

**JAMES VALLEY CAREER &
TECHNOLOGY CENTER
Jamestown, North Dakota**

***REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended June 30, 2016***

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
CONTENTS
Year Ended June 30, 2016

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 7
Basic Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Fiduciary Net Position	14
Notes to Financial Statements	15 - 25
Required Supplementary Information	
Budgetary Comparison Schedules	
Budget and Actual (With Variances) – General Fund	26
Notes to Required Supplementary Information – General Fund	27
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28 – 29
Schedule of Findings	30

Schauer & Associates, P.C.

Certified Public Accountants

Ronald R. Fuchs, CPA
Duane R. Dunn, CPA
Robert A. Piatz, CPA

INDEPENDENT AUDITORS' REPORT

School Board
**JAMES VALLEY CAREER &
TECHNOLOGY CENTER**
Jamestown, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **JAMES VALLEY CAREER & TECHNOLOGY CENTER**, Jamestown, North Dakota, a component unit of JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT - continued

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **JAMES VALLEY CAREER & TECHNOLOGY CENTER**, Jamestown, North Dakota, as of June 30, 2016 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.

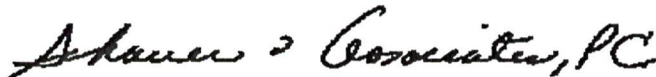
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 3 through 7 and 26 through 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2017 on our consideration of **JAMES VALLEY CAREER & TECHNOLOGY CENTER'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 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 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 **JAMES VALLEY CAREER & TECHNOLOGY CENTER's** internal control over financial reporting and compliance.



SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
January 17, 2017

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016

The Management's Discussion and Analysis (MD&A) of **JAMES VALLEY CAREER & TECHNOLOGY CENTER'S** (known as the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2016. The intent of the MD&A is to look at the Center's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2015-2016 are as follows:

- Net position of **JAMES VALLEY CAREER & TECHNOLOGY CENTER** decreased \$21,703 as a result of the current year's operations.
- Governmental net position as of the end of the fiscal year totaled \$645,346.
- Total revenues from all sources were \$1,515,401.
- Total expenditures were \$1,537,103.
- The Center's general fund had \$1,515,401 in total revenues and \$1,493,398 in total expenditures. Overall, the general fund balance increased by \$22,003 for the year ended June 30, 2016.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand **JAMES VALLEY CAREER & TECHNOLOGY CENTER** 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 Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

REPORTING ON THE CENTER AS A WHOLE

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

These statements are summaries of all funds used by the **JAMES VALLEY CAREER & TECHNOLOGY CENTER** to provide programs and activities and attempt to answer the question "How did the Center do financially during the year ended June 30, 2016?"

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

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

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2016

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

In the Statement of Net Position and the Statement of Activities, the Center reports governmental activities. Governmental activities are activities where most of the Center's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of building and grounds.

REPORTING ON THE CENTER'S MOST SIGNIFICANT FUNDS

BALANCE SHEET - GOVERNMENTAL FUNDS

The Center uses separate funds to account for and manage money dedicated for particular purposes. The fund basis financial statements allow the Center to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the Center's major funds. The general fund is the only major fund using the criteria established by GASB Statement No. 34.

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE

Table I provides a summary of the Center's net position as of June 30, 2016 and 2015.

As indicated in the financial highlights above, the Center's net position decreased by \$21,703 for the year ended June 30, 2016, and decreased by \$28,667 for the year ended June 30, 2015. Changes in net position may serve over time as a useful indicator of the Center's financial position.

The District's net position of \$645,346 is segregated into two separate categories. Net assets invested in capital assets represents 83% of the Center's total net position. It should be noted that these assets are not available for future spending. The balance consists of unrestricted net position that is available for future operations.

Table I
NET POSITION
 June 30

	2016	2015
ASSETS		
Current assets	\$ 249,791	\$ 291,221
Capital assets (net of accumulated depreciation)	534,481	575,931
Total Assets	<u>784,272</u>	<u>867,152</u>
LIABILITIES		
Current liabilities	133,785	197,217
Long-term liabilities	5,141	2,886
Total Liabilities	<u>138,926</u>	<u>200,103</u>
NET POSITION		
Net investment in capital assets	534,481	575,931
Unrestricted	110,865	91,118
Total Net Position	<u>\$ 645,346</u>	<u>\$ 667,049</u>

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2016

Table II shows the changes in net position for the fiscal years ended June 30, 2016 and 2015.

Table II
CHANGES IN NET POSITION
 Years Ended June 30

	2016		2015	
REVENUES				
Program revenues				
Charges for services	\$ 610,915	40.31%	\$ 595,713	42.27%
Operating grants and contributions	841,730	55.55	812,454	57.64
General revenues				
Other	62,756	4.14	1,255	.09
Total Revenues	<u>1,515,401</u>	<u>100.00</u>	<u>1,409,422</u>	<u>100.00</u>
EXPENSES				
Vocational education instruction	546,011	35.52	525,049	36.51
Adult education instruction	329,441	21.43	349,680	24.32
Guidance services	90,784	5.91	83,857	5.83
Administrative services	268,741	17.49	194,322	13.51
Operation and maintenance of plant	134,213	8.73	124,562	8.66
Payments to member schools	107,320	6.98	99,893	6.95
Other support services	60,594	3.94	60,726	4.22
Total Expenses	<u>1,537,104</u>	<u>100.00%</u>	<u>1,438,089</u>	<u>100.00%</u>
Changes in Net Position	<u>\$ (21,703)</u>		<u>\$ (28,667)</u>	

Operating grants and contributions constituted 56% and charges for services made up 40% of the total revenues of governmental activities of the Center for the fiscal year ended June 30, 2016. Operating grants and contributions constituted 58% and charges for services made up 42% of the total revenues of governmental activities for the Center for fiscal year ended June 30, 2015.

Vocational education instruction constituted 36% and adult education made up 21% of the total expenditures for governmental activities during fiscal year ended June 30, 2016. Vocational instruction constituted 37% and adult education made up 24% of the total expenditures for governmental activities during fiscal year ended June 30, 2015.

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

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2016

Table III
TOTAL AND NET COST OF SERVICES

	Total Cost Year Ended June 30, 2016	Net Cost Year Ended June 30, 2016	Total Cost Year Ended June 30, 2015	Net Cost Year Ended June 30, 2015
Vocational education instruction	\$ 546,011	\$ (795,134)	\$ 525,049	\$ (758,518)
Adult education instruction	329,441	217,941	349,680	225,080
Guidance services	90,784	90,784	83,857	83,857
Administrative services	268,741	268,741	194,322	194,322
Operation and maintenance of plant	134,213	134,213	124,562	124,562
Payments to member schools	107,320	107,320	99,893	99,893
Other support services	60,594	60,594	60,726	60,726
Total Expenses	<u>\$ 1,537,104</u>	<u>\$ 84,459</u>	<u>\$ 1,438,089</u>	<u>\$ 29,922</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the Center's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the Center's resources available for spending as of the end of the fiscal year. Those funds are accounted for using the modified accrual basis of accounting. The Center's governmental funds had total revenues of \$1,515,401 and expenditures of \$1,493,398 for the year ended June 30, 2016. As of June 30, 2016, the unassigned fund balance of the Center's general fund was \$116,006. The Center's governmental funds had total revenues of \$1,409,422 and expenditures of \$1,386,762 for the year ended June 30, 2015. As of June 30, 2015 the unassigned fund balance of the Center's general fund was \$94,003.

GENERAL FUND BUDGET HIGHLIGHTS

The Center did not change its original budget during the year.

Actual revenues of \$1,515,401 were more than budgeted revenues of \$1,436,566 by \$78,835.

Actual expenditures of \$1,493,398 were more than budgeted expenditures of \$1,215,376 by \$278,022.

CAPITAL ASSETS

As of June 30, 2016, **JAMES VALLEY CAREER & TECHNOLOGY CENTER** had \$534,481 invested in capital assets. Table IV shows the balances as of June 30, 2016 and 2015.

Table IV
CAPITAL ASSETS (net of accumulated depreciation)

	2016	2015
Land	\$ 45,598	\$ 45,598
Buildings and improvements	385,848	418,002
Equipment and vehicles	103,035	112,331
Total Capital Assets (net of accumulated depreciation)	<u>\$ 534,481</u>	<u>\$ 575,931</u>

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended June 30, 2016

This total represents a decrease of \$41,450 in capital assets from July 1, 2015. For a detailed breakdown of additions and deletions to capital assets, readers are referred to note 4 of the audited financial statements that follow this analysis.

DEBT ADMINISTRATION

At June 30, 2016, the Center had \$5,141 of outstanding debt. At June 30, 2015, the Center had \$2,886 of outstanding debt. The total long-term debt is for compensated absences.

For more detailed information on the Center's debt, please refer to note 5 of the basis financial statements.

FOR THE FUTURE

Long-term planning will consist of preparing the facility for the addition of STEM educational opportunities. The Career and Technology Center continues to study vocational industries to keep up with the industry needs and also provides classes for adults. The Career and Technology Center receives their funds from participating school districts, which are: Jamestown, Montpelier, and Pingree-Buchanan.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parents, taxpayers and creditors with a general overview of **JAMES VALLEY CAREER & TECHNOLOGY CENTER'S** finances and to show the Center's accountability for the money it receives to provide the best possible education to all students enrolled in the **JAMES VALLEY CAREER & TECHNOLOGY CENTER**. Anyone who has questions about the information contained in this report or who is interested in receiving additional information is encouraged to contact the Business Manager of Jamestown Public Schools, 207 Second Avenue SE, Jamestown, ND 58401; phone 701-252-1950, fax 701-251-2011.

JAMES VALLEY CAREER & TECHNOLOGY CENTER

**Jamestown, North Dakota
STATEMENT OF NET POSITION
June 30, 2016**

ASSETS

Cash and cash equivalents	\$	1,300
Due from other governmental agencies		248,491
Capital assets		
Land		45,598
Buildings and improvements		1,607,700
Equipment and vehicles		318,466
Less: accumulated depreciation		<u>(1,437,283)</u>
Total Capital Assets		<u>534,481</u>
Total Assets		<u><u>784,272</u></u>

LIABILITIES

Book deficit		79,422
Accounts payable and accrued expenses		54,363
Due in more than one year		
Compensated absences		<u>5,141</u>
Total Liabilities		<u><u>138,926</u></u>

NET POSITION

Net investment in capital assets		534,481
Unrestricted		<u>110,865</u>
Total Net Position	\$	<u><u>645,346</u></u>

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Program Revenue</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Instruction			
Vocational education	\$ 546,011	\$ 610,915	\$ 795,134
Adult education	329,441		(217,941)
Support			
Guidance services	90,784		(90,784)
Administrative services	268,741		(268,741)
Operation and maintenance of plant	134,213		(134,213)
Payments to member schools	107,320		(107,320)
Other support services	60,594		(60,594)
Total governmental activities	\$ 1,537,104	\$ 610,915	\$ 841,730

General revenues:

Unrestricted investment earnings	14
Miscellaneous	62,742
Total general revenues	62,756
Change in net position	(21,703)
Net position - beginning	667,049
Net position - ending	\$ 645,346

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
BALANCE SHEET
Governmental Funds
June 30, 2016

ASSETS

Cash and cash equivalents	\$	1,300
Receivable from other governmental agencies		248,491
Total Assets	\$	<u>249,791</u>

LIABILITIES AND FUND BALANCES

Liabilities

Book deficit	\$	79,422
Accounts payable and accrued expenses		54,363
Total Liabilities		<u>133,785</u>

Fund Balances

Unassigned		<u>116,006</u>
Total Fund Balances		<u>116,006</u>
Total Liabilities and Fund Balances	\$	<u>249,791</u>

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balance, governmental funds	\$ 116,006
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	534,481
Some liabilities (such as compensated absences) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(5,141)</u>
Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 645,346</u>

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
Governmental Funds
Year Ended June 30, 2016

REVENUES	
Local sources	\$ 673,656
State sources	748,719
Federal sources	93,012
Investment earnings	14
Total Revenues	<u>1,515,401</u>
 EXPENDITURES	
Instructional	
Vocational education	496,622
Adult education	339,867
Support	
Guidance services	90,784
Administrative services	267,666
Operation and maintenance of plant	130,545
Payments to member schools	107,320
Other support services	60,594
Total Expenditures	<u>1,493,398</u>
Net Change in Fund Balance	22,003
Fund Balance - Beginning	94,003
Fund Balance - Ending	<u>\$ 116,006</u>

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$ 22,003
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which depreciation \$53,491 exceeded net capital outlays \$12,041 in the current period.	(41,450)
Some liabilities (such as compensated absences) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(2,256)
Change in net position of governmental activities	<u>\$ (21,703)</u>

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
June 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 124,503
Total Assets	<u>124,503</u>
LIABILITIES	
Refunds payable and others	124,503
Total Liabilities	<u>\$ 124,503</u>

The accompanying notes are an integral part of these financial statements.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

The Center'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 Center's significant accounting policies are described below.

A. Description of the Reporting Entity

The **JAMES VALLEY CAREER & TECHNOLOGY CENTER** is governed by the Jamestown School Board with the assistance of an advisory board from the cooperating school districts. Those districts include Jamestown, Montpelier and Pingree-Buchanan. Vocational courses offered at the Center include adult agriculture, building trades, child care, marketing and distributive education, food service, vocational guidance, health aide and occupations, auto mechanics, auto body and machine shop.

B. Reporting Entity

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Center is a component unit of JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1, and has been included in that oversight body's financial statements. No component units of the Center have been excluded from this report.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting Center except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Center does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Center does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statement.

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2016

C. Basis of Presentation – continued

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the Center believes is particularly important to financial statement users may be reported as a major fund.

Governmental Activities

Governmental funds are utilized to account for most of the Center's governmental functions. The Center reports the following major fund.

General Fund

The General Fund is the general operating fund of the Center and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds (not included in government-wide statements)

Agency Funds

Agency funds are used to account for assets held by the Center as an agent for individuals, private organizations and/or other governmental units.

D. Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2016

D. Basis of Accounting - continued

Governmental funds and agency funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Center considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest not matured on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

E. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

Liabilities for claims, judgments, compensated absences and pension contributions that will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

F. Estimates

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

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2016

G. Deposits and Investments

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

Although **JAMES VALLEY CAREER & TECHNOLOGY CENTER** is operated as a separate entity from Jamestown Public School District No. 1, an agreement with the financial institutions stipulates that they will be treated as one entity for purposes of Federal Deposit Insurance. Although separate audit reports have been prepared for the James Valley Career & Technology Center, the funds on deposit for this entity are included with the school district funds in the summary of deposit protection in the JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1 report.

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

Credit risk. North Dakota state statute authorizes school districts to invest their surplus funds in:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.
4. Obligations of the state.

JAMES VALLEY CAREER & TECHNOLOGY CENTER has no cash and cash equivalents other than demand and time deposits.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. The Center does not have a deposit policy for custodial credit risk. As of June 30, 2016, the District's deposits were not fully insured or collateralized with securities held by the financial institutions in the District's name. (See note 2)

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2016

H. Capital Assets

Government-Wide Statements

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

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

Buildings and improvements	50 years
Equipment and vehicles	5 to 10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

I. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources. The payment of principal and interest are reported as expenditures.

J. Compensated Absences

The Center allows employees to accumulate unused sick leave up to 130 days. Classified staff earns 10 vacation days per year and have up to the end of the next school year to use it. Upon termination, no days of accumulated sick leave are paid to the employees. The amount to be paid from current resources is not significant.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2016

K. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
2. Restricted net position – consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation. The Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

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

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

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

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

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

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

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2016

K. Equity Classifications - continued

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

2. Cash and Cash Equivalents

The following summary presents the amount of the District's deposits which are fully insured or collateralized with securities held by the District or its agent in the District's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the District's name (category 2), and those deposits which are not collateralized (category 3) at June 30, 2016.

<u>Cash and cash equivalents by balance sheet accounts</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities					
Cash and cash equivalents	\$ 406,567	\$7,750,888	\$ 516,643	\$ 7,902,133	\$ 8,674,098
Agency funds					
Cash and cash equivalents	242,720			331,125	242,720
Component units					
Cash and cash equivalents				1,300	(49,578)
Book deficit	(49,578)			(79,422)	
Component units agency fund					
Cash and cash equivalents	<u>124,503</u>			<u>124,503</u>	<u>124,503</u>
Total	<u>\$ 724,212</u>	<u>\$7,750,888</u>	<u>\$ 516,643</u>	<u>\$ 8,279,639</u>	<u>\$ 8,991,743</u>

<u>Cash and cash equivalents by entity</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Jamestown Public School District No. 1		
Cash and cash equivalents	\$ 8,233,258	\$ 8,917,873
Less cash on hand		(1,055)
Total Jamestown Public School	<u>8,233,258</u>	<u>8,916,818</u>
James Valley Career & Technology Center		
Cash and cash equivalents	46,381	75,225
Less cash on hand		(300)
Total James Valley	<u>46,381</u>	<u>74,925</u>
Total Under Custody of the District	<u>\$ 8,279,639</u>	<u>\$ 8,991,743</u>

3. Due From Other Governments

Due from other governments consists of the following amounts as of June 30, 2016:

State Funds - Vocational aid	\$ 221,750
- Adult basic education	20,851
Federal funds - Adult basic education	5,890
	<u>\$ 248,491</u>

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2016

4. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets Not Being Depreciated				
Land	\$ 45,598	\$	\$	\$ 45,598
Capital Assets Being Depreciated				
Buildings and improvements	1,607,700			1,607,700
Equipment and vehicles	306,425	12,041		318,466
Total Capital Assets Being Depreciated	<u>1,914,125</u>	<u>12,041</u>		<u>1,926,166</u>
Total Capital Assets	<u>1,959,723</u>	<u>12,041</u>		<u>1,971,764</u>
Less Accumulated Depreciation for:				
Buildings and improvements	1,189,698	32,154		1,221,852
Equipment and vehicles	194,094	21,337		215,431
Total Accumulated Depreciation	<u>1,383,792</u>	<u>53,491</u>		<u>1,437,283</u>
Total Capital Assets	<u>\$ 575,931</u>	<u>\$ (41,450)</u>	<u>\$</u>	<u>\$ 534,481</u>

Depreciation expense was charged to functions as follows:

Instruction				
Vocational education				\$ 47,133
Adult education				1,614
Support				
Administrative services				1,076
Operation and maintenance				3,668
Total Depreciation Expense				<u>\$ 53,491</u>

5. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Balances June 30, 2016	Amounts Due Within One Year
Other Liabilities					
Vested compensated absences	\$ 2,886	\$ 2,255	\$	\$ 5,141	\$

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2016

6. North Dakota Teachers' Fund for Retirement

The Center is a component unit of Jamestown Public School District No. 1 and participates in the pension as part of the District. Full disclosures can be found in the Jamestown Public School District financial statements. The Center contributes to the North Dakota Teachers' Fund for Retirement (TFFR); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. TFFR provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with Chapter 15-39.1 of the North Dakota Century Code (NDCC). TFFR issues a publicly available financial report that includes financial statements and required supplementary information for TFFR. The report is located on the website, www.nd.gov/rio, or may be obtained by writing to TFFR, P.O. Box 7100, Bismarck, North Dakota, 58507-7100.

Plan members are required to contribute 11.75% of their annual covered salary and the Center is required to contribute 12.75% of the teacher's salary. The Center may elect to pay all or a portion of the member's contribution in lieu of a salary increase under certain employer payment plans. The contribution requirements of plan members and the Center are established and may be amended by the State legislature. The Center's share of contributions to TFFR for the fiscal years ended June 30, 2016, 2015 and 2014 were \$73,147, \$73,952 and \$61,747, respectively, equal to the required contributions for the year.

7. North Dakota Public Employees Retirement System

The Center is a component unit of Jamestown Public School District No. 1 and participates in the pension as part of the District. Full disclosures can be found in the Jamestown Public School District financial statements. The Center participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of the Center. The plan provides retirement, disability and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' 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 employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.00% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO FINANCIAL STATEMENTS - continued

Year Ended June 30, 2016

7. North Dakota Public Employees Retirement System - continued

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 7% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. The Center has not elected to implement a salary reduction agreement. The Center is required to contribute 7.12% of each participant's salary as the employer's share. In addition to the 7.12% employer contribution, the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. The Center's required and actual share of contributions to NDPERS for the fiscal years ended June 30, 2016, 2015 and 2014 were \$11,098, \$10,941 and \$7,641, respectively.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS at 400 E. Broadway, Suite 505, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

8. Risk Management

The **JAMES VALLEY CAREER & TECHNOLOGY CENTER** is a component unit of the Jamestown Public School District No. 1 and is covered for various risks under the overall coverage of the District.

The District is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters. The District is self-insured for employee health insurance. The District has established a separate fund to account for this activity: Health Insurance. Each participating fund makes payments to the health insurance fund. Such payments are displayed on the financial statements as revenues and expenditures/expenses to the extent that the charge to the other funds is based on the actual expenses of the funds plus an additional amount for catastrophic losses. Payments in excess of these amounts, if any, are reported as operating transfers.

The District has contracted with third party administrators (TPAS) to administer the employee health insurance programs and to review and process claims. In addition, the District has contracted with third party carriers for specific and aggregate stop loss coverage to limit the District's exposure to losses. The specific and aggregate stop loss coverage is as follows:

Health Insurance – The District is self-insured for \$60,000 per individual per year.

Additionally, commercial insurance covers claims in excess of an aggregate amount for the District (which is determined annually based upon the District's past claim experience) up to 120% of expected claims per plan year. Settled claims have not exceeded the commercial coverage in the last three years. All funds of the District participate in the program and make payments to the Group Health Insurance Fund based on individual employee premiums.

The unpaid claims liability of \$91,653 for 2016 and \$92,471 for 2015 has been accrued since the District reports on the modified accrual basis. The District currently does not discount its unpaid claims liabilities.

A Reconciliation of Unpaid Claims Liabilities is shown below.

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended June 30, 2016

8. Risk Management - continued

	<u>2016</u>	<u>2015</u>
Reconciliation of Unpaid Claims Liabilities		
Unpaid claims and claim adjustment expenses beginning of year	\$ 92,471	\$ 112,528
Incurred claims and claim adjustment expense		
Provision for insured events of the current year	2,900,702	2,894,320
Claim and claim adjustment expenses attributable to insured events of the current year	<u>(2,901,520)</u>	<u>(2,914,377)</u>
Unpaid claims and claim adjustment expense at end of year	<u>\$ 91,653</u>	<u>\$ 92,471</u>

The District's risk for liability coverage, real and personal property, is covered by premiums paid to commercial carriers. The District's risk for worker's compensation is covered by premiums paid to the North Dakota Workforce Safety & Insurance. The Bureau was created by the Legislature of the State of North Dakota. There has been no major reduction in insurance coverage and settled claims from these risks have not exceeded commercial coverage for the past three years.

9. Contingencies

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The Center's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the Center as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

BUDGET AND ACTUAL (With Variances)

General Fund

Year ended June 30, 2016

	Budgeted Amounts			Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Local sources	\$ 602,835	\$ 602,835	\$	673,656	\$ 70,821	
State sources	711,258	711,258		748,719	37,461	
Federal sources	120,473	120,473		93,012	(27,461)	
Investment earnings	2,000	2,000		14	(1,986)	
Total Revenues	<u>1,436,566</u>	<u>1,436,566</u>		<u>1,515,401</u>	<u>78,835</u>	
EXPENDITURES						
Instruction						
Vocational education	426,827	426,827		496,622	(69,795)	
Adult education	302,782	302,782		339,867	(37,085)	
Support						
Guidance services	82,288	82,288		90,784	(8,496)	
Administrative services	217,955	217,955		267,666	(49,711)	
Operation and maintenance of plant	145,276	145,276		130,545	14,731	
Payments to member schools				107,320	(107,320)	
Other support services	40,248	40,248		60,594	(20,346)	
Total Expenditures	<u>1,215,376</u>	<u>1,215,376</u>		<u>1,493,398</u>	<u>(278,022)</u>	
Net Change in Fund Balances	221,190	221,190		22,003	(199,187)	
Fund Balances - Beginning	94,003	94,003		94,003		
Fund Balances - Ending	<u>\$ 315,193</u>	<u>\$ 315,193</u>	\$	<u>116,006</u>	<u>(199,187)</u>	

JAMES VALLEY CAREER & TECHNOLOGY CENTER

Jamestown, North Dakota

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - continued

General Fund

Year Ended June 30, 2016

Note A – Budgets and Budgetary Accounting

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

1. The Superintendent in consultation with the Center's Director and the Finance Committee prepares the Center's budget on the cash basis of accounting. The budget is presented to the Advisory Committee for review and approval. The budget includes proposed expenditures and the means of financing them. For budgetary purposes, property tax revenues and state and federal aid are recognized on the cash basis. The budget includes the general fund.
2. The School Board reviews the budget, may make revisions and approves it on or before August 15. The budget must be filed with the County Auditor by August 25.
3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared except no amendment changing the taxes levied can be made after October 10.
4. The balance of each appropriation becomes a part of the unappropriated balance at year end.

Note B – Excess of Expenditures Over Appropriations

Expenditures of the General Fund exceeded appropriations by \$278,022. All expenditures were approved by the School Board. These expenditures were all funded by available fund balance.

Schauer & Associates, P.C.

Certified Public Accountants

Ronald R. Fuchs, CPA
Duane R. Durn, CPA
Robert A. Piatz, CPA

**INDEPENDENT AUDITORS' 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***

School Board
**JAMES VALLEY CAREER &
TECHNOLOGY CENTER**
Jamestown, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **JAMES VALLEY CAREER & TECHNOLOGY CENTER**, Jamestown, North Dakota, a component unit of JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the **JAMES VALLEY CAREER & TECHNOLOGY CENTER's** basic financial statements and have issued our report thereon dated January 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **JAMES VALLEY CAREER & TECHNOLOGY CENTER's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **JAMES VALLEY CAREER & TECHNOLOGY CENTER's** internal control. Accordingly, we do not express an opinion on the effectiveness of **JAMES VALLEY CAREER & TECHNOLOGY CENTER's** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we considered to be a significant deficiency. (2016-001)

INDEPENDENT AUDITORS' 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* – continued 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **JAMES VALLEY CAREER & TECHNOLOGY CENTER'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's Response to Finding

JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. JAMESTOWN PUBLIC SCHOOL DISTRICT NO. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Schauber & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
January 17, 2017

JAMES VALLEY CAREER & TECHNOLOGY CENTER
Jamestown, North Dakota
Schedule of Findings
Year Ended June 30, 2016

Finding 2016-001 Significant Deficiency – Financial Statement Preparation

Condition

Schauer & Associates, P.C. assists the District's management in preparing financial statements that are presented, including note disclosure in accordance with generally accepted accounting principles.

Criteria

As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause

The District Board feels that it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to invest in ongoing specialized training that would be necessary.

Effect

Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation

We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

View of Responsible Officials

The District Board is aware of this condition. The District Board will continue to request that Schauer & Associates, P.C. assist with preparation of financial statements; however the Board will continue to instruct the District Administration to provide all requested schedules.