ Yes _X_ No

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 Finding

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

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

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

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

Repeat Finding
This is a repeat finding of 2023-001.

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
See corrective action plan.

2024-002 Finding

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

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

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

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

Repeat Finding
This is a repeat finding of 2023-002.

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
See corrective action plan.

2024-003 Finding

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

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

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

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

Repeat Finding
This is a repeat finding of 2023-003.

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

Views of Responsible Officials
See corrective action plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-004: – Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Significant Deficiency

Federal Programs
Assistance Listing Number 93.600 Head Start
Department of Health and Human Services
2 CFR Part 200.328

Criteria
The District's internal controls related to employee wage or salary rates require the Director of the Head Start program to formally approve employee wage or salary rates.

Condition
Three employees of the Head Start program were found to not have formally approved wage or salary rates.

Context
Sixteen salaried employees and fifteen waged employees were tested out of a total of 55 employees.

Cause
Management oversight

Effect
An employee could have received an incorrect wage or salary.

Questioned Costs
None

Recommendation
We recommend the District adhere to their internal controls and formally approve all wage and salary employee approved rates.

Repeat Finding
This is not a repeat finding.

Views of Responsible Officials
See corrective action plan.

2023-001 Finding

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

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

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

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

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

Management's Response
Management agrees with the comment and will implement when it becomes cost-effective.

Current Year Status
None. See current year finding 2024-001.

2023-002 Finding

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

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

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

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

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

Management's Response
Management agrees with the comment and will implement when it becomes cost-effective.

Current Year Status
None. See current year finding 2024-002.

2023-003 Finding

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

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

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

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

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

Management's Response
The District will provide Lorie Werle, business manager, necessary training.

Current Year Status
None. See current year finding 2024-003.

2023-004 Finding

Federal Programs
Assistance Listing Number 84.425 Education Stabilization Fund

Criteria
For construction contracts and subcontracts greater than $2,000, the District should verify prevailing wage rate clauses were included in the contract or subcontract and for each week in which work was performed under the contract or subcontract the District should monitor certified payroll registers to ensure contractors and subcontractors were paying employees the prevailing wage rates.

Condition
The District did not provide wage rate clauses to contractors. In addition, the District did not obtain from contractors the certified payroll registers, nor did they perform testing to ensure contractors were paying the prevailing wage rates.

Cause
The District was unaware of the compliance requirements regarding the construction projects.

Effect
It is possible that improper wages were paid to contractor employees.

Questioned Costs
Undeterminable.

Recommendation
We recommend the District review the wage rate compliance requirements as part of the special tests and provisions of this program in the compliance supplement and to create and implement a process of submitting prevailing wage rates to contractors as well as obtaining the certified payroll registers to determine if contractors are in compliance.

Management's Response
The District will provide necessary training.

Current Year Status
Corrective action has been taken.

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TGU GRANVILLE SCHOOL
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(701)728-6641

CORRECTIVE ACTION PLAN
AS OF JUNE 30, 2024

2024-001

Official Responsible for Ensuring CAP

Lorie Werle, business manager, will be responsible for preparing the financial statements for the TGU Public School Board quarterly or when the School Board request reports. The Student Activity Report will be presented to the School Board each month.

Correcting Plan

Lorie Werle, business manager, will ensure that accounting principles generally acceptable in the United States of America are followed and financial statements are disclosed to the TGU Public School Board quarterly. These reports will include a balance sheet, revenue and expense statement for all departments and funds.

Planned Completion Date for CAP

Immediately

2024-002

Official Responsible for Ensuring CAP

Erik Sveet, superintendent, will be responsible to ensure that the appropriate measures are taken.

Correcting Plan

The District will segregate other duties when feasible.

The Planned Completion Date of CAP

Immediately

2024-003

Official Responsible for Ensuring CAP

Lorie Werle, business manager, will be responsible to ensure that the appropriate measures are taken.

Correcting Plan

The District will provide Lorie Werle, business manager, necessary training.

The Planned Completion Date of CAP

Immediately

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CORRECTIVE ACTION PLAN (CONTINUED)
AS OF JUNE 30, 2024

2024-004

Official Responsible for Ensuring CAP
Dani Haman, Head Start business manager, will be responsible to ensure that the appropriate measures are taken.

Correcting Plan
The District will provide Dani Haman, Head Start business manager, necessary training.

The Planned Completion Date of CAP
Immediately