

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
June 30, 2021 and 2020

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NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
June 30, 2021 and 2020

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NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Board of Directors
June 30, 2021

President	Alison Fallgatter
President-Elect	Tim Mehlhoff
Immediate Past-President	Greg Evanoff
Board Member	Marcus Tanabe
Board Member	Otto Dohm
Board Member	Michael Keim
Secretary/Treasurer	Bev Marsh
Executive Director	Rita Sommers



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Dakota State Board of
Dental Examiners
P.O. Box 7246
Bismarck, ND 58507-7246

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the North Dakota State Board of Dental Examiners, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the North Dakota State Board of Dental Examiners' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the North Dakota State Board of Dental Examiners, as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

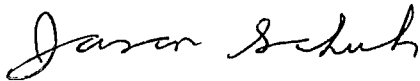
Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and the budgetary comparison information 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. My 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*, I have also issued my report dated December 20, 2022, on my consideration of the North Dakota State Board of Dental Examiners' internal control over financial reporting and on my 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 my 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 North Dakota State Board of Dental Examiners' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Dakota State Board of Dental Examiners' internal control over financial reporting and compliance.



Jason Schuh, PC
Certified Public Accountant

Bismarck, North Dakota

December 20, 2022

JS/II

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 136,529	\$ 104,809
Certificates of Deposit	350,233	468,556
Accounts Receivable	0	4,430
Accrued Interest	1,666	3,330
Prepaid Expenditures	<u>3,932</u>	<u>3,348</u>
Total Current Assets	<u>\$ 492,360</u>	<u>\$ 584,473</u>
Noncurrent Assets:		
Depreciable Property and Equipment, Net	<u>1,002</u>	<u>1,439</u>
Total Assets	<u>\$ 493,362</u>	<u>\$ 585,912</u>
 Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 12,155	\$ 19,174
Payroll Taxes Payable	<u>4,952</u>	<u>1,310</u>
Total Current Liabilities	<u>\$ 17,107</u>	<u>\$ 20,484</u>
Total Liabilities	<u>\$ 17,107</u>	<u>\$ 20,484</u>
 Deferred Inflow of Resources:		
Deferred inflow - unearned revenue	<u>\$ 131,780</u>	<u>\$ 250,520</u>
 Net Position:		
Net Investment in Capital Assets	\$ 1,002	\$ 1,439
Unrestricted	<u>343,473</u>	<u>313,469</u>
Total Net Position	<u>\$ 344,475</u>	<u>\$ 314,908</u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) and</u>
		<u>Fees and</u>	<u>Operating</u>	<u>Change in Net Position</u>
		<u>Charges for</u>	<u>Grants and</u>	<u>Primary Government</u>
		<u>Services</u>	<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Primary Government:				
Governmental Activities:				
Licensing and Regulation	\$ 229,972	\$ 248,855	\$ 4,000	\$ 22,883
Total Primary Government	<u>\$ 229,972</u>	<u>\$ 248,855</u>	<u>\$ 4,000</u>	<u>\$ 22,883</u>
General Revenues:				
Unrestricted Investment Earnings				\$ 6,191
Miscellaneous				<u>493</u>
Total General Revenues				<u>\$ 6,684</u>
Change in Net Position				\$ 29,567
Net Position - Beginning				<u>314,908</u>
Net Position - Ending				<u>\$ 344,475</u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) and</u>
		<u>Fees and</u>	<u>Operating</u>	<u>Change in Net Position</u>
		<u>Charges for</u>	<u>Grants and</u>	<u>Primary Government</u>
		<u>Services</u>	<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Primary Government:				
Governmental Activities:				
Licensing and Regulation	\$ 238,943	\$ 225,137	\$ 0	\$ (13,806)
Total Primary Government	\$ 238,943	\$ 225,137	\$ 0	\$ (13,806)
General Revenues:				
Unrestricted Investment Earnings				\$ 7,028
Miscellaneous				3,130
Total General Revenues				\$ 10,158
Change in Net Position				\$ (3,648)
Net Position - Beginning				318,556
Net Position - Ending				\$ 314,908

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Balance Sheets - Governmental Funds
June 30, 2021 and 2020

	2021 <u>General</u>	2020 <u>General</u>
Assets:		
Cash and Cash Equivalents	\$ 136,529	\$ 104,809
Certificates of Deposit	350,233	468,556
Accounts Receivable	0	4,430
Accrued Interest	1,666	3,330
Prepaid Expenditures	<u>3,932</u>	<u>3,348</u>
Total Assets	<u>\$ 492,360</u>	<u>\$ 584,473</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 12,155	\$ 19,174
Payroll Taxes Payable	<u>4,952</u>	<u>1,310</u>
Total Liabilities	<u>\$ 17,107</u>	<u>\$ 20,484</u>
Deferred Inflow of Resources:		
Deferred inflow - unearned revenue	<u>\$ 131,780</u>	<u>\$ 250,520</u>
Fund Balances:		
Nonspendable	\$ 3,932	\$ 3,348
Unassigned	<u>339,541</u>	<u>310,121</u>
Total Fund Balances (Deficit)	<u>\$ 343,473</u>	<u>\$ 313,469</u>
Total Liabilities and Fund Balances	<u>\$ 492,360</u>	<u>\$ 584,473</u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Reconciliation of the Governmental Funds Balance Sheets
to the Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Total Governmental Fund Balances	\$ 343,473	\$ 313,469
Amounts reported in governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.	3,867	3,867
Accumulated depreciation has not been included in the governmental fund financial statements.	<u>(2,865)</u>	<u>(2,428)</u>
Net Position of Governmental Activities	<u>\$ 344,475</u>	<u>\$ 314,908</u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Statements of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Dental License Renewals	\$ 90,500	\$ 88,500
Hygienist License Renewals	62,025	60,300
Assistants License Renewals	34,400	33,625
Dental Exams and Licensing	26,780	12,240
Hygienist Exams and Licensing	9,100	2,850
Assistants Exams and Licensing	11,700	10,660
Anesthesia Fee	4,000	4,250
Late Fees	1,075	4,805
Inactive Status Fees	2,275	2,607
Interest Income	6,191	7,028
Labels	7,000	5,300
Grant Revenue	4,000	0
Other	<u>493</u>	<u>3,130</u>
Total Revenues	<u>\$ 259,539</u>	<u>\$ 235,295</u>
Expenditures:		
Management	\$ 22,560	\$ 22,560
Executive Director Compensation	127,370	123,293
Payroll Taxes	9,774	11,371
Rent	2,187	2,144
Telephone	1,708	1,615
Travel and Meetings	23,910	36,627
Office Supplies and Postage	3,824	2,501
Printing and Engraving	3,854	2,860
Legal and Accounting	13,452	7,347
Dues and Publications	2,960	2,585
Web Page	13,421	13,741
Insurance	1,450	1,435
Miscellaneous	230	380
Credit Card Processing Fees	<u>2,835</u>	<u>10,047</u>
Total Expenditures	<u>\$ 229,535</u>	<u>\$ 238,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,004</u>	<u>(3,211)</u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Statements of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds (continued)
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net Change in Fund Balances	\$ 30,004	\$ (3,211)
Fund Balances (Deficit) - beginning	<u>313,469</u>	<u>316,680</u>
Fund Balances (Deficit) - ending	<u>\$ 343,473</u>	<u>\$ 313,469</u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Bismarck, North Dakota
Reconciliation of the Statements of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net Change in Governmental Fund Balances	\$ 30,004	\$ (3,211)
Amounts reported for the 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 depreciated over their estimated useful lives.		
Less current year depreciation	<u>(437)</u>	<u>(437)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 29,567</u></u>	<u><u>\$ (3,648)</u></u>

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

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Dakota State Board of Dental Examiners 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. Nature of Operations

The North Dakota State Board of Dental Examiners consists of seven members appointed by the governor (five dentists, one dental hygienist and one public member).

The function and purpose of the North Dakota State Board of Dental Examiners is to protect the citizens of North Dakota from illegal dentistry through licensing, education and examination of those persons practicing dentistry or dental hygiene in this state, and to carry out the provisions of Chapter 43-28 of the North Dakota Century Code.

B. Reporting Entity

The reporting entity of the North Dakota State Board of Dental Examiners is determined in accordance with the criteria defined in GASB Statement No. 14, the Financial Reporting Entity.

As required by generally accepted accounting principles, these financial statements present the Board (the primary government). There were no component units.

C. Basis of Presentation and Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the Board). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Board.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Board and for each function of the Board's governmental activities.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Basis of Presentation and Basis of Accounting (continued)

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

- Indirect expenses – expenses of the general government related to the administration and support of the Board's programs, such as personnel and accounting – are allocated to programs based on their percentage of total primary government expenses.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including fiduciary funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. The Board has the following major governmental funds:

- General fund. This is the Board's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and 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. Revenue from licenses and fees is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Basis of Presentation and Basis of Accounting (continued)

The government reports unearned revenues on its balance sheet. Unearned revenues arise when potential revenue meets both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

D. Budget

The Board is not required by North Dakota Law to adopt an annual budget for the General Fund.

E. Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Encumbrances, which represent commitments related to unperformed contracts for goods or services, have not been recorded in the financial statements.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid investments with an original maturity of three months or less. 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 secured with pledges of securities equal to 110% of the uninsured balance.

State statutes authorize the board to invest in:

- (1.) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
- (2.) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Cash and Cash Equivalents (continued)

(3.) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state.

(4.) Obligations of the board.

The investments of the board for the years ended June 30, 2021 and 2020 consisted of certificates of deposit stated at cost. For risk analysis purposes, the certificates of deposit are classified as deposits.

G. Use of 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.

H. Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received. The board does not possess any infrastructure.

Capitalization policies (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Office Equipment	\$ 0	Straight-line	5-7 years

I. Revenue Recognition

Revenue is recorded for licenses, exams, and other miscellaneous fees. Program revenues include income from labels. The fee for the licenses for dentists, hygienists, assistants and the fee for anesthesia use is for a two-year calendar period. The fee for obtaining inactive status is on a calendar year period and is renewed yearly. Dentists, hygienists, and the anesthesia fee renews in odd years, while the assistants renew in even years. Revenue is recognized when earned. Unearned revenue represents the amount of licenses yet to be recognized as revenue.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Fund Equity and Net Position

In the governmental fund financial statement, fund balances are classified 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.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Executive Board.

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 Board uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this. Additionally, the Board would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The Board does not have a formal minimum fund balance policy.

Equity is classified as net position and displayed in the two following components, as applicable:

1. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and any related debt.
2. Unrestricted net position – net position that is neither classified as “net investment in capital assets” nor as “restricted.”

The Board’s policy is 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.

K. Income Taxes

The entity is a governmental entity and is not subject to income tax.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2: CASH AND INVESTMENTS

The following is a summary of the cash and investments as of June 30, 2021 and 2020:

	<u>06/30/21</u>	<u>06/30/20</u>
US Bank - Checking	\$ 105,797	\$ 99,160
US Bank - Savings	5,624	5,624
Capital Credit Union - Savings	25,108	25
Capital Credit Union - CD	0	24,975
Capital Credit Union - CD	52,901	51,485
1 st International Bank and Trust - CD	0	50,000
1 st International Bank and Trust - CD	79,755	78,000
1 st International Bank and Trust - CD	0	50,000
1 st International Bank and Trust - CD	102,167	100,000
Bremer Bank - CD	57,705	57,048
Bremer Bank - CD	<u>57,705</u>	<u>57,048</u>
	<u>\$ 486,762</u>	<u>\$ 573,365</u>

The Board had five authorized depositories for its deposits and investments. North Dakota Statutes require the market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. These funds are insured and collateralized as of June 30, 2021 and 2020 as follows:

<u>Depository</u>	<u>Funds on Deposit</u>	<u>Insured Funds</u>	<u>Collateralized Funds</u>	<u>Uninsured Funds</u>
<u>2021</u>				
US Bank	\$117,994	\$117,994	\$ -0-	\$ -0-
1 st International	181,922	181,922	-0-	-0-
Capital Credit Union	78,009	78,009	-0-	-0-
Bremer Bank	115,411	115,411	-0-	-0-
<u>2020</u>				
US Bank	\$112,326	\$112,326	\$ -0-	\$ -0-
1 st International	278,000	250,000	-0-	28,000
Capital Credit Union	76,486	76,486	-0-	-0-
Bremer Bank	114,095	114,095	-0-	-0-

Category 1 is defined as deposits which are insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 is defined as deposits which are collateralized with securities held by the pledging financial institution's trust department, or its agent, in the Board's name.

Category 3 is defined as deposits which are uninsured and uncollateralized.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2: CASH AND INVESTMENTS (continued)

Based on these three levels of risk, the Board's cash deposits are classified as Category 1 for the year ended June 30, 2021. Cash deposits for the year ended June 30, 2020 would be classified as Category 1 and Category 3.

NOTE 3: ACCOUNTS RECEIVABLE

All accounts receivable were deemed to be fully collectible. Any account deemed uncollectible is charged to operations in the year it is deemed uncollectible. The amounts deemed uncollectible have historically been insignificant.

The accounts receivables as of June 30, 2021 and 2020, are summarized as follows:

	<u>06/30/21</u>	<u>06/30/20</u>
US Treasury	\$ 0	\$ 4,419
Job Service ND	<u>0</u>	<u>11</u>
	\$ 0	\$ 4,430
	=====	=====

NOTE 4: RENT

The Board rents space from the home of the executive director. Rent expense for the years ended June 30, 2021 and 2020, was \$2,187 and \$2,144, respectively. There is no formal lease agreement and has been on a month-to-month basis with payments being \$175.00 per month. During the audit period, rent payments were increased to \$182.25 per month. Minimum lease payments on the lease are as follows for the years ending June 30:

2022	\$ 2,187
2023	\$ 2,187

NOTE 5: DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position and balance sheet 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item to report in this category. The item is *deferred revenue – unearned revenue* and represents unearned license revenue as of June 30, 2021 and 2020, respectively.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 6: RISK MANAGEMENT

The Board is exposed to risks including, but not limited to, public liability. The Board has contracted with the State of North Dakota's Risk Management Fund to limit the Board's exposure to loss. The Board's employee is also covered by the North Dakota Workforce Safety & Insurance program. No claims have been filed against the Board as of June 30, 2021 and 2020, nor have any payments been made on the Board's behalf by the Risk Management Fund. The Board also carries insurance with CNA to insure against employee theft.

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

NOTE 7: CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of capital assets and accumulated depreciation for the years ended June 30, 2021 and 2020 is as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>
Balance July 1, 2019	\$ 5,835	\$ 3,959
Additions	-0-	437
Deletions	<u>(1,968)</u>	<u>(1,968)</u>
Balance June 30, 2020	\$ 3,867	\$ 2,428
Additions	-0-	437
Deletions	<u>-0-</u>	<u>-0-</u>
Balance June 30, 2021	\$ 3,867 =====	\$ 2,865 =====

NOTE 8: NEW ACCOUNTING PRONOUNCEMENTS; NOT YET ADOPTED

In June 2017, the GASB issued Statement No. 87, *Leases*. The primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for fiscal years beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement is effective immediately and postpones the implementation of GASB No. 87 by eighteen months, such that the new effective date is for fiscal years beginning after June 15, 2021.

NOTE 9: EVALUATION OF SUBSEQUENT EVENTS

The Board has evaluated subsequent events through December 20, 2022, the date which the financial statements were available to be issued.



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

To the Board of Directors
North Dakota State Board of
Dental Examiners
P.O. Box 7246
Bismarck, ND 58507-7246

I 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the North Dakota State Board of Dental Examiners, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the North Dakota State Board of Dental Examiners' basic financial statements and have issued my report thereon dated December 20, 2022.

Internal Control Over Financial Reporting

In planning and performing my audits of the financial statements, I considered the North Dakota State Board of Dental Examiners' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota State Board of Dental Examiners' internal control. Accordingly, I do not express an opinion on the effectiveness of the North Dakota State Board of Dental Examiners' internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, I did identify certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 21-01 and 21-02 to be material weaknesses.

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. I consider the deficiency described in the accompanying schedule of findings and questioned costs as item 21-03 to be a significant deficiency.

Compliance and Other Matters

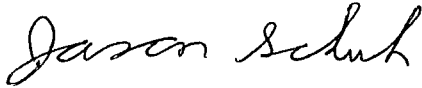
As part of obtaining reasonable assurance about whether the North Dakota State Board of Dental Examiners' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 21-04.

North Dakota State Board of Dental Examiners' Response to Findings

The North Dakota State Board of Dental Examiners' response to the findings identified in my audits are described in the accompanying schedule of findings and questioned costs. The North Dakota State Board of Dental Examiners' response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Jason Schuh, PC
Certified Public Accountant

Bismarck, North Dakota

December 20, 2022

JS/II

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Schedule of Findings and Questioned Costs
June 30, 2021 and 2020

21-01. Segregation of Duties

Condition - The North Dakota State Board of Dental Examiners has an internal control weakness due to limited staff. This limited staff usually delegates one person to collect monies, record receipts and disbursements in journals, maintain the general ledger, and prepare financial statements.

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

Cause - There are a limited number of staff members available for these duties.

Effect - Inadequate segregation of duties could affect the Board's ability to timely detect misstatements in amounts that would be material to the financial statements.

Recommendation – Authorization, custody, recordkeeping, and reconciliation responsibilities should be segregated. Board members may be able to assist by providing oversight and approval of a staff member involved in more than one of the responsibilities. This is a common issue for an organization of your size.

Management's Response - Based upon current staffing capabilities, internal control and separation of duties is accomplished to the furthest extent possible. Full financial reports are provided to the Board at every meeting and additionally upon request.

21-02. Journal Entries

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

Criteria - The Board is required to establish internal controls and procedures which allow it to determine that all general ledger accounts are properly reflected according to generally accepted accounting principles.

Cause - Year-end payables were not accrued by staff in the accounting software.

Effect - The accounts payable was not accurately reflected on the trial balance presented for the audit.

Recommendation - Implement use of the accounts payable feature in Quickbooks to aid in recording the payables in the proper accounting period.

Management's Response - Efforts will be made to record year-end accounts payable.

NORTH DAKOTA STATE BOARD OF DENTAL EXAMINERS
Schedule of Findings and Questioned Costs (cont.)
June 30, 2021 and 2020

21-03. Financial Statement Preparation

Condition - The financial statements are prepared by the Board's external auditors.

Criteria - Complete and accurate presentation of the financial statements in conformity with generally accepted accounting principles is required.

Cause - Ongoing changes in the reporting and disclosure requirements make it difficult to maintain knowledge of current accounting standards with limited time available to the accounting department.

Effect - The Board has elected to have the auditors complete the full disclosure financial statements.

Recommendation - The Board should review the 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's Response - It is not practical to have financial reports prepared by another accounting firm.

21-04. Uninsured Deposits

Condition - The North Dakota State Board of Dental Examiners was in noncompliance with North Dakota state law that requires deposits, other than with the Bank of North Dakota, to be fully insured or secured with pledges of securities equal to 110% of the uninsured balance.

Criteria - ND state law requires governmental entities to have their deposits fully insured.

Cause - The Board had Certificates of Deposit at 1st International Bank and Trust that exceeded the FDIC coverage amount.

Effect - The excess balance is not covered by FDIC insurance and could be subject to loss.

Recommendation - It is recommended that the North Dakota State Board of Dental Examiners move funds to another FDIC insured financial institution.

Management's Response - Management has taken the steps to get the funds at 1st International Bank and Trust to be in compliance with North Dakota state law.