HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

OLIVER-MERCER MULTIDISTRICT SPECIAL EDUCATION UNIT

AUDIT REPORT

June 30, 2024

Oliver-Mercer Multidistrict Special Education Unit
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For The Years Ended June 30, 2024

HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Governing Board
Oliver-Mercer Multidistrict Special Education Unit
Hazen, North Dakota

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Oliver-Mercer Multidistrict Special Education Unit, Hazen, North Dakota, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Unit's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Oliver-Mercer Multidistrict Special Education Unit, Hazen, North Dakota as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oliver-Mercer Multidistrict Special Education Unit, Hazen, North Dakota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oliver-Mercer Multidistrict Special Education Unit's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oliver-Mercer Multidistrict Special Education Unit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oliver-Mercer Multidistrict Special Education Unit's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Unit's share of net pension liability and employer contributions – ND Teachers' Fund for Retirement on page 28, the Unit's share of net pension liability and employer contributions – ND Public Employees Retirement System on page 29, the Unit's share of net OPEB liability and employer contributions – ND Public Employees Retirement System on page 30, the budgetary comparison information on page 31, and the notes to the required supplementary information on pages 32-33 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 plAUDITacing 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 a report dated February 5, 2025, on our consideration of Oliver-Mercer Multidistrict Special Education Unit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oliver-Mercer Multidistrict Special Education Unit's internal control over financial reporting and compliance.

Haga Kommer, Ltd.

Haga Kommer, Ltd.
Mandan, North Dakota
February 5, 2025

Oliver-Mercer Multidistrict Special Education Unit
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 447,299
Intergovernmental Accounts Receivable	10,695
Capital Assets	
Furniture & Equipment	60,805
Less Accumulated Depreciation	(41,294)
Total Capital Assets, Net of Depreciation	19,511
TOTAL ASSETS	477,505
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pensions and OPEB	1,063,605
LIABILITIES	
Accrued Salaries & Benefits	169,528
Long-Term Liabilities:	
Net Pension Liability and OPEB Liability	2,592,640
Total Liabilities	2,762,168
DEFERRED INFLOWS OF RESOURCES	
Derived from Pensions and OPEB	980,478
NET POSITION	
Net Investment in Capital Assets	19,511
Unrestricted	(2,221,047)
TOTAL NET POSITION	$ (2,201,536)

The accompanying notes are an integral part of this statement.

Oliver-Mercer Multidistrict Special Education Unit
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues		Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
Special Education Services	$ 2,229,628	$ 497,999	$ 549,524	$ (1,182,105)
Student Support Services	404,279	-	-	(404,279)
School Administration & Support Services	242,703	-	-	(242,703)
Total Primary Government	$ 2,876,610	$ 497,999	$ 549,524	(1,829,087)
General Revenues:				
Assessments to Other Districts				285,000
State Aid				1,548,175
Unrestricted Investment Earnings				1,125
Miscellaneous				10,092
Total General Revenues				1,844,392
Change in Net Position				15,305
Net Position - Beginning of Year				(2,216,841)
Net Position - End of Year				$ (2,201,536)

The accompanying notes are an integral part of this statement.

Oliver-Mercer Multidistrict Special Education Unit
Balance Sheet - Governmental Funds
June 30, 2024

		Major Fund General
ASSETS		
Cash and Cash Equivalents	$	447,299
Intergovernmental Accounts Receivable		10,695
TOTAL ASSETS	$	457,994
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accrued Salaries & Benefits	$	169,528
Total Liabilities		169,528
Fund Balances:		
Unassigned		288,466
Total Fund Balances		288,466
TOTAL LIABILITIES AND FUND BALANCES	$	457,994

Total fund balances - governmental funds	$	288,466
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $60,805, and the accumulated depreciation is $41,294.		19,511
Deferred outflows of resources are not a financial resource available for the current period and, therefore, are not reported in the govenmental funds balance sheet.		1,063,605
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.		(2,592,640)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the govenmental funds balance sheet.		(980,478)
Net position of governmental activities	$	(2,201,536)

The accompanying notes are an integral part of this statement.

Oliver-Mercer Multidistrict Special Education Unit
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

	Major Fund General
REVENUES	
Handicapped Tuition	$ 468,918
Assessments Collected	285,000
Interest Income	1,125
Handicapped Program Aid	1,505,139
Title IDEA-B Special Education Grant	477,724
Pre-School Program	12,893
Medicaid	24,537
Other Federal Revenue	34,370
Other State Revenue	43,036
Services Provided For Other Districts	29,081
Miscellaneous	10,092
TOTAL REVENUES	2,891,915
EXPENDITURES	
Current:	
Special Education	1,727,576
Counseling Services	17,572
Psychological Services	98,200
Audiology	796
Speech Pathology	222,936
Occupational Therapy	158,906
Physical Therapy	17,584
Other Student Support Services	34,313
Instructional Staff Support Services	342,468
Governance Board	20,165
Support Services - Business	77,028
Special Area Admin Service	144,891
Other Support Services	1,418
Student Transportation Services	27,498
TOTAL EXPENDITURES	2,891,351
NET CHANGE IN FUND BALANCES	564
Fund Balances - July 1, 2023	287,902
FUND BALANCES - JUNE 30, 2024	$ 288,466

The accompanying notes are an integral part of this statement.

Oliver-Mercer Multidistrict Special Education Unit
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2024

Net change in fund balances - total governmental funds	$	564
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($10,075) was exceeded by depreciation expense ($3,336) in the current period.		6,739
Governmental funds report the pension expense as accrued for actual salaries paid in the expenditures. However in the statement of activities, the pension expense is an actuarial calculation of the cost of the plan accounting for projected future benefits, plan earnings, and contributions.		8,002
Change in net position of governmental activities	$	15,305

The accompanying notes are an integral part of this statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In accordance with Governmental Accounting Standards Board Statement No. 14 *The Financial Reporting Entity*, for financial reporting purposes the Unit's financial statements include all accounts of the Unit's operations. The criteria for including organizations as component units within the Unit's reporting entity include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Unit holds the corporate powers of the organization
- the Unit appoints a voting majority of the organization's board
- the Unit is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Unit
- there is a fiscal dependency by the organization on the Unit

The Unit receives funding from local, county, state and federal government sources and must comply with the concomitant requirements of these funding source entities. But, based upon the criteria of Statement No. 14, there are no component units to be included within the Unit as a reporting entity and the Unit is not includable as a component unit within another reporting entity.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are supported by taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Currently, the Unit has no fiduciary or business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Separate statements are presented for governmental, proprietary and fiduciary activities. The Unit has no proprietary or fiduciary activities at this time. These statements present each major fund as a separate column on the fund financial statements (the Unit has only one fund); any non-major funds would be aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Unit has presented the following major fund:

General Fund: The General Fund is the main operating fund of the Unit. This fund is used to account for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are assessments, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Encumbrance Accounting

Encumbrances are commitments related to unperformed contracts for goods and services that may be recorded for budgetary control purposes. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. No reservation of fund balances is provided at year-end.

E. Deposits

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposits, 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 June 30, 2024, the carrying amount of the Unit's deposits were $447,299. The bank balances of these deposits as of June 30, 2024 were $506,950. The difference results from checks outstanding or deposits not yet processed. Of the bank balances, $250,000 was covered by Federal Depository Insurance and $256,950 was collateralized with securities held by the pledging financial institutions’ agency not in the Unit’s name for the year ended June 30, 2024.

Credit Risk: The Unit 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.

Concentration of credit risk: The Unit does not have a limit on the amount the Unit may invest in any one issuer.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets/Capital Outlays

Capital assets, which currently include furniture and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available.

Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of $1,000 or more (individually or collectively) and a useful life of more than one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives for the furniture and equipment range from three to seven years.

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Unit board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Fund Balance Classifications

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

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

> *Restricted* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> *Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board – the Unit's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the board removed the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

J. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of 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. 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Note 8 for additional information.

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

L. Other Post Employment Benefit (OPEB)

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

M . New Accounting Pronouncement

The following accounting pronouncement has been implemented for the year ended June 30, 2024: GASB Statement No. 96, *Subscription-Based IT Agreements (SBITAs).* This standard establishes accounting and financial reporting requirements for SBITAs. It aims to improve the comparability of government financial statements. It is based on the principle that SBITAs are financings of the right to use the underlying subscription assets. The Unit has no such agreements that are required to be reported in the current year.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in demand deposits as well as petty cash.

NOTE 3 INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental accounts receivable consists of final reimbursements due the Unit from the State of North Dakota and other school districts for expenses incurred before June 30.

NOTE 4 ACCOUNTS PAYABLE

Accounts payable consists of amounts owing on open account to individuals and organizations for goods and services received prior to June 30.

NOTE 5 ACCRUED SALARIES AND BENEFITS

This payable consists of amounts owed to individuals for services performed prior to June 30.

NOTE 6 COMPENSATED ABSENCES

Oliver-Mercer Multidistrict Special Education Unit had no material compensated absences (sick leave and vacation) outstanding at year-end. Since the majority of the employees are teachers, it is normal for them to work only nine months of the calendar year. Any time due to them is taken by the end of the Unit year or paid out in May.

NOTE 7 CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Capital Assets	Accumulated Depreciation
Balance, June 30, 2023	$ 51,153	$ 38,381
Purchases, Fiscal Year 2024	10,075	-
Disposals, Fiscal Year 2024	(423)	(423)
Depreciation Expense, Fiscal Year 2024	-	3,336
Balance, June 30, 2024	$ 60,805	$ 41,294

Depreciation has been reported in the governmental statements of activities as Special Education Services.

NOTE 8 DEFERRED OUTFLOWS AND INFLOWS OF REOURCES (PENSIONS & OPEB)

Details of the Deferred Outflows of Resources and Deferred Inflows of Resources on the face of the financial statements as of June 30, 2024, are as follows:

Deferred Outflows of Resources	
Derived from pension - TFFR	$ 503,426
Derived from pension - NDPERS	550,111
Derived from pension - OPEB	10,068
Total	$ 1,063,605
Deferred Inflows of Resources	
Derived from pension - TFFR	$ 328,561
Derived from pension - NDPERS	644,041
Derived from pension - OPEB	7,876
Total	$ 980,478

Note 9 of the financial statements contains details of the pension plans.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. North Dakota Teacher's Fund for Retirement

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

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

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

Pension Benefits

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

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members must 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 or service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Tier 2

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

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

Death and Disability Benefits

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

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The amount of disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

Member and Employer Contributions

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

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

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

At June 30, 2024, the Unit reported a liability of $1,834,115 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on the Unit's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2023, the Unit's proportion was 0.13069900 percent which was a increase of 0.00011791 percent from its proportion measured as of July 1, 2022.

For the year ended June 30, 2024, the Unit recognized pension expense of $111,410. At June 30, 2024, the Unit 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	$ 6,834	$ 97,355
Changes of assumptions	29,022	-
Net difference between projected and actual earnings on pension plan investments	111,943	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	226,899	231,206
Employer contributions subsequent to the measurement date (see below)	128,728	-
Total	$ 503,426	$ 328,561

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

$128,728 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pensions liability in the year ended June 30, 2025.

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

For the year ended June 30,	
2025	$ (16,448)
2026	(43,158)
2027	119,069
2028	(12,725)
2029	(12,557)
Thereafter	11,956

Actuarial Assumptions

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

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

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

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

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

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	6.2%
Global Fixed Income	26%	3.0%
Global Real Assets	18%	4.4%
Cash Equivalents	1%	0.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2023, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2023. Therefore, the long-term expected rate of return on TFFR investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2023, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability	$ 2,553,604	$ 1,834,115	$ 1,237,057

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 www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2023.pdf

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

2. North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65).

For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At June 30, 2024, the Unit reported a liability of $737,826 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023 and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on the Unit's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2023, the Unit's proportion was 0.038264 percent which was a decrease of 0.004571 percent from its proportion measured as of July 1, 2022.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended June 30, 2024, the Unit recognized pension expense of $59,426. At June 30, 2024, the Unit 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	$ 24,019	$ 4,069
Changes of assumptions	406,846	560,029
Net difference between projected and actual earnings on pension plan investments	19,359	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,721	79,943
Employer contributions subsequent to the measurement date (see below)	50,166	-
Total	$ 550,111	$ 644,041

$50,166 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

For the year ended June 30,	
2025	$ (188)
2026	(92,127)
2027	529
2028	(52,310)
2029	-
Thereafter	-

Actuarial Assumptions

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

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

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

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

Discount Rate

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

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

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

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

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

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Employer's proportionate share of the net pension liability	$ 1,017,285	$ 737,826	$ 505,994

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. That report may be obtained by writing to NDPERS; 1600 East Century Ave, Suite 2; PO Box 1657; Bismarck, ND 58502-1657.

3. North Dakota Public Employees Retirement System (OPEB)

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. 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.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

At June 30, 2024, the Unit reported a liability of $20,699 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net OPEB liability was based on the Unit's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2023, the Unit's proportion was 0.020704 percent, which was a decrease of 0.002393 percent from its proportion measured as of July 1, 2022.

For the year ended June 30, 2024, the Unit recognized OPEB expense of $2,726. At June 30, 2024, the Unit 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	$ 389	$ 237
Changes of assumptions	4,415	1,714
Net difference between projected and actual earnings on OPEB plan investments	1,495	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,397	5,925
Employer contributions subsequent to the measurement date (see below)	2,372	-
Total	$ 10,068	$ 7,876

$2,372 reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30,		
2025	$	310
2026		(527)
2027		717
2028		(680)
2029		-
Thereafter		-

Actuarial assumptions

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
International Equities	35%	2.59%
Core-Plus Fixed Income	26%	6.50%

NOTE 9 PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Employer's proportionate share of the net OPEB liability	$ 27,203	$ 20,699	$ 15,223

NOTE 10 RISK MANAGEMENT

The Special Education Unit is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the mid-1980's, the Unit was not able to obtain general liability insurance at a cost it considered to be economically justifiable. In 1986, the state and other political subdivisions 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. All members paid an additional charge the first year they joined to help capitalize the NDIRF. In 1991, the NDIRF returned 20% of the capitalized amount with a premium reduction or cash payment to the Unit. The Unit pays an annual premium to NDIRF for its general insurance coverage. The coverage by NDIRF is limited to losses of $2,000,000 per occurrence. There have been no losses that exceeded the coverage in the last three years.

The Unit continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance.

REQUIRED SUPPLEMENTARY INFORMATION

OLIVER-MERCER MULTIDISTRICT SPECIAL EDUCATION UNIT
Required Supplementary Information
For the Year Ended June 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.13069900%	0.13058109%	0.11233831%	0.13185437%	0.12547319%	0.14098916%	0.13988925%	0.153476%	0.153397%	0.147155%
Employer's proportionate share of the net pension liability (asset)	$ 1,834,115	$ 1,901,330	$ 1,183,659	$ 2,018,036	$ 1,728,083	$ 1,879,186	$ 1,921,415	$ 2,248,517	$ 2,006,211	$ 1,541,924
Employer's covered-employee payroll	$ 1,048,747	$ 1,027,559	$ 865,791	$ 962,089	$ 880,230	$ 958,458	$ 944,212	$ 997,173	$ 943,552	$ 853,576
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.89%	185.03%	136.71%	209.75%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	67.5%	75.7%	63.4%	65.5%	65.5%	63.2%	59.2%	62.1%	66.6%

* Complete data for this schedule is not available prior to 2015.

Schedule of Employer Contributions
ND Teachers' Fund for Retirement
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 128,728	$ 133,715	$ 131,014	$ 110,388	$ 122,667	$ 112,229	$ 122,203	$ 127,140	$ 120,297	$ 91,759
Contributions in relation to the statutorily required contribution	$ (128,728)	$ (133,715)	$ (131,014)	$ (110,388)	$ (122,667)	$ (112,229)	$ (122,203)	$ (127,140)	$ (120,297)	$ (91,759)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 1,009,629	$ 1,048,747	$ 1,027,559	$ 962,089	$ 880,230	$ 958,458	$ 944,212	$ 997,173	$ 943,552	$ 853,576
Contributions as a percentage of covered-employee payroll	12.75%	12.75%	12.75%	11.47%	13.94%	11.71%	12.75%	12.75%	12.75%	10.75%

* Complete data for this schedule is not available prior to 2015.

Data reported is measured as of 7/1/2023, 7/1/2022, 7/1/2021, 7/1/2020, 7/1/2019, 7/1/2018, 7/1/2017, 7/1/2016, 7/1/2015 and 7/1/2014.

OLIVER-MERCER MULTIDISTRICT SPECIAL EDUCATION UNIT
Required Supplementary Information
For the Year Ended June 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.038264%	0.042835%	0.038572%	0.039644%	0.036695%	0.038743%	0.033420%	0.042396%	0.039610%	0.041372%
Employer's proportionate share of the net pension liability (asset)	$ 737,826	$ 1,233,677	$ 402,036	$ 1,247,209	$ 430,092	$ 653,830	$ 537,169	$ 413,190	$ 269,341	$ 262,597
Employer's covered-employee payroll	$ 467,923	$ 497,243	$ 436,781	$ 437,322	$ 381,690	$ 398,016	$ 341,165	$ 427,255	$ 352,873	$ 348,512
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.68%	248.10%	92.04%	285.19%	112.68%	164.27%	157.45%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	65.31%	54.47%	78.26%	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%

* Complete data for this schedule is not available prior to 2015.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 35,398	$ 37,451	$ 32,211	$ 30,966	$ 27,789	$ 29,315	$ 24,739	$ 30,932	$ 26,804	$ 24,814
Contributions in relation to the statutorily required contribution	$ (39,220)	$ (34,053)	$ (37,643)	$ (29,670)	$ (25,683)	$ (27,822)	$ (27,694)	$ (28,394)	$ (25,514)	$ (24,814)
Contribution deficiency (excess)	$ (3,822)	$ 3,398	$ (5,432)	$ 1,296	$ 2,106	$ 1,493	$ (2,955)	$ 2,538	$ 1,290	$ -
Employer's covered-employee payroll	$ 467,923	$ 497,243	$ 436,781	$ 437,322	$ 381,690	$ 398,016	$ 341,165	$ 427,255	$ 352,873	$ 348,512
Contributions as a percentage of covered-employee payroll	8.38%	6.85%	8.62%	6.78%	6.73%	6.99%	8.12%	6.65%	7.60%	7.12%

* Complete data for this schedule is not available prior to 2015.

Data reported is measured as of 7/1/2023, 7/1/2022, 7/1/2021, 7/1/2020, 7/1/2019, 7/1/2018, 7/1/2017, 7/1/2016, 7/1/2015 and 7/1/2014.

See independent auditor's report and notes to financial statements.

OLIVER-MERCER MULTIDISTRICT SPECIAL EDUCATION UNIT
Required Supplementary Information
For the Year Ended June 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset)	0.020704%	0.023097%	0.029782%	0.038363%	0.034206%	0.036375%	0.031536%
Employer's proportionate share of the net OPEB liability (asset)	$ 20,699	$ 27,724	$ 16,564	$ 32,271	$ 27,474	$ 28,648	$ 24,945
Employer's covered-employee payroll	$ 208,114	$ 238,458	$ 324,701	$ 437,322	$ 381,690	$ 398,016	$ 341,165
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	9.95%	11.63%	5.10%	7.38%	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	62.74%	56.28%	76.63%	63.38%	63.13%	61.89%	59.78%

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

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

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 2,513	$ 2,902	$ 3,905	$ 5,138	$ 4,439	$ 4,669	$ 3,966
Contributions in relation to the statutorily required contribution	$ (3,160)	$ (3,463)	$ (4,650)	$ 4,750	$ 4,112	$ (4,455)	$ (4,434)
Contribution deficiency (excess)	$ (647)	$ (561)	$ (745)	$ 388	$ 327	$ 214	$ (468)
Employer's covered-employee payroll	$ 208,114	$ 238,458	$ 324,701	$ 437,322	$ 381,690	$ 398,016	$ 341,165
Contributions as a percentage of covered-employee payroll	1.52%	1.45%	1.43%	1.09%	1.08%	1.12%	1.30%

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

Data reported is measured as of 7/1/2023, 7/1/2022, 7/1/2021, 7/1/2020, 7/1/2019, 7/1/2018 and 7/1/2017.

See independent auditor's report and notes to financial statements.

Oliver-Mercer Multidistrict Special Education Unit
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2024

	Original & Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES			
Handicapped Tuition	$ 555,659	$ 468,918	$ (86,741)
Assessments Collected	275,000	285,000	10,000
Interest Income	500	1,125	625
Handicapped Program Aid	1,499,967	1,505,139	5,172
Title IDEA-B Special Education Grant	477,724	477,724	-
Pre-School Program	9,893	12,893	3,000
Medicaid	7,000	24,537	17,537
Other Federal Revenue	34,369	34,370	1
Other State Revenue	-	43,036	43,036
Services Provided For Other Districts	7,000	29,081	22,081
Miscellaneous	3,400	10,092	6,692
TOTAL REVENUES	2,870,512	2,891,915	21,403
EXPENDITURES			
Current:			
Special Education	1,978,788	1,727,576	251,212
Counseling Services	17,464	17,572	(108)
Psychological Services	100,535	98,200	2,335
Audiology	807	796	11
Speech Pathology	229,106	222,936	6,170
Medical Services	3,500	-	3,500
Occupational Therapy	164,406	158,906	5,500
Physical Therapy	25,000	17,584	7,416
Other Student Support Services	42,268	34,313	7,955
Instructional Staff Support Services	340,423	342,468	(2,045)
Governance Board	25,730	20,165	5,565
Support Services - Business	73,131	77,028	(3,897)
Special Area Admin Service	152,835	144,891	7,944
Other Support Services	5,400	1,418	3,982
Student Transportation Services	42,000	27,498	14,502
TOTAL EXPENDITURES	3,201,393	2,891,351	310,042
NET CHANGE IN FUND BALANCES	(330,881)	564	331,445
Fund Balances - July 1, 2023	287,902	287,902	-
FUND BALANCES - JUNE 30, 2024	$ (42,979)	$ 288,466	$ 331,445

The accompanying notes are an integral part of this statement.

NOTE 1 LEGAL COMPLIANCE - BUDGETS

The director and business manager prepare the special education unit's budget on the modified accrual basis of accounting. The board reviews the budget, may make revisions and approves it. The board must submit the budget to the superintendent of public instruction for approval. The budget includes proposed expenditures and the means of financing them. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. Except as provided by North Dakota Century Code Section 40-40-21, the balance of each appropriation becomes a part of the unappropriated balance at year-end.

NOTE 2 EXPENSES IN EXCESS OF BUDGET

For the year ended June 30, 2024, three individual line items were over budget, but as a whole the expenses were under budget. No remedial action is anticipated.

NOTE 3 CHANGES OF ASSUMPTIONS – ND TEACHER'S FUND FOR RETIREMENT

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 experiences.
- 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 Contingent Survivor table for beneficiaries, 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.

NOTE 4 CHANGES OF ASSUMPTIONS – ND PUBLIC EMPLOYEES RETIREMENT SYSTEM MAIN

Changes of Benefit Terms

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

Changes of Assumptions

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

NOTE 5 CHANGES OF ASSUMPTIONS – ND PUBLIC EMPLOYEES RETIREMENT SYSTEM OPEB

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 RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

Changes of Assumptions

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

HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

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*

Governing Board
Oliver-Mercer Multidistrict Special Education Unit
Hazen, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Oliver-Mercer Multidistrict Special Education Unit as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Oliver-Mercer Multidistrict Special Education Unit's basic financial statements and have issued our report thereon dated February 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oliver-Mercer Multidistrict Special Education Unit'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 the Oliver-Mercer Multidistrict Special Education Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. However, as described in the accompanying schedule of findings, we identified deficiencies 2024-001 and 2024-002 in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Oliver-Mercer Multidistrict Special Education Unit's Response to Findings

The Oliver-Mercer Multidistrict Special Education Unit's responses to the findings identified in our audit are described in the accompanying schedule of findings. Oliver-Mercer Multidistrict Special Education Unit's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Haga Kommer, Ltd.

Haga Kommer, Ltd.
Mandan, North Dakota
February 5, 2025

Finding 2024-001: Segregation of Duties

Condition – The Unit has a lack of segregation of duties in certain areas due to a limited staff.

Criteria – A good system of internal control contemplates an adequate segregation of duties so that no individual handles or has access to a transaction from inception to completion.

Cause – There are limited individuals to perform tasks due to the small size of the entity.

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

Recommendation – The most effective controls lie in the board's knowledge of matters relating to the organization's operations. Board members should periodically review documentation supporting individual transactions.

Management Response – The board is aware of the limitations of the small staff, but additional staff is not feasible.

Finding 2024-002: Preparation of Financial Statements

Condition – The financial statements and related notes are prepared by the Unit's auditors.

Criteria – Management is responsible for the preparation and fair presentation of the financial statements in conformity with generally accepted accounting principles.

Cause – Limited time and resources of the Unit to prepare the financial statements in the format required by generally accepted accounting principles including compliance with GASB 34.

Effect – An increased risk of material misstatement in the Unit's financial statements.

Recommendation – The board should review the audited financial statements for accuracy and accept responsibility for the preparation and fair presentation of the GAAP financial statements even if the auditor assisted in drafting the financial statements and notes.

Management Response – The Unit is aware that someone needs to review the audit report each year to make sure the financial statements and note disclosures are a fair presentation for the Unit. They accept the degree of risk associated with the Unit not preparing its own financial statements.