AUDIT REPORT

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

For the Year Ended June 30, 2024

RATH & MEHRER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

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JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

SPECIAL EDUCATION UNIT OFFICIALS
June 30, 2024

Tyler Hanson	Edgeley	Chairperson
Tami Kramlich	Kulm	Vice Chairperson
Damon Bosche	Medina	Board Member
Mitch Carlson	LaMoure	Board Member
Rob Lech	Jamestown	Board Member
Phil Leitner	Montpelier	Board Member
Tom Nitschke	Litchville/Marion	Board Member
Chip Sundberg	Ellendale	Board Member
Heidi Burdeau		Director
Jane Brandenberg		Business Manager

Rath & Mehrer, P.C.
Certified Public Accountants

Jayson Rath, CPA
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Todd Goehring, CPA

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INDEPENDENT AUDITOR'S REPORT

Governing Board
James River Special Education Cooperative
Jamestown, North Dakota

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the James River Special Education Cooperative, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the special education unit's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the special education unit, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with the 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 (GAAS) 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 special education unit, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 special education unit'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 GAAS 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 special education unit'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the special education unit'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 budgeting comparison information and the schedules of employer's share of net pension liability 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 18, 2024 on our consideration of the special education unit'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 special education unit'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 special education unit's internal control over financial reporting and compliance.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

October 18, 2024

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS:	
Cash and Investments	1,367,558.47
Intergovernmental Receivables	277,883.64
Capital Assets (net of accumulated depreciation):	
Vehicles	47,683.00
Total Assets	1,693,125.11
DEFERRED OUTFLOWS OF RESOURCES:	
Changes in Resources Related to Pensions	1,174,565.00
LIABILITIES:	
Payroll Benefits Payable	11.20
Net Pension Liability	3,245,286.00
Total Liabilities	3,245,297.20
DEFERRED INFLOWS OF RESOURCES:	
Changes in Resources Related to Pensions	1,315,530.00
NET POSITION:	
Net Investment in Capital Assets	47,683.00
Unrestricted	(1,740,820.09)
Total Net Position	(1,693,137.09)

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

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Statement of Activities
For the Year Ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Tuition	215,641.02	281,936.40		66,295.38
General Administration	38,953.22			(38,953.22)
Special Area Administration	390,960.45		331,065.31	(59,895.14)
Coordinators/Facilitators	336,165.34			(336,165.34)
Special Education Instruction	1,920,223.74		809,047.35	(1,111,176.39)
Support Services to Students	325,922.41		75,840.91	(250,081.50)
Support Services to Staff	10,000.00		10,000.00	-
Preschool Grant	11,144.72		11,144.72	-
Vocational Rehab Grant	47,745.49		133,176.00	85,430.51
Behavioral Health Grant	12,541.26		12,541.26	-
Special Education Student Transp. Services	2,408.00		2,408.00	-
Total Governmental Activities	3,311,705.65	281,936.40	1,385,223.55	(1,644,545.70)
General Revenues:				
Member district assessments				400,000.08
State aid - not restricted to specific program				1,255,251.38
Earnings on investments and other revenue				73,547.55
Total General Revenues				1,728,799.01
Change in Net Position				84,253.31
Net Position - July 1				(1,777,390.40)
Net Position - June 30				(1,693,137.09)

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

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Balance Sheet
Governmental Fund
June 30, 2024

	Major Fund
	General
ASSETS:	
Cash and Investments	1,367,558.47
Intergovernmental Receivables	277,883.64
Total Assets	1,645,442.11
LIABILITIES AND FUND BALANCE	
Liabilities:	
Payroll Benefits Payable	11.20
Fund Balance:	
Unassigned	1,645,430.91
Total Liabilities and Fund Balance	1,645,442.11

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

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2024

Total Fund Balance for Governmental Fund		1,645,430.91
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	68,682.00	
Less Accumulated Depreciation	(20,999.00)	
Net Capital Assets		47,683.00
The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.		
Total Deferred Outflows of Resources	1,174,565.00	
Total Deferred Inflows of Resources	(1,315,530.00)	
Net Deferred Outflows/Inflows of Resources		(140,965.00)
Long-term liabilities applicable to the special education unit's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at June 30, 2024 are:		
Net Pension Liability		(3,245,286.00)
Total Net Position of Governmental Activities		(1,693,137.09)

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

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund
For the Year Ended June 30, 2024

	Major Fund
	General
Revenues:	
Local Sources	1,412,513.89
State Sources	1,530,233.11
Federal Sources	452,214.96
Other Sources	997.00
Total Revenues	3,395,958.96
Expenditures:	
Current:	
Tuition	215,641.02
General Administration	38,953.22
Special Area Administration	382,374.45
Coordinators/Facilitators	336,165.34
Special Education Instruction	1,893,737.74
Support Services to Students	325,922.41
Support Services to Staff	10,000.00
Preschool Grant	11,144.72
Vocational Rehab Grant	47,745.49
Behavioral Grant	12,541.26
Special Education Student Transportation Services	2,408.00
Capital Outlay	25,210.00
Total Expenditures	3,301,843.65
Net Change in Fund Balance	94,115.31
Fund Balance - July 1	1,551,315.60
Fund Balance - June 30	1,645,430.91

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

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Reconciliation of Governmental Fund Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balance - Governmental Fund		94,115.31
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.		
Current Year Capital Outlay	25,210.00	
Current Year Depreciation Expense	(8,586.00)	16,624.00
Some expenses reported in the statement of activities do not require the the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Increase to Pension Expense		(26,486.00)
Change in Net Position of Governmental Activities		84,253.31

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

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Notes to the Financial Statements
June 30, 2024

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the James River Special Education Cooperative have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The accompanying financial statements present the activities of the special education unit. The special education unit has considered all potential component units for which the special education unit is financially accountable and other organizations for which the nature and significance of their relationships with the special education unit are such that exclusion would cause the special education unit's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the special education unit to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the special education unit.

Based on these criteria, there are no component units to be included within the James River Special Education Cooperative as a reporting entity.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, James River Special Education Cooperative. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the special education unit's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the special education unit's fund. The emphasis of fund financial statements is on the major governmental fund.

The special education unit reports the following major governmental fund:

General Fund. This is the special education unit's primary operating fund. It accounts for all financial resources of the general government.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus. These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the special education unit gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The special education unit considers all revenues reported in the governmental fund to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Under the terms of grant agreements, the special education unit funds certain programs by a combination of specific cost-reimbursements grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted components of net position available to finance the program. It is the special education unit's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

Capital assets include vehicles and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the special education unit as assets with an initial individual cost of $5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Vehicles	8 years

F. Compensated Absences

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Vested or accumulated vacation leave is not reported in the government-wide statement of net position as it is considered immaterial.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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

H. Pensions

For purposes of measuring 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 Teacher's Fund for Retirement (TFFR) and the North Dakota Public Employees Retirement System (NDPERS); additions to/deductions from TFFR's and NDPERS' fiduciary net position have been determined on the same basis as they are reported by TFFR and NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the special education unit is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the special education unit or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the governing board through the adoption of a resolution. The governing board also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the special education unit's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The special education unit reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the special education unit's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the special education unit's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the special education unit has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

J. Use of 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 certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the special education unit maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, 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 instrumentalities or by any county, city, township, school district, park district or any 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 another state of the United States or other securities approved by the banking board.

At June 30, 2024 the special education unit's carrying amount of deposits was $1,367,558 and the bank balance was $1,546,822. Of the bank balance, $686,000 was covered by Federal Depository Insurance. The remaining balance of $860,822 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

The special education unit may invest idle funds as authorized in North Dakota Statutes, as follows:

(1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities 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 the type listed above.

(3) Certificates of deposit fully insured by the federal deposit insurance corporation.

(4) Obligations of the State.

At June 30, 2024, the special education unit held certificates of deposit in the amount of $436,000, which are all considered deposits.

Concentration of Credit Risk

The special education unit does not have a limit on the amount the special education unit may invest in any one issuer.

Note 3 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various special education unit programs. This amount consists of a mix of state and federal dollars.

Note 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance July 1	Increases	Decreases	Balance June 30
Governmental Activities:				
Capital assets being depreciated:				
Vehicles	43,472	25,210		68,682
Less accumulated depreciation for:				
Vehicles	12,413	8,586		20,999
Governmental Activities Capital Assets, Net	31,059	16,624	-	47,683

Depreciation expense was charged to functions/programs of the special education unit as follows:

Special Area Administration	8,586

Note 5 PAYROLL BENEFITS PAYABLE

Payroll benefits payable consists of benefits owed to federal, state and private agencies for amounts withheld from teacher's salaries as of June 30 but not yet remitted.

Note 6 RISK MANAGEMENT

The James River Special Education Cooperative is exposed to various risks of loss relating 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 special education unit pays an annual premium to NDIRF for its general liability and automobile insurance coverage. The coverage by NDIRF is limited to losses of $2,000,000 per occurrence for general liability and automobile; and $50,485 for public assets.

The special education unit also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The special education unit 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 $1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the special education unit with a blanket fidelity bond coverage in the amount of $1,400,150 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The special education unit has worker's compensation with the Department of Workforce Safety and Insurance; 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 7 PENSION PLANS

1. North Dakota Teachers' Fund for Retirement

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC 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.

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.

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 equals 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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.

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 for all three categories are determined by NDCC Section 15-39.1-10. Tier 1 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. Tier 2 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 70.5. 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 James River Special Education Cooperative reported a liability of $2,329,077 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 pension plan relative to the covered payroll of all participating TFFR employers. At June 30, 2023 the school district's proportion was .165970 percent, which was an increase of .016208 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the school district recognized pension expense of $121,174. At June 30, 2024 the school district reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	8,678	123,627
Changes in assumptions	36,855	-
Net difference between projected and actual earnings on pension plan investments	142,153	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	200,310	479,481
District contributions subsequent to the measurement date (see below)	139,298	-
Total	527,294	603,108

$139,298 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 ended June 30, 2025.

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

Year ended June 30:	
2024	(84,050)
2025	(124,297)
2026	96,461
2027	(40,939)
2028	(40,721)
Thereafter	(21,566)

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 step rate promotional increases for members with less than 30 years of service.
Investment rate of return	7.25%, net of investment expenses, including inflation.
Cost-of-living adjustments	None

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

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

As a result of the March 19, 2020 actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

* Investment return assumption lowered from 7.75% to 7.25%.
* Inflation assumption lowered from 2.75% to 2.3%.
* Individual salary increases were lowered.
* Rates of turnover, retirement and disability were changed to better freflect 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 impovement using Scale MP-2019.
* The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generaltional improvement using Scale MP-2019.
* The pre-retirement mortality table was updated to PubT-2010 Employee table projected with generation improvement using Scale MP-2019.

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 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 pension plan'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
Global Equities	55%	6.20%
Global Fixed Income	26%	3.00%
Global Real Assets	18%	4.40%
Cash Equivalents	1%	0.90%

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employee 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2023. Therefore,

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

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

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
The district's proportionate share of the net pension liability	3,242,731	2,329,077	1,570,895

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

2. North Dakota Public Employees Retirement System (Main 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 NDPERS plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit program is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

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

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 James River Special Education Cooperative reported a liability of $916,209 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 .047515 percent, which was an increase of .000662 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the district recognized pension expense of $88,523. At June 30, 2024 the district reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	29,826	5,053
Changes in assumptions	505,208	695,426
Net difference between projected and actual earnings on pension plan investments	24,040	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,624	11,943
District contributions subsequent to the measurement date (see below)	46,573	-
Total	647,271	712,422

$46,573 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 ended June 30, 2025.

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

Year ended June 30:	
2024	29,078
2025	(105,062)
2026	16,159
2027	(51,899)
2028	-
Thereafter	-

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

Inflation	2.25%
Salary increases	3.50% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Equity Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

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

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
The district's proportionate share of the net pension liability	1,263,232	916,209	628,326

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

Note 8 OTHER POSTEMPLOYMENT BENEFITS

The special education unit is required to implement GASB Statement No. 75, Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions. The effect of this statement is not material to the special education unit's financial statements.

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Local Sources	1,497,916.95	1,412,513.89	(85,403.06)
State Sources	1,454,449.98	1,530,233.11	75,783.13
Federal Sources	452,214.96	452,214.96	-
Other Sources		997.00	997.00
Total Revenues	3,404,581.89	3,395,958.96	(8,622.93)
Expenditures:			
Current:			
Tuition	165,000.00	215,641.02	(50,641.02)
General Administration	60,432.00	38,953.22	21,478.78
Special Area Administration	396,143.88	382,374.45	13,769.43
Coordinators/Facilitators	347,374.74	336,165.34	11,209.40
Special Education Instruction	2,209,945.31	1,893,737.74	316,207.57
Support Services to Students	542,724.61	325,922.41	216,802.20
Support Services to Staff	10,000.00	10,000.00	-
Preschool Grant	11,144.72	11,144.72	-
Vocational Rehab Grant	91,200.00	47,745.49	43,454.51
Behavioral Grant	20,000.00	12,541.26	7,458.74
Special Education Student Transportation Services		2,408.00	(2,408.00)
Capital Outlay	25,000.00	25,210.00	(210.00)
Total Expenditures	3,878,965.26	3,301,843.65	577,121.61
Net Change in Fund Balances	(474,383.37)	94,115.31	568,498.68
Fund Balance - July 1	1,551,315.60	1,551,315.60	
Fund Balance - June 30	1,076,932.23	1,645,430.91	568,498.68

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Notes to the Budgetary Comparison Schedule
June 30, 2024

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Based upon available financial information and requests by the governing board, the director prepares the special education unit budget. The special education unit's budget is prepared for the general fund by function and activity on the modified accrual basis of accounting. The budget includes proposed expenditures and the means of financing them. The board reviews the budget, may make revisions and approves it. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the official proceedings of the board. All annual appropriations lapse at year end.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the special education unit's budget during the year ended June 30, 2024.

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Schedule of Employer's Share of Net Pension Liability
ND Teacher's Fund for Retirement
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.165970%	0.149762%	0.179997%	0.182834%	0.190195%	0.217856%	0.212959%	0.20564%	0.203633%	0.195322%
District's proportionate share of the net pension liability	2,329,077	2,180,614	1,896,552	2,798,273	2,619,459	2,903,713	2,925,052	3,012,671	2,663,225	2,046,628
District's covered employee payroll	1,331,768	1,178,496	1,387,239	1,334,064	1,334,268	1,481,006	1,437,415	1,336,061	1,252,559	1,132,973
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.89%	185.03%	136.71%	209.76%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64%
Plan fiduciary net position as a percentage of the total pension liability	69.34%	67.50%	75.70%	63.40%	65.50%	65.50%	63.20%	59.20%	62.10%	66.60%

Schedule of Employer Contributions
ND Teacher's Fund for Retirement
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	169,800	150,258	176,873	170,093	170,119	188,829	183,270	170,348	159,701	121,795
Contributions in relation to the statutorily required contributions	(169,800)	(150,258)	(176,873)	(170,093)	(170,119)	(188,829)	(183,270)	(170,348)	(159,701)	(121,795)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
District's covered-employee payroll	1,331,768	1,178,496	1,387,239	1,334,064	1,334,268	1,481,006	1,437,415	1,336,061	1,252,559	1,132,973
Contributions as a percentage of covered-employee payroll	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	10.75%

- For changes of benefit terms and assumptions, see note 7 to the financial statements.

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Schedule of Employer's Share of Net Pension Liability
ND Public Employees Retirement System
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.047515%	0.046853%	0.047404%	0.046990%	0.033533%	0.044065%	0.044031%	0.04396%	0.043808%	0.047760%
District's proportionate share of the net pension liability	916,209	1,349,398	494,092	1,478,315	393,031	743,645	707,724	428,472	297,887	303,143
District's covered employee payroll	581,038	544,057	517,155	518,657	375,268	455,015	453,132	447,616	390,280	405,201
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.68%	248.03%	95.54%	285.03%	104.73%	163.43%	156.18%	95.72%	76.33%	74.81%
Plan fiduciary net position as a percentage of the total pension liability	65.31%	54.47%	78.26%	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	42,451	39,522	36,821	36,928	26,719	32,397	32,263	31,870	27,788	27,290
Contributions in relation to the statutorily required contributions	(42,451)	(39,522)	(36,821)	(36,928)	(26,719)	(32,397)	(32,263)	(31,870)	(27,788)	(27,290)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
District's covered-employee payroll	581,038	544,057	517,155	518,657	375,268	455,015	453,132	447,616	390,280	405,201
Contributions as a percentage of covered-employee payroll	7.31%	7.26%	7.12%	7.12%	7.12%	7.12%	7.12%	7.12%	7.12%	6.73%

- For changes of benefit terms and assumptions, see note 7 to the financial statements.

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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*

INDEPENDENT AUDITOR'S REPORT

Governing Board
James River Special Education Cooperative
Jamestown, 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 and the major fund of the James River Special Education Cooperative, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the special education unit's basic financial statements, and have issued our report thereon dated October 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the special education unit'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 special education unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the special education unit'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the special education unit'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 responses as items 2024-001 and 2024-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the special education unit's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

Special Education Unit's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the special education unit's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Responses.* The special education unit'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 special education unit's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the special education unit's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

October 18, 2024

JAMES RIVER SPECIAL EDUCATION COOPERATIVE
Jamestown, North Dakota

Schedule of Findings and Responses
For the Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:	
Governmental Activities	Unmodified
Major Governmental Fund	Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified?	__X__ Yes	_____ None Reported
Noncompliance Material to financial statements noted?	_____ Yes	__X__ No

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiencies

1. 2024-001 – Segregation of Duties

Criteria: To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud, there should be a segregation of the functions of approval, custody of assets, posting and reconciliation.

Condition: The special education unit has one person responsible for most accounting functions. The employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare bank reconciliations.

Cause: The special education unit does not have a large enough staff to properly segregate all duties.

Effect: A lack of segregation of duties leads to a limited degree of internal control.

Recommendation: We recommend that management and the governing board be aware of the lack of segregation of duties and implement controls whenever possible to mitigate this risk.

Views of Responsible Officials: The special education unit is aware of the condition and segregates duties whenever possible.

2. 2024-002- Financial Statement Preparation

Criteria: A good system of internal controls requires the special education unit to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the special education unit must maintain knowledge of current accounting principles and required financial statement disclosures.

Condition: The special education unit's financial statements, including the accompanying note disclosures, are prepared by the special education unit's external auditors.

Cause: The special education unit feels that it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than 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; and review and approve them prior to distribution.

Views of Responsible Officials: The special education unit will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.