MT. PLEASANT PUBLIC
SCHOOL DISTRICT NO. 4

FINANCIAL STATEMENTS
JUNE 30, 2023

WITH INDEPENDENT AUDITOR'S REPORT

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2023

WIDMER ROEL
CPAs • BUSINESS ADVISORS

4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

INDEPENDENT AUDITOR'S REPORT

School Board and Administration
Mt. Pleasant Public School District #4
Rolla, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Mt. Pleasant Public School District #4** (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Mt. Pleasant Public School District #4**, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 **Mt. Pleasant Public School District #4**, 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

Mt. Pleasant Public School District #4's 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.

www.wr.cpa

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 **Mt. Pleasant Public School District #4's** ability to continue as a going concern for one year after the date that the financial statements are issued.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Mt. Pleasant Public School District #4's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Mt. Pleasant Public School District #4'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 Schedules of Employer's Share of Net Pension Liability, Schedule of Employer's Share of Net OPEB Liability, Schedules of Employer Contributions - Pension, Schedule of Employer Contributions - OPEB, Budgetary Comparison Schedule - General Fund, and Notes to the Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 February 21, 2024, on our consideration of the **Mt. Pleasant Public School District #4'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 School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Mt. Pleasant Public School District #4's** internal control over financial reporting and compliance.

Widmer Roel PC

Fargo, North Dakota
February 21, 2024

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

STATEMENT OF NET POSITION
JUNE 30, 2023

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	961,029
Investments		932,568
Taxes receivable		45,533
Intergovernmental receivable		626,719
Capital assets, net of accumulated depreciation		
Building		1,849,010
Vehicles		389,627
Equipment		242,385
Total assets		5,046,871
DEFERRED OUTFLOWS OF RESOURCES		
Derived from pension and OPEB		1,849,349
Total assets and deferred outflows of resources	$	6,896,220
LIABILITIES		
Salaries and benefits payable	$	367,269
Long-term liabilities, current portion		
Notes payable		115,595
Compensated absences		6,999
Long-term liabilities, net of current portion		
Compensated absences		109,650
Net pension and OPEB liability		5,029,277
Total liabilities		5,628,790
DEFERRED INFLOWS OF RESOURCES		
Derived from pension and OPEB		880,231
NET POSITION		
Net investment in capital assets		2,365,427
Restricted for		
Building		414,427
Special reserve		185,580
Food service		45,253
Scholarships		335,458
Unrestricted		(2,958,946)
Total net position		387,199
Total liabilities, deferred inflows of resources and net position	$	6,896,220

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total
GOVERNMENTAL ACTIVITIES				
Regular instruction	$ 1,733,022	$ 1,200	$ 2,326,317	$ 594,495
Federal programs	932,597	-	1,165,060	232,463
Special education	307,203	-	-	(307,203)
Vocational education	149,180	-	40,924	(108,256)
Administration	645,505	-	-	(645,505)
District-wide services	89,372	-	-	(89,372)
Operation and maintenance	545,840	-	-	(545,840)
Student transportation	152,311	-	-	(152,311)
Student activities	397,942	226,166	-	(171,776)
Community service	63,774	-	-	(63,774)
Food service	298,185	43,596	111,861	(142,728)
Other	14,543	-	-	(14,543)
Interest	9,098	-	-	(9,098)
Total governmental activities	$ 5,338,572	$ 270,962	$ 3,644,162	(1,423,448)
GENERAL REVENUES				
Property taxes				1,248,362
In lieu of taxes				233,138
Interest income				9,173
Miscellaneous revenues				31,224
Total general revenues				1,521,897
Change in net position				98,449
Net position - July 1				288,750
Net position - June 30				$ 387,199

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Building Fund	Scholarship Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 239,106	$ 413,893	$ 2,890	$ 305,140	$ 961,029
Investments	600,000	-	332,568	-	932,568
Taxes receivable	40,212	5,249	-	72	45,533
Intergovernmental receivable	626,719	-	-	-	626,719
Total assets	$ 1,506,037	$ 419,142	$ 335,458	$ 305,212	$ 2,565,849
LIABILITIES					
Salaries and benefits payable	$ 367,269	$ -	$ -	$ -	$ 367,269
DEFERRED INFLOWS OF RESOURCES					
Uncollected taxes	34,629	4,715	-	71	39,415
Total liabilities and deferred inflows of resources	401,898	4,715	-	71	406,684
FUND BALANCES					
Committed for					
Student activities	-	-	-	74,308	74,308
Restricted for					
Building	-	414,427	-	-	414,427
Special reserve	-	-	-	185,580	185,580
Food service	-	-	-	45,253	45,253
Scholarships	-	-	335,458	-	335,458
Unassigned	1,104,139	-	-	-	1,104,139
Total fund balances	1,104,139	414,427	335,458	305,141	2,159,165
Total liabilities and fund balances	$ 1,506,037	$ 419,142	$ 335,458	$ 305,212	$ 2,565,849

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances for governmental funds		$	2,159,165
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.			
Cost of capital assets	7,286,986		
Less accumulated depreciation	(4,805,964)		
			2,481,022
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.			39,415
Net pension and OPEB obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.			(5,029,277)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Total deferred outflows of resources	1,849,349		
Total deferred inflows of resources	(880,231)		
			969,118
Certain liabilities, such as notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences	(116,649)		
Notes payable	(115,595)		
			(232,244)
Total net position of governmental activities		$	387,199

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Scholarship Fund	Non-Major Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 1,335,897	$ 188,740	$ -	$ -	$ 1,524,637
Local sources	90,380	-	-	-	90,380
State sources	2,397,149	-	-	347	2,397,496
Federal sources	1,049,258	-	-	125,850	1,175,108
Other sources	6,858	1,182	25,862	251,735	285,637
Total revenues	4,879,542	189,922	25,862	377,932	5,473,258
EXPENDITURES					
Current					
Regular instruction	1,615,701	-	-	-	1,615,701
Federal programs	928,873	-	-	-	928,873
Special education	288,230	-	-	-	288,230
Vocational education	149,201	-	-	-	149,201
Administration	638,973	-	-	-	638,973
District wide services	88,456	-	-	-	88,456
Operation and maintenance	221,996	12,252	-	-	234,248
Student transportation	125,845	-	-	-	125,845
Student activities	220,402	-	-	178,770	399,172
Community services	64,450	-	-	-	64,450
Food service	90,985	-	-	185,932	276,917
Other	-	-	14,543	-	14,543
Capital outlay	306,508	-	-	-	306,508
Debt service					
Principal	44,246	111,507	-	-	155,753
Interest and fees	-	9,098	-	-	9,098
Total expenditures	4,783,866	132,857	14,543	364,702	5,295,968
Excess of revenues over expenditures	95,676	57,065	11,319	13,230	177,290
Net change in fund balances	95,676	57,065	11,319	13,230	177,290
FUND BALANCES, JUNE 30	$ 1,104,139	$ 414,427	$ 335,458	$ 305,141	$ 2,159,165

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		$ 177,290
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period these amounts are:		
Current year capital outlay	227,795	
Depreciation expense	(260,349)	
		(32,554)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Decrease in notes payable		155,753
Increase in compensated absences		(6,898)
Some revenue will not be collected for several months after the District's fiscal year end. These revenues are not considered available resources in the governmental funds.		
Decrease in taxes receivable		(36,240)
The net pension and OPEB liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to these pension and OPEB items do not involve financial resources, and are not reported in the funds.		
Increase in net pension and OPEB liability	(1,680,446)	
Increase in deferred outflows of resources	416,766	
Decrease in deferred inflows of resources	1,104,778	
		(158,902)
Change in net position of governmental activities		$ 98,449

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The financial statements of the Mt. Pleasant Public School District #4 ("School District"), have been prepared in conformity with accounting principles general 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.

Reporting Entity

The accompanying financial statements present the activities of the Mt. Pleasant Public School District #4. The School District has considered all potential component units for which the School District is financially accountable and other organizations for which the nature and significance of their relationships with the School District are such that exclusion would cause the School District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. Their criteria include appointing a voting majority of an organization's governing board and (1) the ability of the School District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to or impose financial burdens on the School District.

Based on these criteria, the Scholarship Fund, which is maintained by a foundation under the control of the School District board, meets the criteria for inclusion as a blended component unit. The Foundation was established to receive donations for and distribute student scholarships.

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government of the School District. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. Program revenues include (1) charges to customer 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 program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements: The fund financial statements provide information about the School District's funds. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

(Continued)

Measurement Focus and Basis of Accounting

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. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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 School District considers all revenues reported in the governmental funds 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 judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue items are considered to be measurable and available only when cash is received by the government.

The School District reports the following major governmental funds:

> *General Fund:* This is the school district’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> *Building Fund:* This fund is used to account for financial resources to be used for the acquisition, construction, maintenance and insurance of major facilities and equipment.
>
> *Scholarship Fund:* This fund accounts for resources held by the Mt. Pleasant Public School District #4 Foundation (“Foundation”), a not-for-profit organization established to provide scholarships for students. All resources of the fund, including any earnings on invested resources, may be used to support the Foundation’s activities. There is no requirement that any portion of these resources be preserved as capital.

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

(Continued)

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and certificates of deposit, which have original maturity dates of six months or less.

Investments, Investment Valuation, and Income Recognition

Investments consist of certificates of deposit and the Scholarship Fund's investments.

The certificates of deposit are carried at cost, which approximates fair value.

The scholarship fund's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the scholarship fund's gains and losses on investments bought and sold as well as held during the year.

Interest and dividends are not reported separately from net appreciation (depreciation) due to said gains being immediately reinvested in their respective funds. Net appreciation for the year ended June 30, 2023 was $27,893.

Capital Assets

Capital assets include property, plant, and equipment. Assets are reported in the governmental activities' columns in the government-wide financial statements. Capital assets are defined by the School District 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 the assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Buildings	20 to 50 years
Vehicles and Equipment	5 to 20 years

Compensated Absences

Personal leave is earned by non-certified employees and teachers at the rate of 16 hours per year which can accumulate up to 40 hours. Non-certified employees and teachers also earn sick leave at the rate of 10 days per year, which can accumulate up to 120 days. Upon termination, unused sick leave is paid at a rate of $50 per day and unused personal leave is paid at a rate equivalent to the base teacher salary hourly rate for any hours not used above 40 hours.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, and changes in the net pension and OPEB liability not included in pension and OPEB expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of items that qualify for reporting in this category. The School District reports unavailable revenues from property taxes and unavailable revenues from local education agencies on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is changes in the net pension and OPEB liability not included in pension and OPEB expense reported in the government-wide statement of net position.

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.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as general fund expenditures.

Restricted and Unrestricted Resources

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance and Classification Policies and Procedures

The School District classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

(Continued)

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the business manager.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses *restricted* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the School District would first use *committed,* then *assigned,* and lastly *unassigned* amounts of unrestricted fund balance when expenditures are made.

The School District does not have a formal minimum fund balance policy.

Program Revenues

In the government-wide statement of activities, reported program revenues derive from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into two categories, as follows:

Charges for services – these arise from charges to customers, applicants, or other who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

Program-specific operating grants and contributions – these arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

Accounts Payable

Accounts payable consists of amounts owed for goods and services received prior June 30 and chargeable to the appropriations for the year then ended but paid subsequent to the date.

Salaries and Benefits Payable

Salaries and benefits payable consists of salaries earned by employees but not paid until after year-end. It also consists of benefits owed to federal, state, and private agencies for amounts withheld from teacher's salaries as of June 30.

Pensions

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

(Continued)

Other Post-Employment Benefits (OPEB)

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

NOTE 2 – CASH AND CASH EQUIVALENTS

In accordance with North Dakota Statutes, the District 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 another financial institution 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 of 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 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 entity and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year ended June 30, 2023, the School District's carrying amount of deposits was $1,561,029 and the bank balances were $1,709,886. Of the bank balance, $504,139 was covered by Federal Depository Insurance. The remaining balance of $1,205,747 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Interest Rate Risk

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

(Continued)

Credit Risk

The School District may invest idle funds as authorized in North Dakota Statutes, as follows:

(a) 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.
(b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
(c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation.
(d) Obligations of the state.

At June 30, 2023 the School District held certificates of deposit in the amount of $600,000 which are all considered deposits and included in the above amount of total deposits.

Concentration of Credit Risk

The School District does not have a policy limiting the amount the School District may invest in any one issuer.

The Foundation invests in mutual funds and exchange traded funds ("ETFs") which include fixed income securities as part of its portfolios. The mutual funds and ETFs are not rated. The average maturities of the fixed income holdings of the investments are as follows:

	Mutual Funds Fixed Income
Maturity	
Less than 1 year	$ -
1-5 years	-
5-10 years	-
>10 years	-
Not available	329,383
Market value	$ 329,383

NOTE 3 – TAXES RECEIVABLE

The taxes receivable represents the past three years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

NOTE 4 – INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various school programs. These amounts consist of a mix of state and federal dollars.

NOTE 5 – FAIR VALUE OF INVESTMENTS

The three levels of the fair value hierarchy in accordance with Fair Value Measurements are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active or inactive markets and inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds and exchange traded funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Scholarship Fund are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and transact at that price. The mutual funds held by the Scholarship Fund are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the scholarship fund's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Scholarship Fund's assets at fair value as of June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Mutual funds	$ 329,383	$ 329,383	$ -	$ -
Exchange traded funds	3,185	3,185	-	-
Total assets in the fair value hierarchy	$ 332,568	$ 332,568	$ -	$ -

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, being depreciated					
Buildings	$ 4,979,156	$ -	$ -	$ -	$ 4,979,156
Vehicles	717,395	216,352	-	-	933,747
Equipment	1,362,640	11,443	-	-	1,374,083
Total capital assets, being depreciated	7,059,191	227,795	-	-	7,286,986
Less accumulated depreciation for					
Buildings	2,973,217	156,929	-	-	3,130,146
Vehicles	503,521	40,599	-	-	544,120
Equipment	1,068,877	62,821	-	-	1,131,698
Total accumulated depreciation	4,545,615	260,349	-	-	4,805,964
Total capital assets, being depreciated, net	2,513,576	(32,554)	-	-	2,481,022
Governmental activities capital assets, net	$ 2,513,576	$ (32,554)	$ -	$ -	$ 2,481,022

Depreciation expense was charged to functions/programs of the School District as follows:

Regular instruction	$ 192,584
Transportation	27,166
Operations and maintenance	40,599
	$ 260,349

NOTE 7 – LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in liabilities reported in the long-term liabilities of governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes payable	$ 271,348	$ -	$ 155,753	$ 115,595	$ 115,595
Compensated absences	109,751	6,898	-	116,649	6,999
Net pension liability	3,322,397	1,653,361	-	4,975,758	-
Net OPEB liability	26,434	27,085	-	53,519	-
Total	$ 3,729,930	$ 1,687,344	$ 155,753	$ 5,261,521	$ 122,594

Outstanding debt at June 30, 2023, consists of the following issues:

$545,175 note payable entered into on July 24, 2019 with United Lease and Finance Inc. The note calls for five annual payments of $107,218 to $115,955 from March 1, 2020 to March 1, 2024 and interest at 4%.	$ 115,595

Debt service requirements on the general obligation bonds, including interest at June 30, 2023 are as follows:

	Principal	Interest	Total
2024	$ 115,595	$ 4,651	$ 120,246

NOTE 8 – INTERFUND TRANSFERS

There were no interfund transfers that occurred during the year ended June 30, 2023.

NOTE 9 – PENSION PLANS

General Information about the TFFR Pension Plan

North Dakota Teacher's Fund for Retirement ("TFFR")

The following brief description of TFFR is provided for general information purposes only. Participants should refer to North Dakota Century Code ("NDCC") Chapter 15-39.1 for more complete information.

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

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

Pension Benefits

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

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6.00% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65 or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8.00% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Tier 2

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65 or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8.00% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

(Continued)

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 6.00% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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

At June 30, 2023, the District reported a liability of $3,669,302 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, 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. On July 1, 2022, the District's proportion was 0.2520033 percent, which was a decrease of 0.0161348 from its proportion measured as of July 1, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $222,565. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,813	$ 97,969
Changes of assumptions	74,612	-
Net difference between projected and actual earnings on pension plan investments	274,836	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	268,071	236,986
School District contributions subsequent to the measurement date	256,971	-
	$ 890,303	$ 334,955

$256,971 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, 2024.

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

Year ended June 30:	
2023	$ 46,462
2024	34,947
2025	2,376
2026	245,542
2027	(397)
Thereafter	(30,553)

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%, including inflation and productivity
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, 2022, funding actuarial valuation for TFFR.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equities	55%	6.6%
Global fixed income	26%	0.4%
Global real assets	18%	4.6%
Cash equivalents	1%	-1.1%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2022, 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, 2022. 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, 2022.

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 7.25 percent, 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 Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of net pension liability	$ 5,041,284	$ 3,669,302	$ 2,531,415

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report. TFFR's Comprehensive Annual Financial Report (CAFR) is located at https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2022.pdf.

General Information about the NDPERS Pension Plan

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 plan is financed through the contributions and investment earnings of the plan.

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was 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 for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

(Continued)

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 7.00% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.00% 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, 2023, the District reported a liability of $1,306,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.045362 percent, which was a decrease of 0.002335 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $188,138. At June 30, 2023, 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	$ 6,814	$ 24,956
Changes of assumptions	781,280	484,350
Net difference between projected and actual earnings on pension plan investments	47,816	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,899	34,120
School District's contributions subsequent to the measurement date	38,406	-
	$ 928,215	$ 543,426

$38,406 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, 2024.

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

Year ended June 30:	
2023	$ 108,773
2024	120,853
2025	1,507
2026	115,250
2027	-
Thereafter	-

Actuarial assumptions

The total pension liability in the July 1, 2022, 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	5.10%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30%	6.00%
International equity	21%	6.70%
Private equity	7%	9.50%
Domestic fixed income	23%	0.73%
Global real assets	19%	4.77%

Discount rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

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 5.10 percent, 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 (4.10 percent) or 1-percentage-point higher (6.12 percent) than the current rate:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
District's proportionate share of net pension liability	$ 1,724,432	$ 1,306,456	$ 963,312

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 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) – NDPERS

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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

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

(Continued)

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

At June 30, 2023, the Employer reported a liability of $53,519 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2022, the Employer's proportion was 0.044588 percent, which was a decrease of 0.00294 from its proportion measured as of July 1, 2021.

For the year ended June 30, 2023, the Employer recognized OPEB expense of $9,940. At June 30, 2023, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,269	$ 460
Changes of assumptions	13,481	-
Net difference between projected and actual earnings on pension plan investments	7,206	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,032	1,390
Employer contributions subsequent to the measurement date	4,843	-
	$ 30,831	$ 1,850

$4,843 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

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

Year ended June 30:	
2023	$ 6,644
2024	6,283
2025	5,299
2026	5,912
2027	-
Thereafter	-

(Continued)

Actuarial assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad US equity	39%	5.75%
International equities	26%	6.00%
Core-plus fixed income	35%	0.22%

Discount rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of **June 30, 2022**, calculated using the discount rate of 5.39%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of net pension liability	$ 68,314	$ 53,519	$ 41,099

NOTE 11 – RISK MANAGEMENT

The School District 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, the 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 School District pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of $6,000,000 per occurrence for general liability and automobile, and for public asset coverage.

The School District has worker's compensation with the Department of Workforce Safety and Insurance. The School District pays part of the health insurance premiums for their employees.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12 – RELATED PARTY

The School District has entered into a fuel contract with a company for which the manager of the company is also a member of the School District's board. In fiscal year 2023, the School District paid the company $61,177.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

Pension Plan	Measurement Date **	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
TFFR	6/30/2022	0.252003%	$ 3,669,302	$ 1,983,045	185.03%	67.5%
TFFR	6/30/2021	0.268138%	$ 2,825,251	$ 2,066,539	136.71%	75.7%
TFFR	6/30/2020	0.252901%	$ 3,870,660	$ 1,845,320	209.76%	63.4%
TFFR	6/30/2019	0.244820%	$ 3,371,799	$ 1,717,486	196.32%	65.5%
TFFR	6/30/2018	0.237143%	$ 3,160,780	$ 1,612,121	196.06%	65.5%
TFFR	6/30/2017	0.245489%	$ 3,371,866	$ 1,656,986	203.49%	63.2%
TFFR	6/30/2016	0.253765%	$ 3,717,808	$ 1,648,775	225.49%	59.2%
TFFR	6/30/2015	0.253008%	$ 3,308,978	$ 1,556,266	212.62%	62.1%
NDPERS	6/30/2022	0.045362%	$ 1,306,456	$ 526,578	248.10%	55.03%
NDPERS	6/30/2021	0.047697%	$ 497,146	$ 540,112	92.04%	79.13%
NDPERS	6/30/2020	0.045470%	$ 1,430,496	$ 501,586	285.19%	49.44%
NDPERS	6/30/2019	0.040011%	$ 468,958	$ 416,182	112.68%	71.66%
NDPERS	6/30/2018	0.388870%	$ 656,261	$ 399,493	164.27%	62.80%
NDPERS	6/30/2017	0.038052%	$ 611,621	$ 388,451	157.45%	61.98%
NDPERS	6/30/2016	0.039955%	$ 389,400	$ 402,657	96.71%	70.46%
NDPERS	6/30/2015	0.037873%	$ 257,530	$ 337,400	76.33%	77.15%

* Complete data for this schedule is not available prior to 2015.
** The measurement date of the actuarial report is one year prior to the balance sheet date.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SCHEDULES OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

Pension Plan	Measurement Date **	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Payroll
TFFR	6/30/2022	$ 252,838	$ (252,838)	$ -	$ 1,983,045	12.75%
TFFR	6/30/2021	$ 263,484	$ (263,484)	$ -	$ 2,066,539	12.75%
TFFR	6/30/2020	$ 235,280	$ (235,280)	$ -	$ 1,845,320	12.75%
TFFR	6/30/2019	$ 218,979	$ (218,979)	$ -	$ 1,717,486	12.75%
TFFR	6/30/2018	$ 205,545	$ (205,545)	$ -	$ 1,612,121	12.75%
TFFR	6/30/2017	$ 211,266	$ (211,266)	$ -	$ 1,656,986	12.75%
TFFR	6/30/2016	$ 210,219	$ (210,219)	$ -	$ 1,648,775	12.75%
TFFR	6/30/2015	$ 198,414	$ (198,414)	$ -	$ 1,556,266	12.75%
NDPERS	6/30/2022	$ 39,660	$ (39,616)	$ 44	$ 526,578	7.52%
NDPERS	6/30/2021	$ 39,831	$ (38,397)	$ 1,434	$ 540,112	7.11%
NDPERS	6/30/2020	$ 35,517	$ (35,089)	$ 428	$ 501,586	7.00%
NDPERS	6/30/2019	$ 30,300	$ (33,323)	$ (3,023)	$ 416,182	8.01%
NDPERS	6/30/2018	$ 29,424	$ (28,530)	$ 894	$ 399,493	7.14%
NDPERS	6/30/2017	$ 28,167	$ (27,135)	$ 1,032	$ 388,451	6.99%
NDPERS	6/30/2016	$ 29,151	$ (25,299)	$ 3,852	$ 402,657	6.28%
NDPERS	6/30/2015	$ 25,628	$ (25,163)	$ 465	$ 337,400	7.46%

* Complete data for this schedule is not available prior to 2015.
** The measurement date of the actuarial report is one year prior to the balance sheet date.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

Pension Plan	Measurement Date**	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered-Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
NDPERS - OPEB	6/30/2022	0.044588%	$ 53,519	$ 460,325	11.63%	56.28%
NDPERS - OPEB	6/30/2021	0.047528%	$ 26,434	$ 518,181	5.10%	76.63%
NDPERS - OPEB	6/30/2020	0.044000%	$ 37,013	$ 501,586	7.38%	63.38%
NDPERS - OPEB	6/30/2019	0.037298%	$ 29,956	$ 416,182	7.20%	63.13%
NDPERS - OPEB	6/30/2018	0.036509%	$ 28,753	$ 399,493	7.20%	61.89%
NDPERS - OPEB	6/30/2017	0.035906%	$ 28,402	$ 388,451	7.31%	59.78%

* Complete data for this schedule is not available prior to 2017.

** The measurement date of the actuarial report is one year prior to the balance sheet date.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SCHEDULES OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

Pension Plan	Measurement Date**	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Payroll	Contributions as a Percentage of Covered-Payroll
NDPERS - OPEB	6/30/2022	$ 5,603	$ (5,789)	$ (186)	$ 460,325	1.26%
NDPERS - OPEB	6/30/2021	$ 6,231	$ (5,907)	$ 324	$ 518,181	1.14%
NDPERS - OPEB	6/30/2020	$ 5,893	$ (5,618)	$ 275	$ 501,586	1.12%
NDPERS - OPEB	6/30/2019	$ 4,840	$ (5,335)	$ (495)	$ 416,182	1.28%
NDPERS - OPEB	6/30/2018	$ 4,686	$ (4,568)	$ 118	$ 399,493	1.14%
NDPERS - OPEB	6/30/2017	$ 4,515	$ (4,345)	$ 170	$ 388,451	1.12%

* Complete data for this schedule is not available prior to 2017.
** The measurement date of the actuarial report is one year prior to the balance sheet date.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Property taxes	$ 1,325,000	$ 1,325,000	$ 1,335,897	$ 10,897
Local sources	75,000	75,000	90,380	15,380
State sources	2,485,500	2,569,500	2,397,149	(172,351)
Federal sources	726,500	777,500	1,049,258	271,758
Other sources	14,000	14,000	6,858	(7,142)
Total revenues	4,626,000	4,761,000	4,879,542	118,542
EXPENDITURES				
Current				
Regular instruction	1,657,065	1,646,586	1,615,701	(30,885)
Federal programs	735,661	767,882	928,873	160,991
Special education	351,494	290,259	288,230	(2,029)
Vocational education	175,902	174,746	149,201	(25,545)
Administration	660,286	665,058	638,973	(26,085)
District-wide services	118,401	121,401	88,456	(32,945)
Operation and maintenance	214,600	238,100	221,996	(16,104)
Student transportation	145,648	166,219	125,845	(40,374)
Student activities	181,053	201,452	220,402	18,950
Community service	35,468	22,718	64,450	41,732
Food service	98,183	99,805	90,985	(8,820)
Capital outlay	278,750	380,750	306,508	(74,242)
Debt service				
Principal	-	-	44,246	44,246
Total expenditures	4,652,511	4,774,976	4,783,866	8,890
Excess (deficiency) of revenues over expenditures	(26,511)	(13,976)	95,676	109,652
Other financing sources				
Transfer in	-	-	-	-
Transfer out	5,000	(15,000)	-	15,000
Total financing sources	5,000	(15,000)	-	15,000
Net change in fund balance	(21,511)	(28,976)	95,676	124,652
FUND BALANCE, JULY 1	-	-	1,008,463	-
FUND BALANCE, JUNE 30	$ -	$ -	$ 1,104,139	$ -

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

North Dakota Teacher's Fund for Retirement

Changes of Assumptions

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

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

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

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

North Dakota Public Employees Retirement System

Changes of Benefit Terms

The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020, will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of Assumptions

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022, were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

Other Post-Employment Benefit

Changes of Benefit Terms

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

Changes of Assumptions

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

Budgetary Information

The Board of Education adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund, special revenue funds, debt service funds, and capital project funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The annual budget must be prepared, and School District taxes must be levied on or before the fifteenth day of August of each year.
b) The taxes levied must be certified to the county auditor by twenty-fifth of August.
c) The operating budget includes proposed expenditures and means of financing them.
d) Each budget is controlled by the business manager at the revenue and expenditure function/object level.
e) The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
f) All appropriations lapse at year-end.

The School District overspent the general fund budget by $8,890. There is no remedial action anticipated.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SINGLE AUDIT REPORTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

WIDMER ROEL
CPAs • BUSINESS ADVISORS

4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

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

To the School Board and Administration
Mt. Pleasant Public School District #4
Rolla, 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 **Mt. Pleasant Public School District #4**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise **Mt. Pleasant Public School District #4's** basic financial statements and have issued our report thereon dated February 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Mt. Pleasant Public School District #4'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 **Mt. Pleasant Public School District #4's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Mt. Pleasant Public School District #4'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. We identified certain deficiencies in internal control, described in the Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, 2023-003, 2023-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Mt. Pleasant Public School District #4's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mt. Pleasant Public School District #4's Response to Findings

Mt. Pleasant Public School District #4's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. **Mt. Pleasant Public School District #4's** responses were 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.

Fargo, North Dakota
February 21, 2024

WIDMER ROEL
CPAs • BUSINESS ADVISORS

4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Administration
Mt. Pleasant Public School District #4
Rolla, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Mt. Pleasant Public School District #4's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Mt. Pleasant Public School District #4's** major federal programs for the year ended June 30, 2023. **Mt. Pleasant Public School District #4's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Mt. Pleasant Public School District #4** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of **Mt. Pleasant Public School District #4** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Mt. Pleasant Public School District #4's** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirement of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to **Mt. Pleasant Public School District #4's** federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **Mt. Pleasant Public School District #4's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Mt. Pleasant Public School District #4's** compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Mt. Pleasant Public School District #4's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Mt. Pleasant Public School District #4's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Mt. Pleasant Public School District #4's** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Mt. Pleasant Public School District #4**, as of and for the year ended June 30, 2023, and the related notes of the financial statements, which collectively comprise **Mt. Pleasant Public School District #4's** basic financial statements. We issued our report thereon dated February 21, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Widmer Roel PC

Fargo, North Dakota
February 21, 2024

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipient	Total Federal Expenditures
U.S. Department of Agriculture passed through				
North Dakota Department of Public Instruction				
Child Nutrition Cluster				
School Breakfast Program	10.553	F10553	$ -	$ 21,239
National School Lunch Program	10.555	F10555	-	80,160
School/CN Supply Chain Assistance	10.555S	F10555S	-	15,336
Fresh Fruits and Vegetables Program	10.582	F10582	-	7,894
Total Child Nutrition Cluster			-	124,629
State Administration Expenses for Child Nutrition	10.560	F10560A	-	1,220
Subtotal Department of Agriculture			-	125,849
U.S. Department of Education passed through				
North Dakota Department of Public Instruction				
Title I - Grants to Local Educational Agencies	84.010	F84010	-	212,185
Title II A - Supporting Effective Instruction State Grants	84.367	F84367A	-	27,645
Title VI B - Rural Education Achievement	84.358	F84358	-	7,451
Title I B - Grants for State Assessments and Related Activities	84.369	F84369A	-	14,330
Title IV - Student Support and Academic Enrichment Program	84.424	F84424A	-	19,821
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	F84425D	-	399,164
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	F84425U	-	180,540
Subtotal passed through North Dakota Department of Public Instruction			-	861,136
St. John Public School				
Career and Technical Education - Basic Grants to States	84.048	None	-	10,140
Devils Lake Public School District				
Twenty-First Century Community Learning Centers	84.287	None	-	37,876
U.S. Department of Education Direct Assistance				
Impact Aid	84.041	N/A	-	101,679
Indian Education Grants to Local Educational Agencies	84.060	N/A	-	23,737
Subtotal Department of Education Direct Assistance			-	125,416
Subtotal Department of Education			-	1,034,568
Total expenditures of federal awards			$ -	$ 1,160,417

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Mt. Pleasant Public School District #4 ("School District") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Mt. Pleasant Public School District #4, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mt. Pleasant Public School District #4. Expenditures represent only the federally funded portions of the program. School District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Mt. Pleasant Public School District #4 has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ yes	X none reported
Type of auditor's report issued on compliance for major programs:		
Elementary and Secondary School Emergency Relief Fund (84.425D)	Unmodified	
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (84.425U)	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?	___ yes	X no

Identification of major programs:

Federal Assistance Listing	Name of Federal Program
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan – Elementary and Secondary School Emergency Relief

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___ yes	X no

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PREPARATION

Condition

Widmer Roel assists the School District with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles ("GAAP").

Criteria

According to the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") elements of internal control, an organization's internal control should include the capability of preparing financial statements in accordance with U.S. GAAP.

Cause

The School District has determined it is more cost-effective to allocate its limited resources to areas other than preparation of financial statements and instead engage its third-party auditor to assist in this process.

Effect

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

Recommendation

We recommend management carefully review the financial statements and note disclosures to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

Views of Responsible Officials

Management carefully reviews the financial statements and note disclosures to understand the purpose and source of all material financial statement amounts and disclosures. Management will continue to prepare all requested supporting schedules and understand the importance to the financial statements.

2023-002 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

Condition

The School District has a lack of segregation of duties in certain areas related to the receipting and disbursement functions of cash. One employee can enter invoices into the accounting system, initiate the check run, and has access to the board member signature stamp.

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.

Cause

The School District has limited staff.

Effect

Inadequate segregation of duties could adversely affect the School District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation

We recommend management be aware of the lack of segregation of duties and implement controls wherever possible to mitigate this risk. For example, we recommend the board continue and or adopt the following:

- Review and approve all significant contracts and disbursements.
- Careful review of budgeted items compared to actual results, investigating unusual discrepancies.
- Dual signatures on all significant checks. If a signature stamp is being used, then the stamp should only be in the custody of the Superintendent and separate from the check processor (School Policy HCAE "Disbursement of Monies").
- Periodic independent review of savings/CD statements and review of completed bank reconciliations.
- Periodic review of School District policies, including consideration of whether district policies are sufficient to mitigate risk of financial statement errors or fraud, or noncompliance with laws, regulations, and contracts.
- Maintain an audit trail for review of federal award expenditures submitted for reimbursement and include a secondary person in the review process.
- Implement a process for a secondary person with appropriate knowledge to review and approved federal grant disbursements to ensure they meet compliance with the program(s).
- Segregate the activity fund functions by having the activity fund advisors count cash and sign off, before being delivered to the principal's office or the business manager.

Views of Responsible Officials

Management is aware of the lack of segregation of duties and implements controls wherever possible to mitigate this risk. The board will continue to:

- Review and approve all significant contracts and disbursements.
- Carefully review budgeted items compared to actual results, investigating unusual discrepancies.
- Require dual signatures on all significant checks. If a signature stamp is being used, then the stamp should only be in the custody of the Superintendent and separate from the check processor, as noted in School Policy HCAE "Disbursement of Monies."
- Periodically review the savings/CD statements and review completed bank reconciliations.
- Periodically review School District policies, including consideration of whether policies are sufficient to mitigate risk of financial statement errors or fraud, or noncompliance with laws, regulations, and contracts.
- Maintain an audit trail for review of federal award expenditures submitted for reimbursement and include a secondary person in the review process.
- Implement a process for a secondary person with appropriate knowledge to review and approve federal grant disbursements to ensure disbursements are compliant with program(s).

- Segregate the activity fund functions by having the activity fund advisors count cash and sign off before being delivered to the Principal or Business Manager.

2023-003 (MATERIAL WEAKNESS) – FOUNDATION INVESTMENTS

Condition

The Foundation holds investments in equities and certain types of bonds not allowed under state law for school districts. The Foundation is a separate 501(c)(3); however, the Foundation by-laws require the school board to serve as the Foundation board.

Criteria

North Dakota Century Code (NDCC) section 21-06-07 limits the types of investments which can be held by school districts.

Cause

The School District was not aware the Foundation may be in violation of NDCC 21-06-07.

Effect

The School District may be in violation of NDCC 21-06-07.

Recommendation

We recommend the School District consult with legal counsel regarding the most appropriate way to handle the Foundation structure to ensure compliance with NDCC.

Views of Responsible Officials

Management is aware of the investments and equities. This process was legally put in place in 1985. The School District will reach out to legal counsel for their review.

2023-004 (MATERIAL WEAKNESS) – BEGINNING FUND BALANCE

Condition

The internal financial statements beginning fund balance for the building fund did not agree with the prior year audited financial statements due to an audit adjustment not accounted for in the School District's internal reporting financial statements.

Criteria

To ensure accurate reporting, the internal reporting financial statements should be reviewed and agreed with the audited financial statements.

Cause

The internal record keeping is not being reconciled to the audited financial statements for consistency and to ensure all prior year proposed audit adjustments are being made.

Effect

The financial statements were misstated; however, an audit adjustment was made to correct this error.

Recommendation

We recommend management review the year-end financial statements closely and post any necessary audit adjustments.

Views of Responsible Officials

Management is aware of the adjustment. The necessary change will be made to the internal report for the financial statements.

SECTION III – MAJOR FEDERAL AWARD PROGRAMS FINDINGS

NONE REPORTED

MT. PLEASANT PUBLIC SCHOOL DISTRICT #4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-001 GAAP FINANCIAL STATEMENT PREPARATION

Condition

Widmer Roel assists the School District with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles ("GAAP").

Recommendation

We recommend management carefully review the financial statements and note disclosures to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

Current Status

The finding remains open and is reported as 2023-001.

2022-002 SEGREGATION OF DUTIES

Condition

The **Mt. Pleasant Public School District #4** has one person responsible for most accounting functions.

Recommendation

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliations as they relate to any amounts which impact the financial statements.

Current Status

The finding remains open and is reported as 2023-002.

Mt. Pleasant School District #4

201 5th St NE
Rolla, ND 58367
Phone: 701-477-3151
Brad Nash, Superintendent

Kristin Mitchell, Elem. Principal
Randy Loing, HS Principal

Jessica Rosinski, Business Manager
Bernadette Wuori, Secretary

PLANNED CORRECTIVE ACTION

The **Mt. Pleasant Public School District #4** respectfully submits the following views of responsible officials and planned corrective action for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Widmer Roel PC
4220 31st Avenue S.
Fargo, ND 58104

Audit period: June 30, 2023

Contact person: Jessica Rosinski

The findings from the June 30, 2023 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PREPARATION

Condition

Widmer Roel PC assists management in preparing financial statements that are presented, including not disclosures and the schedule of expenditures of federal awards, in conformity with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action

Management carefully reviews the financial statements and note disclosures to understand the purpose and source of all material financial statement amounts and disclosures. Management will continue to prepare all requested supporting schedules, and understand their importance to the financial statements.
The School District reviews the financial statements and the note disclosures for accuracy.

Anticipated Completion Date: N/A

2023-002 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

Condition

The limited number of personnel prevents a proper segregation of duties to ensure adequate internal control.

Views of Responsible Officials and Planned Corrective Action

Management is aware of the lack of segregation of duties and implement controls whever possible to mitigate this risk. The board will continue to:

- Review and approve all significant contracts and disbursements.
- Carefully review of budgeted items compared to actual results, investigating unusual discrepancies.

Mt. Pleasant School District #4

201 5th St NE
Rolla, ND 58367
Phone: 701-477-3151
Brad Nash, Superintendent

Kristin Mitchell, Elem. Principal
Randy Loing, HS Principal

Jessica Rosinski, Business Manager
Bernadette Wuori, Secretary

- Dual signatures on all significant checks. If a signature stamp is being used, then the stamp should only be in the custody of the Superintendent and separate from the check processor (School Policy HCAE "Disbursement of Monies").
- Periodic review of savings/CD statements and review of completed bank reconciliations.
- Periodic review of school district policies, including consideration of whether district policies are sufficient to mitigate risk of financial statement errors or fraud, or noncompliance with laws, regulations and contracts.
- Maintain an audit trail for review of federal award expenditures submitted for reimbursement and include a secondary person in the review process.
- Implement a process for a secondary person with appropriate knowledge to review and approved federal grant disbursements to ensure they meet compliance with the program(s).
- Segregate the activity fund functions by having the activity fund advisors count cash and sign off, before being delivered to the Principal's office or the Business Manager.

The School District will continue to develop controls through cross training of duties and responsibilities.

Anticipated Completion Date: N/A

2023-003 (MATERIAL WEAKNESS) – FOUNDATION INVESTMENTS

Condition

The Foundation holds investments in equities and certain types of bonds not allowed under state law for school districts.

Views of Responsible Officials and Planned Corrective Action

Management is aware of the investments and equities. This process was put in place legally in 1985. The School District will reach out to legal counsel for their review.

Anticipated Completion Date: N/A

2023-004 (MATERIAL WEAKNESS) – BEGINNING FUND BALANCE

Condition

The internal financial statements beginning fund balance for the building fund did not agree with the prior year audited financial statements due to an audit adjustment not accounted for in the School District's internal reporting financial statements.

Views of Responsible Officials and Planned Corrective Action

Management is aware of the adjustment. The necessary change will be made to the internal report for the financial statement.

Anticipated Completion Date: N/A

Sincerely yours,

Jessica Rosinski

Jessica Rosinski
Mt. Pleasant Public School District #4