HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

ROUGHRIDER AREA CAREER AND TECHNOLOGY CENTER

AUDIT REPORT

June 30, 2024

Roughrider Area Career and Technology Center
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For The Year Ended June 30, 2024

ROUGHRIDER AREA CAREER AND TECHNOLOGY CENTER
Hettinger, North Dakota

OFFICIALS
2023 - 2024

Ronda Schauer, Director

Governing Board

Lucas Greff (Board President)	Amanda Seymour
Carrie Zachmann (Vice-President)	Kelli Schollmeyer
Kara Hrabik	Jule Walker
Kim Shafer	Ashlie Palmer
Brent Seaks	Andrea Bowman
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Kelly Pierce	

HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

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, 2024, 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, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the Unites 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 23, the budgetary comparison information on page 24, and the notes to the required supplementary information on page 25 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 28, 2025, 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 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 Roughrider Area Career and Technology Center'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 Roughrider Area Career and Technology Center's internal control over financial reporting and compliance.

Haga Kommer, Ltd.

Haga Kommer, Ltd.
Mandan, North Dakota
February 28, 2025

Roughrider Area Career and Technology Center
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash	$ 354,972
Due from Other Governments	188,375
Capital Assets:	
Property, Plant, & Equipment	501,972
Less Accumulated Depreciation	(309,385)
Net Capital Assets	192,587
TOTAL ASSETS	735,934
DEFERRED OUTFLOWS OF RESOURCES	
Derived from Pensions	205,034
LIABILITIES	
Current Liabilities:	
Payroll Payable	322
Accounts Payable	57,158
Long-Term Liabilities:	
Due After One Year	
Net Pension Liability	498,232
TOTAL LIABILITIES	555,712
DEFERRED INFLOWS OF RESOURCES	
Derived from Pensions	26,625
NET POSITION	
Net Investment in Capital Assets	192,587
Unassigned	166,044
TOTAL NET POSITION	$ 358,631

The accompanying notes are an integral part of this statement.

Roughrider Area Career and Technology Center
Statement of Activities
For the Year Ended June 30, 2024

		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	$ 1,019,082	$ 443,442	$ 4,532	$ (571,108)
Support Services	182,128	-	-	(182,128)
Student Activities	8,786	-	13,357	4,571
Total Government Activities	$ 1,209,996	$ 443,442	$ 17,889	(748,665)
General Receipts:				
State Aid				840,623
Federal Aid				62,000
Interest Income				7,114
Miscellaneous Income				1,537
Total General Revenues				911,274
Change in Net Position				162,609
Net Position - Beginning of Year				196,022
Net Position - End of Year				$ 358,631

The accompanying notes are an integral part of this statement.

Roughrider Area Career and Technology Center
Balance Sheet-Governmental Funds
June 30, 2024

	General	Other Governmental Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 351,551	$ 3,421	$ 354,972
Due from Other Governments	188,375	-	188,375
TOTAL ASSETS	$ 539,926	$ 3,421	$ 543,347
LIABILITIES & FUND BALANCES			
Liabilities:			
Payroll Payable	$ 322	$ -	$ 322
Accounts Payable	57,158	-	57,158
Total Liabilities	57,480	-	57,480
Fund Balances:			
Unassigned	482,446	-	482,446
Assigned			
Student Activities	-	3,421	3,421
Total Fund Balances	482,446	3,421	485,867
TOTAL LIABILITIES & FUND BALANCES	$ 539,926	$ 3,421	$ 543,347

Reconciliation of Fund Balances to Net Position:	
Total Fund Balances for Governmental Funds	$ 485,867
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets (net of depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.	192,587
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.	205,034
The net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	(498,232)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(26,625)
Net position of governmental activities	$ 358,631

The accompanying notes are an integral part of this statement.

Roughrider Area Career and Technology Center
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Other Governmental Fund	Total Governmental Funds
REVENUES			
Federal Grant	$ 62,000	$ -	$ 62,000
State Grant	840,623	-	840,623
District Fees	443,442	-	443,442
Grants and Contributions	4,532	13,357	17,889
Other	1,537	-	1,537
Interest Income	7,114	-	7,114
TOTAL REVENUES	1,359,248	13,357	1,372,605
EXPENDITURES			
Current:			
Salaries	424,038	-	424,038
Employee Benefits	75,414	-	75,414
Purchased Services	392,807	-	392,807
Supplies	93,651	-	93,651
Equipment	112,654	-	112,654
Administration	88,166	-	88,166
Student Activities	-	8,786	8,786
Other	19,445	-	19,445
TOTAL EXPENDITURES	1,206,175	8,786	1,214,961
Change in Fund Balances	153,073	4,571	157,644
Fund Balances - July 1, 2023	329,373	(1,150)	328,223
FUND BALANCES - JUNE 30, 2024	$ 482,446	$ 3,421	$ 485,867

The accompanying notes are an integral part of this statement.

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, 2024

Net change in fund balances - governmental funds		$ 157,644
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	$ 82,400	
Depreciation expense of capital assets reported	(42,000)	40,400
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		(35,435)
Change in net position in governmental activities		$ 162,609

The accompanying notes are an integral part of this statement.

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.

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 are 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Leases

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Center has control of the right-of-use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract. Leases with an initial term of more than 12 months, or that contain an option to purchase that the Center is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the Center uses its incremental borrowing rate based on the information available at the lease commencement date. The Center has made an accounting policy election to use a risk-free rate based on the US Treasury T-Bill rate as of the lease commencement. The Center accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets. The Center continues to record rent income and rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset. The amortizable life of the leases and any leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Center has no leases required to be reported in the current year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subscription-Based IT Agreements (SBITAs)

A SBITA is defined as a contract that conveys control of the right to use another party's computer software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Center records SBITAs for computer software agreements with terms of more than 12 months. Right-of-use subscription assets and liabilities are recognized based on the present value of future cash subscription payments that are required to be paid under the SBITA, as well as capital outlays that are required to implement the SBITA. In cases where the implicit rate is not readily determinable in the SBITA agreement, the Center calculates present value using its incremental borrowing rate based on the information available at the commencement of the agreement. The Center continues to record contractual expense for other software costs and SBITAs with terms of up to 12 months.

Intangible Assets

Right-of-use (ROU) lease assets are initially measured at an amount equal to the initial measurement of the related lease liabilities, less lease incentives, and plus ancillary charges necessary to place the leases into service. The right-of-use lease assets are amortized on a straight-line basis over the lives of the related leases.

Subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liabilities. Subscription assets are amortized on a straight-line basis over the lives of the related agreements.

The Center has not recorded any ROU lease or subscription assets for the year ended June 30, 2024.

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.

New Accounting Pronouncement

The following accounting pronouncement has been implemented for the year ended June 30, 2024:

GASB Statement No. 96, *Subscription-Based IT Agreements (SBITAs).* This standard establishes accounting and financial reporting requirements for SBITAs. It aims to improve the comparability of government financial statements. It is based on the principle that SBITAs are financings of the right to use the underlying subscription assets.

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, 2024, the carrying amount of the Center’s deposits (cash and money markets) was $354,483 and the bank balance was $361,634. Of the bank balance for the year ended June, 30, 2024, $250,000 was covered by Federal Depository Insurance and $111,634 was collateralized with securities held by the pledging financial institution’s agent, but not in the Center’s name. 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.

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, 2024 are as follows:

Deferred Outflows of Resources	
Derived from pension - TFFR	$ 205,034
Total	$ 205,034
Deferred Inflows of Resources	
Derived from pension - TFFR	$ 26,625
Total	$ 26,625

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.

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.

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, 2024 the Center reported a liability of $498,232 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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 June 30, 2023, the Center's proportion was 0.03550400%, which was an increase of 0.00101591% from its proportion measured as of June 30, 2022.

NOTE 5 PENSION PLAN – CONTINUED

For the year ended June 30, 2024, the Center recognized pension expense of $79,088. At June 30, 2024, 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	$ 1,856	$ 26,446
Changes of assumptions	7,884	-
Net difference between projected and actual earnings on pension plan investments	30,409	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	121,232	179
Employer contributions subsequent to the measurement date (see below)	43,653	-
Total	$ 205,034	$ 26,625

$43,653 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, 2025.

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

For the year ended June 30,	
2025	$ 27,791
2026	21,249
2027	57,412
2028	11,835
2029	11,874
Thereafter	4,595

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

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

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, 2023, funding actuarial valuation for TFFR.

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

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, 2023 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2023, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2023. 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, 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, 2023, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability	$ 693,679	$ 498,232	$ 336,043

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/annualreport2023.pdf.

NOTE 6 CAPITAL ASSETS

Capital assets consist of the following as of June 30, 2024:

Property, Plant, & Equipment	$ 501,972
Less Accumulated Depreciation	(309,385)
Net Capital Assets	$ 192,587

Depreciation expense for the year ended June 30, 2024 was $42,000 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, 2024:

	Capital Assets	Accumulated Depreciation	Total
Balance, June 30, 2023	$ 466,055	$ 313,868	$ 152,187
Purchases, Fiscal Year 2024	82,400	-	82,400
Disposals, Fiscal Year 2024	(46,483)	(46,483)	-
Depreciation Expense, Fiscal Year 2024	-	42,000	(42,000)
Balance, June 30, 2024	$ 501,972	$ 309,385	$ 192,587

NOTE 7 FUND BALANCES

At June 30, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Other Governmental Fund	Total
Unassigned			
General Fund	$ 482,446	$ -	$ 482,446
Assigned			
Student Activities	-	3,421	3,421
	$ 482,446	$ 3,421	$ 485,867

REQUIRED SUPPLEMENTARY INFORMATION

ROUGHRIDER AREA CAREER TECHNICAL CENTER
Required Supplementary Information
For the Year Ended June 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.03550400%	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)	$ 498,232	$ 502,165	$ 323,345	$ 416,730	$ 281,671	$ 271,842	$ 281,534	$ 215,173	$ 340,487	$ 288,570
Employer's covered payroll	$ 284,886	$ 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	174.89%	185.03%	136.71%	209.75%	196.32%	196.06%	203.49%	225.49%	212.62%	180.64
Plan fiduciary net position as a percentage of the total pension liability	69.34%	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 *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 43,653	$ 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	$ (43,653)	$ (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	$ 342,375	$ 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%	12.75%

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

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

Roughrider Area Career and Technology Center
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Original and Final Budget	Actual (Budgetary Basis)	Variance with Budget
REVENUES			
Federal Grant	$ -	$ 62,000	$ 62,000
State Grant	1,112,205	840,623	(271,582)
District Fees	443,500	443,442	(58)
Grants and Contributions	-	4,532	4,532
Other	8,000	1,537	(6,463)
Interest Income	7,000	7,114	114
TOTAL REVENUES	1,570,705	1,359,248	(211,457)
EXPENDITURES			
Current:			
Salaries	462,589	424,038	38,551
Employee Benefits	91,376	75,414	15,962
Purchased Services	532,000	392,807	139,193
Supplies	160,000	93,651	66,349
Equipment	115,000	112,654	2,346
Administration	125,100	88,166	36,934
Other	20,000	19,445	555
TOTAL EXPENDITURES	1,506,065	1,206,175	299,890
Change in Fund Balance	64,640	153,073	88,433
Fund Balance - July 1, 2023	329,373	329,373	-
FUND BALANCE - JUNE 30, 2024	$ 394,013	$ 482,446	$ 88,433

See auditor's report.

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.

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.

HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

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

Governing Board
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, 2024, 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 28, 2025.

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 2024-001 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 2024-002 and 2024-003 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 28, 2025

Material Weakness
2024-001: 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
2024-002: 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.

Significant Deficiency
2024-003: Journal Entries

Condition – Several journal entries were required to be made during the audit to present accurate financial statements. These included government-wide entries for pension and capital assets, and accrual entries for accounts receivable and accounts payable.

Criteria – The Center is required to establish internal controls and procedures which allow it to determine that the general ledger accounts are properly reflected according to generally accepted accounting policies.

Cause – The accounting system is maintained on a modified cash basis and the statements are converted to accrual basis.

Effect – The amount of journal entries made has a material effect on the financial statements.

Recommendation – The entity should maintain their QuickBooks on the accrual basis of accounting according to generally accepted accounting principles.

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