

***ROUGH RIDER AREA CAREER AND TECHNOLOGY CENTER***

AUDIT REPORT

June 30, 2023

Roughrider Area Career and Technology Center  
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For The Year Ended June 30, 2023

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ROUGH RIDER AREA CAREER AND TECHNOLOGY CENTER  
Hettinger, North Dakota

OFFICIALS  
2022 - 2023

Ronda Schauer, Director

Governing Board

Lucas Greff (Board President)

Amanda Seymour

Carrie Zachmann (Vice-President)

Kelli Schollmeyer

Kara Hrabik

Darin Seamands

Kim Shafer

Ashlie Palmer

Brent Seaks

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Roughrider Area Career and Technology Center  
Hettinger, North Dakota

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Roughrider Area Career and Technology Center, Hettinger, North Dakota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Roughrider Area Career and Technology Center as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Roughrider Area Career and Technology Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roughrider Area Career and Technology Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Center's share of net pension liability and employer contributions – ND Teachers' Fund for Retirement on page 21, the budgetary comparison information on page 22, and the notes to the required supplementary information on page 23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit

of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024, on our consideration of Roughrider Area Career and Technology Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Roughrider Area Career and Technology Center's internal control over financial reporting and compliance.

*Haga Kommer, Ltd.*  
Haga Kommer, Ltd.  
Mandan, North Dakota  
February 9, 2024

Roughrider Area Career and Technology Center  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 31,224
Accounts Receivable	4,109
Due from Other Governments	333,088
Capital Assets:	
Property, Plant, & Equipment	466,055
Less Accumulated Depreciation	(313,868)
Net Capital Assets	152,187
<b>TOTAL ASSETS</b>	<b>520,608</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Derived from Pensions	231,554
 <b>LIABILITIES</b>	
Current Liabilities:	
Payroll Payable	1,094
Accounts Payable	39,104
Long-Term Liabilities:	
Due After One Year	
Net Pension Liability	502,165
<b>TOTAL LIABILITIES</b>	<b>542,363</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Derived from Pensions	13,777
 <b>NET POSITION</b>	
Net Investment in Capital Assets	152,187
Unassigned	43,835
<b>TOTAL NET POSITION</b>	<b>\$ 196,022</b>

Roughrider Area Career and Technology Center  
Statement of Activities  
For the Year Ended June 30, 2023

	Program Receipts			Net (Expense) Revenue & Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
Vocational Education Services	\$ 609,869	\$ 291,000	\$ 84,089	\$ (234,780)
Support Services	441,131	-	-	(441,131)
Student Activities	<u>14,274</u>	<u>-</u>	<u>13,124</u>	<u>(1,150)</u>
Total Government Activities	<u>\$ 1,065,274</u>	<u>\$ 291,000</u>	<u>\$ 97,213</u>	(677,061)
General Receipts:				
State Aid				667,516
Federal Aid				78,383
Interest Income				2,234
Miscellaneous Income				<u>740</u>
Total General Revenues				<u>748,873</u>
Change in Net Position				71,812
Net Position - Beginning of Year				<u>124,210</u>
Net Position - End of Year				<u>\$ 196,022</u>

Roughrider Area Career and Technology Center  
Balance Sheet-Governmental Funds  
June 30, 2023

	General	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 31,224	\$ -	\$ 31,224
Accounts Receivable	4,109	-	4,109
Due from Other Governments	333,088	-	333,088
Due from Student Activity Fund	1,150	-	1,150
<b>TOTAL ASSETS</b>	<b>\$ 368,421</b>	<b>\$ -</b>	<b>\$ 368,421</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
<b>Liabilities:</b>			
Payroll Payable	\$ 1,094	\$ -	\$ 1,094
Accounts Payable	39,104	-	39,104
Due to General Fund	-	1,150	1,150
<b>Total Liabilities</b>	<b>40,198</b>	<b>1,150</b>	<b>41,348</b>
<b>Fund Balances:</b>			
Unassigned	329,373	(1,150)	328,223
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 369,571</b>	<b>\$ -</b>	<b>\$ 369,571</b>
<b>Reconciliation of Fund Balances to Net Position:</b>			
Total Fund Balances for Governmental Funds			\$ 328,223
<b>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</b>			
Capital assets (net of depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.			152,187
Deferred outflows of resources are not a financial resource available for the current period and, therefore, are not reported in the governmental funds balance sheet.			231,554
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.			(502,165)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.			(13,777)
<b>Net position of governmental activities</b>			<b>\$ 196,022</b>

Roughrider Area Career and Technology Center  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	General	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>			
Interest Income	\$ 2,234	\$ -	\$ 2,234
District Fees	291,000	-	291,000
State Grant	667,516	-	667,516
Federal Grant	78,383	-	78,383
Grants and Contributions	84,089	13,124	97,213
Other	740	-	740
<b>TOTAL REVENUES</b>	<b>1,123,962</b>	<b>13,124</b>	<b>1,137,086</b>
<b>EXPENDITURES</b>			
Current:			
Salaries	358,693	-	358,693
Employee Benefits	64,352	-	64,352
Purchased Services	345,072	-	345,072
Supplies	101,744	-	101,744
Equipment	48,010	-	48,010
Donation to Other	75,819	-	75,819
Administration	68,072	-	68,072
Student Activities	-	14,274	14,274
Other	6,404	-	6,404
<b>TOTAL EXPENDITURES</b>	<b>1,068,166</b>	<b>14,274</b>	<b>1,082,440</b>
 Change in Fund Balances	 55,796	 (1,150)	 54,646
 Fund Balances - July 1, 2022	 273,577	 -	 273,577
 <b>FUND BALANCES - JUNE 30, 2023</b>	 <b>\$ 329,373</b>	 <b>\$ (1,150)</b>	 <b>\$ 328,223</b>

Roughrider Area Career and Technology Center  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2023

Net change in fund balances - governmental funds \$ 54,646

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded purchases.

Capital assets purchased in the current period	\$ 69,568	
Depreciation expense of capital assets reported	<u>(41,539)</u>	28,029

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pensions	<u>(10,863)</u>
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Change in net position in governmental activities	<u>\$</u>	<u>71,812</u>
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Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Roughrider Area Career and Technology Center (Center) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. 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.

Reporting Entity

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

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

The operations of the Center are controlled by a Board, comprised of representatives of the twelve area schools, and responsible for all of the Center's activities. The Center receives funding from District fees and the North Dakota Department of Career and Technical Education (ND CTE) and must comply with the budget and reimbursement process requirements. Based upon the criteria of Statement No. 14, there are no component units to be included within the Center as a reporting entity and the Center is not includable as a component unit within another reporting entity.

Basis of Presentation

Government-wide Financial Statements:

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue items not properly included among program revenues are reported instead as general revenues.

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements:

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

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

General Fund: The General Fund is the main operating fund of the Center and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Measurement Focus/Basis of Accounting

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgements, which are recorded only when payment is due.

The current financial resources measurement focus differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the Center's financial statements include the reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Center reports the following major governmental fund:

Major Funds

Generally accepted accounting principles require that the General Fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenues, or expenditures exceed 10% or more of that total for all governmental funds also be reported as major funds.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and money market accounts. 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.

Net Position

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

Fund Balance Classifications

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

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

*Restricted* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board – the Center's highest level of decision-making authority.

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

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

All of the Center’s fund balances are considered unassigned.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Note 4 for additional information.

Capital Assets

Capital assets are carried at actual or estimated historical cost based on appraisals. Major additions and betterments with a cost in excess of \$5,000 are recorded as additions to capital assets. Repair and maintenance costs are not capitalized. Depreciation is computed using the straight-line method and the estimated useful lives are as follows:

Equipment      5 - 7 Years

Pensions

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

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 2      CASH

State statutes authorize local governments to invest in: a) 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, b) securities sold under agreements to repurchase written by a financial institution which the underlying securities for the agreement to repurchase are of the type listed above, c) certificates of deposit fully insured by the Federal Deposit Insurance Corporation or the state, d) certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the Federal Deposit Insurance Corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the Commissioner of Financial Institutions, e) State and local securities, and f) commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

At June 30, 2023, the carrying amount of the Center's deposits (cash and money markets) was \$31,224 and the bank balance was \$31,465. The entire bank balance throughout the year was covered by Federal Depository Insurance or by collateral held by the pledging financial institution's trust department or agent in the Center's name. The deposits were deemed collateralized under North Dakota law during the year.

Concentration of Credit Risk

The investment policy of the Center contains no limitations on the amount that can be invested in any one issuer. All of the deposits held in the Center's name are authorized by the State of North Dakota.

Custodial Credit Risk

The investment policy of the Center does not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits other than the provision of state law.

Custodial risk for deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

NOTE 3      RISK MANAGEMENT

The Roughrider Area Career and Technology Center is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Center pays an annual premium to NDIRF for its general liability, and automobile. The coverage by NDIRF is limited to losses of two million dollars per occurrence.

The Center also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Center pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides political subdivisions with blanket fidelity bond coverage in the amount of \$250,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 3 RISK MANAGEMENT - CONTINUED

The Center participates in the North Dakota Worker's Compensation Bureau and purchases commercial insurance for employee health and accident insurance.

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

NOTE 4 DEFERRED OUTFLOWS AND INFLOWS OF REOURCES (PENSIONS)

Details of the Deferred Outflows of Resources and Deferred Inflows of Resources on the face of the financial statements as of June 30, 2023 are as follows:

Deferred Outflows of Resources	
Derived from pension - TFFR	\$ 231,554
Total	<u>\$ 231,554</u>
Deferred Inflows of Resources	
Derived from pension - TFFR	\$ 13,777
Total	<u>\$ 13,777</u>

Note 5 of the financial statements contains detail of the pension plan.

NOTE 5 PENSION PLAN

General Information about the Pension Plan

***North Dakota Teachers' Fund for Retirement***

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

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

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

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 5      PENSION PLAN – CONTINUED

***Pension Benefits***

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

*Tier 1 Grandfathered*

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

*Tier 1 Non-grandfathered*

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

*Tier 2*

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

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 5      PENSION PLAN – CONTINUED

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

***Death and Disability Benefits***

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

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

***Member and Employer Contributions***

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

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

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

At June 30, 2023 the Center reported a liability of \$502,165 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2022, the Center's proportion was 0.03448809%, which was an increase of 0.00380014% from its proportion measured as of July 1, 2021.

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 5      PENSION PLAN – CONTINUED

For the year ended June 30, 2023, the Center recognized pension expense of \$47,187. At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,164	\$ 13,408
Changes of assumptions	10,211	-
Net difference between projected and actual earnings on pension plan investments	37,613	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	145,243	369
Employer contributions subsequent to the measurement date (see below)	36,323	-
Total	\$ 231,554	\$ 13,777

\$36,323 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

<u>For the year ended June 30,</u>			
2024		\$	42,177
2025			28,492
2026			22,154
2027			57,274
2028			12,625
Thereafter			18,733

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

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses, including inflation
Cost-of-living adjustments	None

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 5      PENSION PLAN – CONTINUED

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

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2022, funding actuarial valuation for TFFR.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	6.61%
Global Fixed Income	26%	0.35%
Global Real Assets	18%	4.60%
Cash Equivalents	1%	-1.05%

**Discount rate.** The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2022, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Roughrider Area Career and Technology Center  
Notes to Basic Financial Statements  
June 30, 2023

NOTE 5      PENSION PLAN – CONTINUED

***Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*** The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25 percent as of June 30, 2022, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Employer's proportionate share of the net pension liability	\$ 689,928	\$ 502,165	\$ 346,439

***Pension plan fiduciary net position.*** Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report. TFFR's Comprehensive Annual Financial Report (CAFR) is located at:

<https://www.rio.nd.gov/sites/www/files/documents/PDFs/RIO/Reports/annualreport2022.pdf>.

NOTE 6      CAPITAL ASSETS

Capital assets consist of the following as of June 30, 2023:

Property, Plant, & Equipment	\$ 466,055
Less Accumulated Depreciation	<u>(313,868)</u>
Net Capital Assets	<u><u>\$ 152,187</u></u>

Depreciation expense for the year ended June 30, 2023 was \$41,539 and is reported in the government-wide statement of activities as vocation education expenses.

Following is a summary of changes in capital assets and accumulated depreciation for the year ended June 30, 2023:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Balance, June 30, 2022	\$ 396,487	\$ 272,329	\$ 124,158
Purchases, Fiscal Year 2023	69,568	-	69,568
Depreciation Expense, Fiscal Year 2023	-	41,539	(41,539)
Balance, June 30, 2023	<u><u>\$ 466,055</u></u>	<u><u>\$ 313,868</u></u>	<u><u>\$ 152,187</u></u>

NOTE 7      INTERFUND PAYABLES/RECEIVABLES

The General Fund and Student Activity Fund cash balances are deposited in a pooled cash account. The amount due from the Student Activity Fund of \$1,150 is payable to the General Fund as an overdrawn amount within the Student Activity Fund.

***REQUIRED SUPPLEMENTARY  
INFORMATION***

ROUGH RIDER AREA CAREER TECHNICAL CENTER  
Required Supplementary Information  
For the Year Ended June 30, 2023

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.03448809%	0.03068795%	0.02722839%	0.02045163%	0.02039542%	0.02049717%	0.01468699%	0.026034%	2.754000%
Employer's proportionate share of the net pension liability (asset)	\$ 502,165	\$ 323,345	\$ 416,730	\$ 281,671	\$ 271,842	\$ 281,534	\$ 215,173	\$ 340,487	\$ 288,570
Employer's covered payroll	\$ 271,391	\$ 236,512	\$ 198,675	\$ 143,474	\$ 138,650	\$ 138,350	\$ 95,425	\$ 160,136	\$ 159,749
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	185.03%	136.71%	209.75%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64
Plan fiduciary net position as a percentage of the total pension liability	67.50%	75.70%	63.4%	65.5%	72.5%	63.2%	59.2%	12.75%	10.75%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 36,323	\$ 34,602	\$ 30,155	\$ 25,331	\$ 18,293	\$ 17,678	\$ 17,640	\$ 12,167	\$ 20,416
Contributions in relation to the statutorily required contribution	\$ (36,323)	\$ (34,602)	\$ (30,155)	\$ (25,331)	\$ (18,293)	\$ (17,678)	\$ (17,640)	\$ (12,167)	\$ (20,416)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 284,886	\$ 271,391	\$ 236,511	\$ 198,675	\$ 143,474	\$ 138,650	\$ 138,350	\$ 95,425	160135
Contributions as a percentage of covered payroll	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%

\* Complete data for this schedule is not available prior to 2014.

Data reported is measured as of 7/1/2022, 7/1/2021, 7/1/2020, 7/1/2019, 7/1/2018, 7/1/2017, 7/1/2016, 7/1/2015, 7/1/2014, and 7/1/2013.

Roughrider Area Career and Technology Center  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2023

	Original and Final Budget	Actual (Budgetary Basis)	Variance with Budget
<b>REVENUES</b>			
Interest Income	\$ 500	\$ 2,234	\$ 1,734
District Fees	290,000	291,000	1,000
State Grant	691,000	667,516	(23,484)
Federal Grant	-	78,383	78,383
Grants and Contributions	-	84,089	84,089
Other	300,000	740	(299,260)
<b>TOTAL REVENUES</b>	<b>1,281,500</b>	<b>1,123,962</b>	<b>(157,538)</b>
<b>EXPENDITURES</b>			
Current:			
Salaries	362,727	358,693	4,034
Employee Benefits	64,936	64,352	584
Purchased Services	402,000	345,072	56,928
Supplies	75,000	101,744	(26,744)
Equipment	300,000	48,010	251,990
Donation to Other	-	75,819	(75,819)
Administration	66,800	68,072	(1,272)
Other	8,000	6,404	1,596
<b>TOTAL EXPENDITURES</b>	<b>1,279,463</b>	<b>1,068,166</b>	<b>211,297</b>
Change in Fund Balance	2,037	55,796	53,759
Fund Balance - July 1, 2022	273,577	273,577	-
<b>FUND BALANCE - JUNE 30, 2023</b>	<b>\$ 275,614</b>	<b>\$ 329,373</b>	<b>\$ 53,759</b>

Roughrider Area Career and Technology Center  
Notes to Required Supplementary Information  
June 30, 2023

NOTE 1        CHANGES OF ASSUMPTIONS- ND TEACHERS' FUND FOR RETIREMENT

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

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

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

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

NOTE 2        BUDGET

Based upon available financial information and requests by the governing board, the Director prepares the preliminary budget. The Center's budget is prepared for the General Fund by function and activity on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year end.

The governing board holds a public hearing where any taxpayer may testify in favor of, or against, any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing and on or before August 15, the board adopts the final budget. The final budget must be filed with the County Auditor by August 25. The governing board may amend the budget during the year for any revenues, and budget amendments must be approved by the board and the approval must be noted in the official proceedings of the board.

NOTE 3        ENCUMBRANCES

All appropriations, except for construction in progress, lapse at the end of the fiscal year. The Center does utilize a formal encumbrance accounting system. Encumbrance accounting, which is an extension of the budgetary accounting in the General Fund, enables the Center to record purchase orders, contracts, and other commitments for the expenditure of monies in order to assign that portion of the applicable appropriation. Encumbrances at year end are shown as expenditures in the budget-to-actual statements and as assignments of fund balance on the balance sheet.

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

Governing Board  
Roughrider Area Career and Technology Center  
Hettinger, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Roughrider Area Career and Technology Center, Hettinger, North Dakota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Roughrider Area Career and Technology Center's basic financial statements and have issued our report thereon dated February 9, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Roughrider Area Career and Technology Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Roughrider Area Career and Technology Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Roughrider Area Career and Technology Center's internal control.

Our 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 accompany schedule of findings, we identified certain deficiencies in internal control that we 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. We consider deficiency 2023-001 in the accompanying schedule of findings to be a material weakness.

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. We consider deficiencies 2023-002 and 2023-003 described in the accompanying schedule of findings to be significant deficiencies.

## **Report on Compliance and Other Matters**

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

## **Roughrider Area Career and Technology Center's Response to Findings**

Roughrider Area Career and Technology Center's response to the findings identified in our audit is described in the accompanying schedule of findings. Roughrider Area Career and Technology Center's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Haga Kommer, Ltd.*

Haga Kommer, Ltd.  
Mandan, North Dakota  
February 9, 2024

Roughrider Area Career and Technology Center  
Schedule of Findings  
For the Year Ended June 30, 2023

***Material Weakness***

**2023-001: Segregation of Duties**

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

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

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

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

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

Management’s Response – The Center is aware of the condition and will add controls where feasible.

***Significant Deficiency***

**2023-002: Preparation of Financial Statements**

Condition – The financial statements and related notes are prepared by the Center’s auditors.

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

Cause – Limited time and resources of the Center to prepare the financial statements in the format required in conformity with accounting principles generally accepted in the Unites States of America.

Effect – An increased risk of material misstatement in the Center’s financial statements.

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

Management’s Response – The Center is aware that someone needs to review the audit report each year to make sure the financial statements and note disclosures are a fair presentation for the Center.

Roughrider Area Career and Technology Center  
Schedule of Findings  
For the Year Ended June 30, 2023

*Significant Deficiency*

**2023-003: Journal Entries**

Condition – Several journal entries were required to be made during the audit to present accurate financial statements.

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

Cause – Staff did not make prior year audit adjustments.

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

Recommendation – We recommend accounting staff closely review year-end adjustments provided by auditor and post entries to the internal accounting system to ensure accurate reporting during the year.

Management's Response – The Center is aware of the adjustments and agrees with the adjustments. Accounting staff will try to correctly record these in the future.