

**NORTH DAKOTA STATE BOARD
OF ACCOUNTANCY**

**FINANCIAL STATEMENTS
JUNE 30, 2023**

WITH INDEPENDENT AUDITOR'S REPORT

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

**TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Page(s)</u>
Board Officials	1
Independent Auditor's Report	2-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-7
BASIC FINANCIAL STATEMENTS	
Statement of Net Position - Proprietary Fund	8
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	9-10
Statement of Cash Flows - Proprietary Fund	11
Notes to Financial Statements	12-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer's Share of Net Pension Liability	28
Schedule of Employer's Pension Contributions	29
Schedule of Employer's Share of Net OPEB Liability	30
Schedule of Employer's OPEB Contributions	31
Notes to Required Supplementary Information	32
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Schedule of Findings and Responses	35

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

BOARD OFFICIALS FOR THE YEAR ENDED JUNE 30, 2023

Patrick Kautzman
David Holt
Mike Schmitz
Sheri Erickson
Tammy Gerszewski

Board President
Board Secretary
Board Member
Board Member
Board Member

Mandy Harlow

Executive Director

Pene DeMaster

Licensing Manager

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Administration
North Dakota State Board of Accountancy
Grand Forks, North Dakota

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the **North Dakota State Board of Accountancy**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the **North Dakota State Board of Accountancy's** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the **North Dakota State Board of Accountancy**, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **North Dakota State Board of Accountancy** 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 opinion.

Responsibilities of Management for the Financial Statements

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

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 **North Dakota State Board of Accountancy'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **North Dakota State Board of Accountancy'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 **North Dakota State Board of Accountancy'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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 of the financial statements, the **North Dakota State Board of Accountancy** adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-based Information Technology Arrangements*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

The Board Officials listing has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the **North Dakota State Board of Accountancy's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **North Dakota State Board of Accountancy's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **North Dakota State Board of Accountancy's** internal control over financial reporting and compliance.



Fargo, North Dakota
October 20, 2023

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

This discussion accompanies the audited financial statements of the **North Dakota State Board of Accountancy** (the Board), and overviews the Board and its financial activity for the year ended June 30, 2023.

The Board is a regulatory agency of the State of North Dakota (the State). Its activities consist of initial licensing of accountants, annual license renewal, monitoring accountant continuing education, and responding to consumer concerns. The Board has a staff of two. The Board owns no real estate, its office equipment and furnishings are carried in the financial statements at a value of \$-0- after depreciation. The Board has reported a right of use asset and a subscription-based asset net of accumulated amortization of \$36,719 and \$64,104, respectively. These assets result from the adoption of GASB 87 and GASB 96. The majority of the remainder of the Board's assets are in the form of cash or CDs.

The national and state economic climates have little direct impact on the Board's financial operations. The Board does not seek grants, loans, or other financial consideration from any organization, although Board and staff members may receive expense reimbursement from the National Association of State Boards of Accountancy (NASBA), when participating in NASBA committee work. The Board's revenue consists of licensing and application fees, late fees, unused exam fees and interest income. No funding is received from the State; no Board funds transfer to the State, other than for benefits, Insurance Reserve Fund contributions, and tax-type obligations.

FINANCIAL HIGHLIGHTS

The Board's net position at June 30, 2023 was \$521,553, up \$68,766 from the \$452,787 position on June 30, 2022. During the fiscal year ended June 30, 2023, the Board's normal operations resulted in the increase in net position. This increase is a result of the fees and operating revenues exceeding operating expenses. The Board's primary function is to license public accountants in the State of North Dakota and to administer the licensing exams for public accountants. During fiscal year end June 30, 2023, the Board received license renewal fees of \$248,620 as compared to \$250,000 in the budget. The Board received CPA exam fees of \$66,450 as compared to the budget of \$35,000. The budget variance was caused by exam candidates accelerating exam writing due to a change in the exam format scheduled to take effect in 2024. Additionally, the Board received \$23,709 of forfeited exam fees which occurred due to candidates not taking the exams, as compared to the budget of \$10,000.

The Board's primary expenses are for salaries and benefits – of the \$290,074 in expenditures for fiscal year ended June 30, 2023, \$178,134 are related to salaries and benefits. The budgeted salaries and benefits expenses were \$188,000.

The difference between these actual expenditures and budgeted expenditures approximates the pension expense resulting from the performance of the retirement plan during the fiscal year ending June 30, 2022. Other operating expenditures during the current fiscal year totaled \$111,940 as compared to the budgeted amount of \$135,319, the variance is due to the board of directors not incurring as much travel to meetings and conferences as planned.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The Statement of Net Position shows all the Board's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in the Board's net position is an indicator of whether its financial position is improving or deteriorating, respectively. At June 30, 2023, the Board had current liabilities of \$255,704, consisting primarily of deferred licensing revenue. The Board's financial assets are mainly held in cash and CDs.

(Continued)

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The Statement of Revenues Expenses, and Changes in Net Position shows how the Board's assets changed because of current year operations. Annual license fees were comparable to the prior year. Annual CPA examination fees were \$7,386 higher during the fiscal year ended June 30, 2023 than in the prior year. This increase was expected and mirrored a nationwide increase in the number of candidates sitting for the exam due to exam candidates accelerating exam writing due to a change in the exam format scheduled to take effect in 2024. Regardless of when cash is affected, changes in net assets are reported based on when underlying transactions occurred. It is expected that during the fiscal year ended June 30, 2024 the Board will see a decrease in exam fees as a pool of exam candidates had accelerated writing the exam during the fiscal year ending June 30, 2023, thus there will be fewer candidates writing during the year ended June 30, 2024.

The Statement of Cash Flows shows how the cash changed due to current year operations; it is prepared using the direct method.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

The Board has no component units.

(Continued)

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 1,015,585	\$ 933,624
Non-current assets	<u>100,823</u>	<u>5,393</u>
Total assets	<u>1,116,408</u>	<u>939,017</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions and OPEB	<u>203,168</u>	<u>134,244</u>
LIABILITIES		
Current liabilities	255,704	218,466
Long-term liabilities	<u>376,173</u>	<u>110,615</u>
Total liabilities	<u>631,877</u>	<u>329,081</u>
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	<u>166,146</u>	<u>291,393</u>
NET POSITION		
Unrestricted	\$ <u><u>521,553</u></u>	\$ <u><u>452,787</u></u>

Statement of Activities for the Years Ended June 30

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 359,707	\$ 366,646
Operating expenses	<u>290,074</u>	<u>256,052</u>
Operating income (loss)	69,633	110,594
Nonoperating revenue	<u>(867)</u>	<u>(4,040)</u>
Change in net position	68,766	106,554
Beginning net position	<u>452,787</u>	<u>346,233</u>
Ending net position	\$ <u><u>521,553</u></u>	\$ <u><u>452,787</u></u>

Questions regarding this report may be directed to the Executive Director, Amanda Harlow, or current Board President, Patrick Kautzman, CPA, at 800-532-5904 or mandyharlow@nd.gov.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2023

	<u>Business - Type Activities</u>
CURRENT ASSETS	
Cash and equivalents	\$ 375,294
Investments	<u>640,291</u>
Total current assets	1,015,585
OTHER ASSETS	
Right of use asset, net of accumulated amortization	36,719
Subscription-based asset, net of accumulated amortization	<u>64,104</u>
Total other assets	<u>100,823</u>
Total assets	1,116,408
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	<u>203,168</u>
Total assets and deferred outflows of resources	\$ <u><u>1,319,576</u></u>
CURRENT LIABILITIES	
Interest payable	\$ 5,539
Accrued expenses	12,470
Deferred revenue	221,625
Lease liability, due within one year	5,803
Subscription-based liability, due within one year	<u>10,267</u>
Total current liabilities	255,704
LONG-TERM LIABILITIES	
Lease liability	31,773
Subscription-based liability	50,978
Net pension and OPEB liability	<u>293,422</u>
Total long-term liabilities	<u>376,173</u>
Total liabilities	631,877
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	<u>166,146</u>
NET POSITION	
Unrestricted	<u>521,553</u>
Total liabilities, deferred inflows of resources and net position	\$ <u><u>1,319,576</u></u>

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business - Type Activities
OPERATING REVENUES	
Annual license fees	\$ 248,620
Reinstatement fees and fines	10,400
CPA examination fees	66,450
Unused exam fees	23,709
Reciprocal certificate fees	3,220
Firm permit fees	3,299
Late filing fees	3,600
Miscellaneous income	409
Total operating revenues	359,707
OPERATING EXPENSES	
Salaries and wages	128,000
Payroll taxes	11,001
Employee benefits	50,134
Payroll expenses	83
Amortization	15,561
Attorney fees	8,116
Audit	9,607
Bank service charges	6,840
Board	23,042
Insurance and bond	1,170
Miscellaneous	1,517
NASBA dues	4,240
Office supplies	7,893
Rent	6,460
Repairs and maintenance	1,465
Technology	1,491
Telephone	2,282
Travel	10,030
Website	1,142
Total operating expenses	290,074
Operating income	69,633

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Business - Type Activities
NONOPERATING REVENUE AND EXPENSES	
Interest expense	(5,909)
Interest income	7,504
Unrealized gain/(loss) on investments	<u>(2,462)</u>
Total nonoperating revenue(expenses)	<u>(867)</u>
Change in net position	<u>68,766</u>
Net position - July 1	<u>452,787</u>
Net position - June 30	\$ <u><u>521,553</u></u>

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business - Type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from licenses	\$ 370,574
Cash received from other income	409
Cash payments to employees for services	(179,604)
Cash payments to vendors for goods and services	<u>(95,879)</u>
Net cash provided by operating activities	<u>95,500</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale/redemption of investments	208,000
Purchase of investments	(335,504)
Interest income	<u>7,504</u>
Net cash used in investing activities	<u>(120,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on lease and subscription-based liabilities	<u>(18,080)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(42,580)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>417,874</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 375,294</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 69,633
Adjustments to reconcile operating income to net cash provided by operating activities	-
Amortization	15,561
Changes in assets and liabilities	
Change in prepaid expenses	500
Change in deferred outflows of resources	(68,924)
Change in accrued expenses	4,368
Change in deferred revenue	11,276
Change in deferred inflows of resources	(125,247)
Change in net pension and OPEB liability	<u>188,333</u>
Net cash provided by operating activities	<u>\$ 95,500</u>

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The North Dakota State Board of Accountancy (the Board), a state-wide administrative agency located in Grand Forks, North Dakota, was formed by statute in October 1941 and consists of at least five members appointed by the governor of North Dakota. The Board's purpose is to serve as a licensing and regulatory board for licensed and certified public accountants practicing within the State of North Dakota. The Board accomplishes its purpose by administering the CPA examination, licensing accountants, and enforcing public accounting laws and regulations. The Board's significant accounting policies are described below.

Reporting Entity

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

Based on these criteria, there are no component units to be included within the Board as a reporting entity.

Basis of Presentation

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Board's basic financial statements consist of proprietary fund financial statements. Due to the nature of the Board's operations, the Board reports all of its functions in one proprietary fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Board's operations. Operating expenses include the cost of sales and services, administrative expenses, depreciation on capital assets, and amortization on right-of-use and subscription-based assets.

Fund Financial Statements

The Board's fund consists of the following:

Proprietary Fund - The reporting focus of proprietary funds is on the determination of net income, financial position, and changes in financial position (economic resources). This fund is used to account for activities that are similar to those found in the private sector. This fund is maintained on the accrual basis of accounting.

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

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Use of Estimates

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

Encumbrance Accounting

Encumbrances, which represent commitments related to unperformed contracts for goods or services, have not been recorded in the financial statements.

Cash and Investments

The cash and cash equivalents include demand deposits with an original maturity of three months or less. Investments consists of cash equivalent funds and certificates of deposit with original maturities ranging from twelve months to twenty-four months. Certificates of deposit are stated at amortized cost which approximates fair value.

The Board follows state statutes with regard to its investing decisions.

Capital Assets

Capital assets include furniture and equipment. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Currently there are no capital asset purchases exceeding the capital threshold.

When applicable, capital assets are depreciated using the straight-line method over their estimated useful life of five years.

Other Assets

Other assets include right-of-use and subscription-based, leased assets. Right of use and subscription-based assets are recorded at their present value (individual cost of more than \$2,500) on the date of commencement of the underlying agreement. Furthermore, right-of-use and subscription-based assets are amortized straight-line over the term of the lease or subscription agreements, including any extensions if expected to be exercised.

Lease Liability

Lease and subscription-based liabilities are reduced as payments are made on the leases.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Revenues

Deferred revenues represent license and registration fees received in the current year for the next year's activities.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Board's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted. The Board generally does not have restricted resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System ("NDPERS") and 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis 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.

New Accounting Pronouncement

During the year ended June 30, 2023, the Board adopted new accounting guidance by implementing the provisions of GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, which requires recognition of a right-of-use subscription asset and corresponding subscription liability for certain subscription-based IT arrangements (SBITAs).

Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report which is the date the financial statements were available to be issued.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the Board would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The Board follows North Dakota state statutes which authorize the Board to make deposits in the Bank of North Dakota or in other financial institutions.

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

In contrast to most commercial banks, the Bank of North Dakota is not a member of the Federal Deposit Insurance Corporation (FDIC). North Dakota Century Code 6-09-10 provides that all Bank of North Dakota deposits are guaranteed by the full faith and credit of the State of North Dakota. At year ended June 30, 2023, the Board's carrying amount of deposits at Bank of North Dakota was \$292,659.

At year ended June 30, 2023, the Board's carrying amount of deposits at banks other than the Bank of North Dakota was \$73,204. All of the bank balances were covered by the Federal Depositary Insurance Corporation ("FDIC").

Credit Risk

The Board 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) At June 30, 2022, obligations of the state are covered by the Federal Deposit Insurance Corporation. As of June 30, 2022 there were no deposits in excess of the insurance provided by the Federal Deposit Insurance Corporation.

At June 30, 2023 the Board held certificates of deposit in its Stifel investment account of \$640,291 which are all considered deposits. The certificates of deposit are insured through FDIC.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Concentration of Credit Risk

The North Dakota State Board of Accountancy does not have a limit on the amount it may invest in any one issuer.

NOTE 3 – FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy are described below:

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

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

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

Certificates of deposit included within investments and totaling \$640,291, are classified as Level 1 investments.

NOTE 4 – LONG-TERM LIABILITIES

The Board reported the following long-term liabilities as of June 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease liability	\$ 5,526	\$ 32,050	\$ -	\$ -	\$ 37,576	\$ 5,803
Subscription-based liability	76,925	-	15,680	-	61,245	10,267
Net pension & OPEB liability	105,089	188,333	-	-	293,422	-
Total	<u>\$ 187,540</u>	<u>\$ 220,383</u>	<u>\$ 15,680</u>	<u>\$ -</u>	<u>\$ 392,243</u>	<u>\$ 16,070</u>

NOTE 5 – PENSION PLAN – DEFINED BENEFIT

North Dakota Public Employees Retirement System (NDPERS)

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

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

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

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Pension Benefits

Benefits are set by statute. NDPERS has no provisions 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 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7.00% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.00% and employer contribution rates are 8.26% of covered compensation.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

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

At June 30, 2023, the Board reported a liability of \$280,288 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. On June 30, 2022, the Board's proportion was 0.009732%, which was an increase of 0.000179% from its proportion measured on June 30, 2021.

For the year ended June 30, 2023, the Board recognized pension expense of \$(555). On June 30, 2023, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,463	\$ 5,354
Changes of assumptions	167,616	103,913
Net difference between projected and actual earnings on pension plan investments	10,258	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,966	51,410
The Board contributions subsequent to the measurement date	<u>9,114</u>	<u>-</u>
	\$ <u>195,417</u>	\$ <u>160,677</u>

The \$9,114 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Year Ended June 30:

2023	\$ (17,982)
2024	14,353
2025	2,981
2026	26,274
2027	-
Thereafter	-

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.50% to 17.75%, including inflation
Investment rate of return	5.10%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30%	5.75%
International equity	21%	6.45%
Private equity	7%	9.20%
Domestic fixed income	23%	0.34%
Global real assets	19%	4.35%
Cash equivalents	0%	0.00%

(Continued)

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Discount Rate

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

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

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 5.10%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.10%) or 1-percentage-point higher (6.10%) than the current rate:

	<u>1% Decrease (4.10%)</u>	<u>Current Discount Rate (5.10%)</u>	<u>1% Increase (6.10%)</u>
Employer's proportionate share of net pension liability	\$ <u>369,961</u>	\$ <u>280,288</u>	\$ <u>206,670</u>

Pension Plan Fiduciary Net Pension

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

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS

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.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

OPEB Benefits

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

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

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the 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.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

On June 30, 2023, the Board reported a liability of \$13,134 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Board's proportion of the net OPEB liability was based on the Board's share of covered employee payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. On June 30, 2022, the Employer's proportion was 0.010942% which was an increase of 0.00102% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Board recognized OPEB expense of \$771. On June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 312	\$ 113
Changes of assumptions	3,308	-
Net difference between projected and actual earnings on OPEB plan investments	1,768	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	904	5,356
The Board contributions subsequent to the measurement date	<u>1,459</u>	<u>-</u>
	\$ <u><u>7,751</u></u>	\$ <u><u>5,469</u></u>

The \$1,459 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Year Ended June 30:

2023	\$ (38)
2024	(127)
2025	(275)
2026	1,263
2027	-
Thereafter	-

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

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

For active members, inactive members and healthy retirees, mortality rates were based on the 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, 2021, are summarized in the following table:

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

(Continued)

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 July 1, 2022 actuarial report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Employer's proportionate share of net pension liability	\$ <u>16,764</u>	\$ <u>13,134</u>	\$ <u>10,086</u>

NOTE 7 – COMPENSATED ABSENCES

The Board has implemented the provisions of GASB Statement No. 16 - Accounting for Compensated Absences. As per this provision, probable payments, if any, for vested vacation leave, plus associated payroll expenses, have been accrued at the end of each year. As of June 30, 2023, the Board's total liability for accrued vacation leave is \$9,517.

The provision for termination payments of accrued sick leave is calculated at 10% of unused, accrued, unpaid sick leave for employees with at least ten continuous years of employment. As of June 30, 2023, the Board's total liability for accrued sick leave is \$692.

NOTE 8 – RIGHT-OF-USE ASSET AND LIABILITY

The Board entered into a two-year lease beginning February 15, 2023, originally maturing February 15, 2025, with the option to extend the lease for two additional two-year terms. The monthly lease payment under the lease is \$600, increasing by approximately \$18 for each two-year extension.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The following shows the changes in the lease asset and the related changes in accumulated amortization recognized in the reporting period ending June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease asset, being amortized				
Building	\$ 29,640	\$ 9,819	\$ -	\$ 39,459
Less accumulated amortization for				
Building	<u>24,247</u>	<u>-</u>	<u>21,507</u>	<u>2,740</u>
Net capital assets				
for business-type activities	\$ <u>5,393</u>	\$ <u>9,819</u>	\$ <u>(21,507)</u>	\$ <u>36,719</u>

The amount of outflows of resources recognized in the reporting period ending June 30, 2023:

Amortization expense by class of underlying asset	
Building	\$ 2,740
Interest on lease liabilities	<u>642</u>
Total lease expense	\$ <u>3,382</u>

The Board's future minimum lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,803	\$ 1,397	\$ 7,200
2025	6,111	1,161	7,272
2026	6,508	908	7,416
2027	6,849	643	7,492
2028	7,284	360	7,644
2029-2033	<u>5,021</u>	<u>76</u>	<u>5,097</u>
	\$ <u>37,576</u>	\$ <u>4,545</u>	\$ <u>42,121</u>

NOTE 9 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

The Board entered into a five-year lease beginning August 1, 2021, originally maturing July 31, 2026, with the option to extend the lease for two additional one-year terms. The annual lease payment under the lease is \$15,680.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The following shows the changes in the lease asset and the related changes in accumulated amortization recognized in the reporting period ending June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease asset, being amortized				
Subscription-based	\$ 76,925	\$ -	\$ -	\$ 76,925
Less accumulated amortization for				
Subscription-based	<u>-</u>	<u>12,821</u>	<u>-</u>	<u>12,821</u>
Net capital assets for business-type activities	\$ <u>76,925</u>	\$ <u>(12,821)</u>	\$ <u>-</u>	\$ <u>64,104</u>

The amount of outflows of resources recognized in the reporting period ending June 30, 2023:

Lease expense

Amortization expense by class of underlying asset

Subscription-based	\$ 12,821
Interest on lease liabilities	<u>5,414</u>
Total lease expense	\$ <u>18,235</u>

The Board's future minimum lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,266	\$ 5,414	\$ 15,680
2025	11,174	4,506	15,680
2026	12,162	3,518	15,680
2027	13,237	2,443	15,680
2028	<u>14,406</u>	<u>1,273</u>	<u>15,679</u>
	\$ <u>61,245</u>	\$ <u>17,154</u>	\$ <u>78,399</u>

NOTE 10 – COMMITTED FUNDS

The Board implemented a policy in fiscal year 2022 stating that \$250,000 of the Board's investment account is designated for litigation expenses.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 11 – RISK MANAGEMENT

The Board 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.

The Board has insurance through a third-party insurance carrier for general liability, property and liability, and medical expenses. The coverage is limited to losses of a blanket limit of \$2,000,000 for general liability, \$2,000,000 for the property, and \$ 1,000,000 for liability and medical expenses.

**NORTH DAKOTA STATE BOARD
OF ACCOUNTANCY**

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS	6/30/2022	0.009732%	\$ 280,288	\$ 112,968	248.11%	54.47%
ND PERS	6/30/2021	0.009553%	\$ 99,571	\$ 108,175	92.05%	78.26%
ND PERS	6/30/2020	0.009083%	\$ 285,753	\$ 100,200	285.18%	48.91%
ND PERS	6/30/2019	0.009382%	\$ 109,964	\$ 97,588	112.68%	71.66%
ND PERS	6/30/2018	0.027538%	\$ 464,734	\$ 282,904	164.27%	62.80%
ND PERS	6/30/2017	0.027418%	\$ 440,697	\$ 279,896	157.45%	61.98%
ND PERS	6/30/2016	0.027103%	\$ 264,145	\$ 273,130	96.71%	77.10%
ND PERS	6/30/2015	0.003271%	\$ 22,242	\$ 29,138	76.33%	77.70%

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

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS	6/30/2022	\$ 8,509	\$ (8,043)	\$ 466	\$ 112,968	7.12%
ND PERS	6/30/2021	\$ 7,978	\$ (7,702)	\$ 276	\$ 108,175	7.12%
ND PERS	6/30/2020	\$ 7,095	\$ (7,134)	\$ (39)	\$ 100,200	7.12%
ND PERS	6/30/2019	\$ 7,105	\$ (11,062)	\$ (3,957)	\$ 97,588	11.34%
ND PERS	6/30/2018	\$ 20,837	\$ (20,143)	\$ 694	\$ 282,904	7.12%
ND PERS	6/30/2017	\$ 20,296	\$ (19,934)	\$ 362	\$ 279,896	7.12%
ND PERS	6/30/2016	\$ 19,774	\$ (19,447)	\$ 327	\$ 273,130	7.12%
ND PERS	6/30/2015	\$ 2,213	\$ (2,075)	\$ 138	\$ 29,138	7.12%

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

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
JUNE 30, 2023

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS - OPEB	6/29/2022	0.010942%	\$ 13,134	\$ 112,968	11.63%	56.28%
ND PERS - OPEB	6/30/2021	0.009922%	\$ 5,518	\$ 108,175	5.10%	76.63%
ND PERS - OPEB	6/30/2020	0.008790%	\$ 7,394	\$ 100,200	7.38%	63.38%
ND PERS - OPEB	6/30/2019	0.008746%	\$ 7,025	\$ 97,588	7.20%	63.13%
ND PERS - OPEB	6/30/2018	0.025854%	\$ 20,362	\$ 282,904	7.20%	61.89%
ND PERS - OPEB	6/30/2017	0.025872%	\$ 20,465	\$ 279,896	7.31%	59.78%

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

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
SCHEDULE OF EMPLOYER'S OPEB CONTRIBUTIONS
JUNE 30, 2023

Schedule of Employer's Contributions - OPEB

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS - OPEB	6/30/2022	\$ 1,375	\$ (1,288)	\$ 87	\$ 112,968	1.14%
ND PERS - OPEB	6/30/2021	\$ 1,301	\$ (1,233)	\$ 68	\$ 108,175	1.14%
ND PERS - OPEB	6/30/2020	\$ 1,177	\$ (1,142)	\$ 35	\$ 100,200	1.14%
ND PERS - OPEB	6/30/2019	\$ 1,135	\$ (1,771)	\$ (636)	\$ 97,588	1.81%
ND PERS - OPEB	6/30/2018	\$ 1,771	\$ (1,771)	\$ -	\$ 155,362	1.14%
ND PERS - OPEB	6/30/2017	\$ 3,318	\$ (3,225)	\$ 93	\$ 282,904	1.14%

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

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 – SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTION

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

NOTE 2 – CHANGES OF BENEFITS TERMS

North Dakota Public Employees Retirement System

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

OPEB

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

NOTE 3 – CHANGES OF ASSUMPTIONS

North Dakota Public Employees Retirement System

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

OPEB

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



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

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

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

Board of Directors
North Dakota State Board of Accountancy
Grand Forks, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of **North Dakota State Board of Accountancy**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise **North Dakota State Board of Accountancy's** basic financial statements and have issued our report thereon dated October 20, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

North Dakota State Board of Accountancy's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **North Dakota State Board of Accountancy's** response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. **North Dakota State Board of Accountancy's** response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Fargo, North Dakota
October 20, 2023

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

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

2023-001 (SIGNIFICANT DEFICIENCY) – SEGREGATION OF DUTIES

Condition

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

Criteria

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

Cause

Due to the size of **North Dakota State Board of Accountancy**, the board does not have sufficient staff to ensure adequate segregation of approval, custody of assets, posting, and reconciliation.

Effect

Inadequate segregation of duties could adversely affect the **North Dakota State Board of Accountancy's** ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees or management in the normal course of performing their assigned functions.

Recommendation

We recommend that management be aware of the lack of segregation of duties and implement controls wherever possible to mitigate this risk. We recommend that the **North Dakota State Board of Accountancy** implement and/or continue the following:

- All invoices should be or continue to be reviewed and approved by the executive director and the governing board.
- Ideally, all checks should be or continue to be signed by the executive director and/or a board member.
- Monthly income statements and balance sheets should be reviewed and approved by a responsible official and the governing board.
- Bank reconciliations should be or continue to be reviewed and approved by someone separate from bank reconciliation responsibilities.

Views of Responsible Officials

Due to the size of the Board, it is not feasible to obtain proper segregation of duties. The cost of adding personnel would exceed the benefit. The Board's Secretary reviews transactions monthly and approves expense reimbursements of the Board's Executive Director. Further at Board meetings the full board reviews all transactions and ratifies the activity. The Board manages the annual budget set at the beginning of the fiscal year.



October 20, 2023

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

To the Board of Directors
North Dakota State Board of Accountancy
Grand Forks, North Dakota

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

We have audited the financial statements of North Dakota State Board of Accountancy as of and for the year ended June 30, 2023, and have issued our report thereon dated October 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 19, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of North Dakota State Board of Accountancy solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting noted during our audit in our separate report dated October 20, 2023

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Risk related to management override of internal controls
- Risk related to segregation of duties
- Risk related to improper revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by North Dakota State Board of Accountancy is included in Note 1 to the financial statements. As described in Note 1, the Board has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which established a single model for lease accounting and presentation related to subscription-based lease agreements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements was pension accruals.

Management's estimate of the pension accruals is based on the North Dakota Public Employee Retirement System and Other Postemployment Benefits actuarial reports. We evaluated the key factors and assumptions used to develop this estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of pension-related matters in Note 5 and 6 to the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements in the attached schedule that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to North Dakota State Board of Accountancy's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated October 20, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with North Dakota State Board of Accountancy, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as North Dakota State Board of Accountancy's auditors.

This information is intended solely for the use of the Board of Directors and management of North Dakota State Board of Accountancy and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Widmer Roel PC

Client: NO411 - North Dakota State Board of Accountancy
Engagement: 2023 AUD - NORTH DAKOTA STATE BOARD OF ACCOUNTANCY
Period Ending: 6/30/2023
Trial Balance: 10.01 - Trial Balance
Workpaper: 11.01 - Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
PROVIDED BY CLIENT - To record current year change in OPEB liability.				
12402	Deferred OPEB Outflows		4,704.00	
22303	Deferred OPEB Inflows		3,600.00	
22304	Net OPEB Liability			7,616.00
51100	Employee Benefits			688.00
Total			8,304.00	8,304.00
Adjusting Journal Entries JE # 2				
PROVIDED BY CLIENT - To record current year change in NDPERS net pension liability.				
12401	Deferred Pension Outflows		64,220.00	
22301	Deferred Pension Inflows		121,647.00	
22305	Net Pension Liability			180,717.00
51100	Employee Benefits			5,150.00
Total			185,867.00	185,867.00
Adjusting Journal Entries JE # 3				
To remove previously recorded ROU asset and liability.				
21600	Interest Payable		13.36	
22500	Lease Liability		5,526.28	
12500	ROU Asset			5,392.99
WR 203	Interest Expense			146.65
Total			5,539.64	5,539.64
Adjusting Journal Entries JE # 4				
To record ROU asset and lease liability at year-end.				
12500	ROU Asset		39,459.41	
WR 202	Amortization Expense		2,740.25	
WR 203	Interest Expense		641.98	
21600	Interest Payable			125.25
22500	Lease Liability			37,576.14
51700	Rent			2,400.00
WR 201	Accumulated Amortization			2,740.25
Total			42,841.64	42,841.64
Adjusting Journal Entries JE # 5				
To record SBITA asset and liability as of year-end.				
WR 110	Subscription Asset		76,925.22	
WR 202	Amortization Expense		12,820.92	
WR 203	Interest Expense		5,413.50	
21600	Interest Payable			5,413.50
52205	Website			15,680.00
WR 201	Accumulated Amortization			12,820.92
WR 210	Subscription Liability			61,245.22
Total			95,159.64	95,159.64
Adjusting Journal Entries JE # 6				
To reclassify investment income and change in securities value.				
40550	Unrealized gain on investment		547.68	
41000	Investment Income		2,714.23	
40550	Unrealized gain on investment			2,714.23
41000	Investment Income			547.68
Total			3,261.91	3,261.91
Total Adjusting Journal Entries			340,973.83	340,973.83
Total All Journal Entries			340,973.83	340,973.83