



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Mayville State University

Audit Report for the Biennium Ended June 30, 2019

Client Code 240





WHAT WE LOOKED AT

Our team audited Mayville State University which included reviewing financial transactions, expenditures, blanket bond coverage, and reviewed their child development programs including Head Start and Early Head Start.

WHAT WE FOUND

Mayville State University had five areas of concern that our team identified. These findings are highlighted below.

AUDIT REPORT HIGHLIGHTS

Doubtful Accounts



Because MSU has continued to increase their allowance for doubtful accounts rather than performing the actual write-off of accounts receivable, this could lead to the allowance for doubtful accounts being misstated.

Read more on page 5

Procurement Noncompliance



In six out of the 10 procurement transactions (total amount of \$195,741) our team looked at, documentation was not kept to validate the transactions.

Read more on page 6

Loans Receivable



Mayville State University made an incorrect journal entry for loans receivable, which caused four major financial errors including the long term loans receivable to be overstated by \$467,301.

Read more on page 7

Bank Reconciliations



To safeguard cash and the reliability of the financial statements, monthly reconciliations of bank balances to the general ledger are essential. MSU goes several months before reviewing bank reconciliations.

Read more on page 8

Scholarship and Waiver Noncompliance



Because proper documentation was not kept for students, some ineligible students may have been awarded waivers and scholarships.

Read more on page 9

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HAVE QUESTIONS? ASK US.

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Introduction

Mayville State University

March 4, 2020

We are pleased to submit this audit of Mayville State University for the biennium ended June 30, 2019. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

The primary consideration in determining the contents of these audits is to produce informative audits to improve government. Statutory audit requirements are an important part of these audits and are addressed by our standard audit objective. Whenever possible, additional audit objectives are included to increase responsiveness and effectiveness of state government.

Robyn Hoffmann, CPA, was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 239-7291. We wish to express our appreciation to President Van Horn and his staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

/S/

JOSHUA C. GALLION
NORTH DAKOTA STATE AUDITOR

TERMS USED IN REPORT

Accounts Receivable: Amounts due for goods or services, such as tuition, fees, food service and room and board charges, that have been delivered but no collection has taken place.

Allowance for Doubtful Accounts: An estimate of the amount of accounts receivable which are expected to not be collected.

Allowance for Loans Receivable: An estimate of the amount of loans receivable which are expected to not be collected.

Appropriation: An amount authorized by the North Dakota Legislative Assembly to be spent for a specific purpose.

Blanket Bond Coverage: Insurance to state agencies for any default or wrongful act on the part of any public employee or public official.

ConnectND: The accounting system for North Dakota.

Default: Failures to do something required by duty or law.

Emergency Commission: Group of elected officials that have the authority to transfer or expend money appropriated by the North Dakota Legislative Assembly. Additional information can be found in N.D.C.C. Chapter 54-16.

Internal Control: Policies and procedures that ensure reliable financial reporting, safeguard assets, promote accountability and efficiency, and prevent fraud.

Loans Receivable: Amounts due from students that are for Perkins loans.

Noncompliance: Failure to act in accordance with a wish or command.

North Dakota Administrative Code (N.D.A.C.): Codification of all rules of state administrative agencies.

North Dakota Century Code (N.D.C.C.): Collection of all the statutes passed by the North Dakota Legislative Assembly.

Performance Audit: Engagements that provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.

Session Laws: Published after each regular and special legislative session and contain the laws enacted during that session.

Audit Results

Child Development Programs Including Head Start and Early Head Start

OBJECTIVES:

1. Did Mayville State University ensure Head Start and Early Head Start program staff met licensing requirements? These requirements include training, background checks, education, certifications and other county requirements.
2. Did Mayville State University ensure the Head Start and Early Head Start child caregiver ratios are met?

development and well-being of children. As a result, staff have many requirements associated with their roles. These requirements include items such as background checks, degrees, and ongoing training. Our team reviewed staff personnel and training files to determine if staff:

- Received a background check prior to employment.
- Received training as required on AED/CPR and Sudden Infant Death Syndrome.
- Met required annual training hours.
- Held a required degree or credential, or were currently enrolled in the necessary program or training.

CONCLUSION

Our team found that Mayville State University is properly following regulations in both objectives surrounding Head Start and Early Head Start.

BACKGROUND

The Mayville State University Child Development Program serves Traill, Steele, Nelson, and Grand Forks Counties in eastern North Dakota by providing comprehensive programming including Head Start, Early Head Start, and Child Care.

Head Start (for children ages 3-5) and Early Head Start (for children ages 0-3) are federally funded programs that provide development opportunities for children. These developmental opportunities include education, health, nutrition, and parent involvement. Both programs are offered at no charge to low-income families.

STAFF LICENSING REQUIREMENTS

The Child Development Programs employ many staff at its various sites, and these staff serve an important role in the



Head Start (for children ages 3-5) and Early Head Start (for children ages 0-3) are **federally funded programs** that provide development opportunities for children.

STAFF-TO-CHILD RATIOS

Head Start and Early Head Start programming have specific staff-to-child ratios as well as maximum group sizes which are dependent on the age and needs of children. We reviewed the sites' daily records and staffing to determine if proper ratios and group sizes were maintained.

Other Results

STATUTORY OBJECTIVE

Are there any exceptions to report relating to statutorily required audit testing?

FINDING
2019-01

Not Reviewing Allowance for Doubtful Accounts

CONCLUSION

Mayville State University has continued to increase their allowance for doubtful accounts amount instead of performing the actual write-off of accounts receivable. This could lead to the allowance for doubtful accounts being potentially misstated. An “allowance for doubtful accounts” is an estimate of the amount which is estimated to not be collectible.

BACKGROUND

In fiscal years 2019 and 2018, the allowance for doubtful accounts was \$902,229 and \$665,738. No accounts receivable balances were written off during those two years. Because Mayville State University was not writing student accounts off — and not disregarding charges — the percentages used to calculate the estimate of allowance for doubtful accounts were irrelevant.

During our last audit in 2017, we recommended the University evaluate the allowance for doubtful accounts to check if the estimate is accurate. As of the audit period, this has not been done.

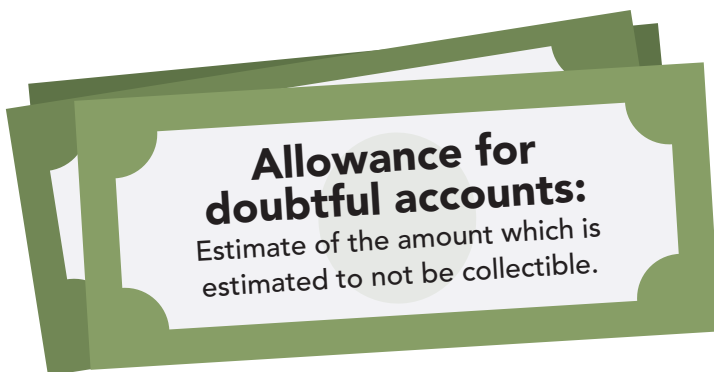
Accounting principles dictate that the allowance for doubtful accounts should be based on relevant, sufficient, and reliable data. Also, an adequate review of the allowance for doubtful accounts calculation should be done to ensure the assumptions used to calculate the allowance for doubtful accounts are reasonable.

RECOMMENDATION

We recommend Mayville State University evaluate the allowance for doubtful accounts to determine if the estimate is relevant, sufficient, and reliable.

MAYVILLE STATE UNIVERSITY MANAGEMENT RESPONSE

Mayville State University will carefully review the recommendation, any associated internal processes and procedures, and will implement improvements where appropriate.



for purchasing by the North Dakota University System in coordination with the Office of Management and Budget as provided by N.D.C.C. chapter 54-44.4.

**FINDING
2019-02**

Noncompliance with Procurement Rules

CONCLUSION

Mayville State University spent \$195,741 without proper procurement documentation. In six out of the 10 procurement transactions our team looked at, documentation was not kept to validate the transactions. Without properly procuring commodities and services, there was potential noncompliance with North Dakota University System procedures, as well as potential noncompliance with state law.

BACKGROUND

We issued this same finding in 2017 when we recommended Mayville State University properly procure commodities in compliance with state law and North Dakota University System procedures.

N.D.C.C. section 15-10-17 part 5, states in part, that the State Board of Higher Education may determine policy

RECOMMENDATION

We recommend that Mayville State University properly procure commodities in compliance with N.D.C.C. and North Dakota University System procurement requirements.

MAYVILLE STATE UNIVERSITY MANAGEMENT

RESPONSE

Mayville State University will carefully review the recommendation, any associated internal processes and procedures, and will implement improvements where appropriate.

Lack of Procurement Documentation

Non-competitively bid purchases included:

	TYPE OF PURCHASE	BID CORRECTLY?	TOTAL AMOUNT
1	Construction	X No	\$70,859
2	Residence Hall Furniture	X No	\$51,176
3	Playground Equipment	X No	\$26,820
4	Construction	X No	\$23,587
5	Sports Supply	X No	\$12,096
6	Locker Remodel	X No	\$11,203

Improper Accounting for Loans Receivable and Allowance for Loans Receivable

CONCLUSION

Loans receivable refers to the balance of all loans owned by borrowers. If this balance is updated, the single transaction to update it is called a journal entry. Our team found that Mayville State University made an incorrect journal entry for loans receivable, which caused:

- Current loans receivable to be understated by \$467,347 and show a negative balance on financial statements.
- Long term loans receivables were overstated by \$467,301.
- Current allowance for loans receivable was understated by \$152,946.
- Non-current allowance for loans receivable was overstated by \$152,946.



Loans receivable refers to the **balance** of all **loans** owned by **borrowers**.

BACKGROUND

High turnover in the business office may have caused these incorrect financial statements.

The North Dakota University System accounting manual states in part that loans receivable include amounts due from students that include a signed loan agreement for Perkins loans. The ND Student Loan Service Center (NDSLSC) manages the collection of the Perkins loans.

Each month, NDSLSC sends a check to each institution for payments received from students. These receipts need to be recorded to update the general ledger so the loans receivable balance matches the records of the NDSLSC. At year-end, the NDSLSC will provide a report of outstanding loans. From this report, the allowance for uncollectible loans should be calculated and an entry made to the general ledger.

RECOMMENDATION

We recommend that Mayville State University properly record current and long-term loans receivable and the corresponding allowance amounts.

MAYVILLE STATE UNIVERSITY MANAGEMENT

RESPONSE

Mayville State University will carefully review the recommendation, any associated internal processes and procedures, and will implement improvements where appropriate.

Inadequate Monthly Bank Reconciliations

CONCLUSION

Mayville State University is not properly approving bank reconciliations, supporting reconciling items, and is not reconciling bank reconciliations to a zero-dollar balance.

BACKGROUND

Safeguarding assets reduces the risk of loss. To adequately safeguard cash and ensure the reliability of the financial statements, monthly reconciliations of bank balances to the general ledger are essential. If cash is not fully reviewed every month, errors or misappropriations may occur and may not be detected and the financial statements may be misstated.

Mayville State University goes several months before reviewing bank reconciliations rather than the recommended monthly review. They have not been documenting how reconciling items trace to and from the reconciling calculation and have not been reconciling general ledger balances to a zero-dollar difference. This was because of a lack of proper training procedures shared amongst former employees.

RECOMMENDATION

We recommend that Mayville State University approve reconciliations in a timely manner, support reconciling items, and reconcile the bank statements and general ledger balances to a zero-dollar difference on a monthly basis.

MAYVILLE STATE UNIVERSITY MANAGEMENT RESPONSE

Mayville State University will carefully review the recommendation, any associated internal processes and procedures, and will implement improvements where appropriate.

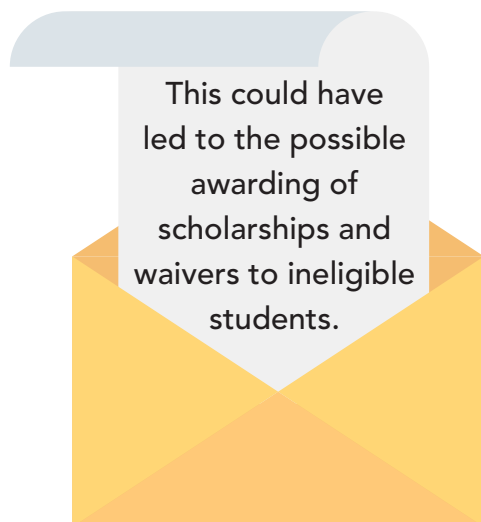
Noncompliance and Lack of Approval Over Student Scholarships and Waivers

CONCLUSION

Mayville State University did not retain proper supporting documentation for scholarships and lacked approvals for scholarships as well as tuition and room waivers in students' files. This could have led to the possible awarding of scholarships and waivers to ineligible students.

BACKGROUND

Universities have an opportunity to waive tuition fees, provide scholarships, or provide room waivers if students meet certain criteria. In order to provide these opportunities to students, the paperwork supporting why tuition/room fees was waived needs to be kept in the students' files. Our team discovered that proper documentation or approval was not obtained for six out of the 22 files we reviewed. This may have been caused by a lack of proper training due to high turnover.



State law (N.D.C.C. sections 15-10-18.2 and 15-10-18.3) sets specific criteria students are required to meet in order to be eligible for the North Dakota waivers. State Board of

Higher Education policy 820 states that institutions must adopt procedures for all waivers offered. At a minimum, institutional procedures must address eligibility, the application process, selection criteria, awarding process and monitoring.

The Committee of Sponsoring Organizations of the Treadway Commission publication Internal Control - Integrated Framework states that an authorization affirms that a transaction is valid. An authorization typically takes the form of an approval by a higher level of management.

Because of the lack of documentation, there is potential noncompliance with state laws and the State Board of Higher Education policy.

RECOMMENDATION

We recommend Mayville State University properly approve, develop documented policies and retain adequate support for awarding students' scholarship/waivers to ensure compliance with N.D.C.C. and the State Board of Higher Education policy.

MAYVILLE STATE UNIVERSITY MANAGEMENT RESPONSE

Mayville State University will carefully review the recommendation, any associated internal processes and procedures, and will implement improvements where appropriate.



Audit Procedures

CHILD DEVELOPMENT OBJECTIVES

INTERNAL CONTROL

As we determined internal control was significant to this audit objective, we assessed internal control by gaining an understanding of internal control and concluded as to the adequacy of the design of internal control and whether the applicable internal controls were implemented. We also tested the operating effectiveness of those controls we considered necessary to address our audit objective. The controls assessed were generally the key controls identified during the planning phase of the engagement, which may include controls at both the entity and transaction levels. We identified a key control significant to this audit objective related to the control activities component of internal control, specifically the principles related to the design of control activities and the implementation of the same. We also identified a control relating to the monitoring component of internal control, specifically the principle of performing monitoring activities.

SCOPE

The Child Development Program at Mayville State University has its main campus at the University and six regional locations. All of the locations were included in the scope of this audit.

They included:

- Hillsboro Armory in Hillsboro, ND
- Hillsboro Pre-kindergarten in Hillsboro, ND
- Central Valley School in Buxton, ND
- School for the Blind in Grand Forks, ND
- Grand Cities Mall in Grand Forks, ND
- The Portland site, in Portland, ND

METHODOLOGY

To meet these objectives we:

- Queried the ConnectND (PeopleSoft) system for data analysis.
- Obtained a list of Head Start and Early Head Start classrooms from the Child Development program.
- Interviewed appropriate Child Development personnel.
- Tested staff qualifications and classroom ratios for compliance with the Head Start Act, the Head Start Program Performance Standards, and North Dakota Administrative Code.
- Tested internal controls, including the tracking spreadsheet for hiring and training requirements, degree status tracking, and sign-in/sign-out sheets for each site.

STATUTORY OBJECTIVE

INTERNAL CONTROL

As we determined internal control was significant to this audit objective, we assessed internal control by gaining an understanding of internal control and concluded as to the adequacy of the design of internal control and whether the applicable internal controls were implemented. We also tested the operating effectiveness of those controls we considered necessary to address our audit objective. The controls assessed were generally the key controls identified during the planning phase of the engagement, which may include controls at both the entity and transaction levels. We identified key controls significant to this audit objective related to the control activities component of internal control, specifically the principles related to the design of control activities and the implementation of the same. We also identified controls relating to the monitoring component of internal control, specifically the principle of performing monitoring activities.

Based upon the audit work performed, auditors are required to report deficiencies in internal control that are significant within the context of the audit objectives. A deficiency in internal control exists when the design, implementation, or operation of a control does not allow management or personnel to achieve control objectives and address related risks.

Considering both qualitative and quantitative factors, we identified three deficiencies in internal control that were significant within the context of our audit objectives and based upon the audit work performed. The deficiencies are identified in Findings 2019-01, 2019-04 and 2019-05.

SCOPE

This audit of Mayville State University is for the biennium ended June 30, 2019.

Mayville State University has its main campus in Mayville and six regional Child Development Program locations. All of the locations were included in the scope of this audit, and can be seen at:

- Hillsboro Armory in Hillsboro, ND
- Hillsboro Pre-kindergarten in Hillsboro, ND

- Central Valley School in Buxton, ND
- School for the Blind in Grand Forks, ND
- Grand Cities Mall in Grand Forks, ND
- The Portland site, in Portland, ND

METHODOLOGY

To meet this objective, we:

- Performed detailed analytical procedures including computer-assisted auditing techniques. These procedures were used to identify high-risk transactions and potential problem areas for additional testing.
- Non-statistical sampling was used and the results were projected to the population. Where applicable, populations were stratified to ensure that particular groups within a population were adequately represented in the sample, and to improve efficiency by gaining greater control on the composition of the sample.
- Interviewed appropriate University personnel.
- Queried the ConnectND (PeopleSoft) system for data analysis. Significant evidence was obtained from ConnectND.
- Inspected documentary evidence.
- Tested compliance with appropriation laws and regulations. Where necessary, internal control was tested which included selecting representative samples to determine if controls were operating effectively and if laws were being followed consistently.
- Reviewed adequacy of blanket bond coverage by comparing coverage to state bonding guidelines.
- Performed an analysis and selected a sample of high-risk transactions, including procurement, travel expenses, monthly bank reconciliations, accounts and loans receivable transactions, and scholarships and waivers for further testing.
- Internal controls were tested including proper approvals of journal entries, expenses, scholarships and waivers, and bank reconciliations and performing monthly bank reconciliations.

STATUTORY CRITERIA

University management must establish and maintain effective internal control in accordance with the North Dakota University System procedure 802.6 and the North Dakota University System Accounting Manual.

The criteria used to evaluate legislative intent are the laws as published in the North Dakota Century Code and the North Dakota Session Laws. The following areas were identified to be of higher risk of noncompliance:

- Blanket bond coverage maintained in accordance with state law and state guidelines. (N.D.C.C. 26.1-21-08, N.D.C.C. 26.1-21-10)
- Special Appropriation Laws – One Time Funding for Institutional Operations Division. (S.B. 2003, Chapter 28, Section 3)
- Expenses were made for a public purpose (N.D.C.C. 44-08-05.1)
- Travel reimbursement in accordance with limits of state law (N.D.C.C. 54-06-09, N.D.C.C. 44-08-03, N.D.C.C. 44-08-04)
- Goods, services, and public improvements procured in accordance with state law. (N.D.C.C. Chapter 54-44.4, N.D.C.C. Chapter 48-01.2)
- Scholarships and waiver of tuition and fees (N.D.C.C. 15-10-12, N.D.C.C. 15-10-18.2, N.D.C.C. 15-10-18.3, N.D.C.C. 15-10-18.4, N.D.C.C. 15-10-18.5, N.D.C.C. 37-07.1, N.D.C.C. 54-12-35)

AUTHORITY AND STANDARDS

This biennial audit of Mayville State University has been conducted by the Office of the State Auditor pursuant to authority within North Dakota Century Code Chapter 54-10.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those

standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The criteria used to evaluate internal control is published in the Committee of Sponsoring Organizations of the Treadway Commission publication Internal Control – Integrated Framework.



Responses to LAFRC Audit Questions

1. WHAT TYPE OF OPINION WAS ISSUED ON THE FINANCIAL STATEMENTS?

The financial statements for Mayville State University were obtained from the Annual Financial Report of the North Dakota University System; however, the related note disclosures are not included in accordance with generally accepted accounting standards, so an opinion is not applicable. An unmodified opinion was issued on the annual financial report of the North Dakota University System.

2. WAS THERE COMPLIANCE WITH STATUTES, LAWS, RULES, AND REGULATIONS UNDER WHICH THE AGENCY WAS CREATED AND IS FUNCTIONING?

Other than our findings addressing “Noncompliance with Procurement Rules” and “Improper Accounting for Loans Receivable and Allowance for Doubtful Loans” and “Noncompliance and Lack of Approval Over Student Scholarships and Waivers” Mayville State University was in compliance with significant statutes, laws, rules, and regulations under which it was created and is functioning.

3. WAS INTERNAL CONTROL ADEQUATE AND FUNCTIONING EFFECTIVELY?

Other than our finding addressing “Review of Allowance for Doubtful Accounts” and “Review of Monthly Bank Reconciliations” and “Noncompliance and Lack of Approval Over Student Scholarships and Waivers” we did not identify any deficiencies in internal control that were significant within the context of our audit objectives.

4. WERE THERE ANY INDICATIONS OF LACK OF EFFICIENCY IN FINANCIAL OPERATIONS AND MANAGEMENT OF THE AGENCY?

No.

5. HAS ACTION BEEN TAKEN ON FINDINGS AND RECOMMENDATIONS INCLUDED IN PRIOR AUDIT REPORTS?

Action has been taken on findings and recommendations included in the prior audit report except as noted in the Status of Prior Recommendations section of this report.

6. WAS A MANAGEMENT LETTER ISSUED? IF SO, PROVIDE A SUMMARY BELOW, INCLUDING ANY RECOMMENDATIONS AND THE MANAGEMENT RESPONSES.

No, a management letter was not issued.



LAFRC Audit Communications

7. IDENTIFY ANY SIGNIFICANT CHANGES IN ACCOUNTING POLICIES, ANY MANAGEMENT CONFLICTS OF INTEREST, ANY CONTINGENT LIABILITIES, OR ANY SIGNIFICANT UNUSUAL TRANSACTIONS.

There were no significant changes in accounting policies, management conflicts of interest, contingent liabilities, or significant unusual transactions identified.

8. IDENTIFY ANY SIGNIFICANT ACCOUNTING ESTIMATES, THE PROCESS USED BY MANAGEMENT TO FORMULATE THE ACCOUNTING ESTIMATES, AND THE BASIS FOR THE AUDITOR'S CONCLUSIONS REGARDING THE REASONABLENESS OF THOSE ESTIMATES.

The most significant accounting estimates for Mayville State University include the useful lives of capital assets, allowance for doubtful accounts, scholarship allowance, net pension liability and OPEB liability. Estimated useful lives are used to compute depreciation on capital assets and are based on industry standards and experience. Management's estimate of the allowance is based on aging categories. The estimate for scholarship allowance is based on the difference between the tuition rates and charges and the amount actually paid by students and/or third parties making payments on behalf of students. The net pension liability and OPEB liability is based on the actuary's calculation based on plan provisions and census date for plan participants. We evaluated the key factors and assumptions used to develop the estimated useful lives, allowance for doubtful accounts, scholarship allowance, net pension liability and OPEB liability in determining that they are reasonable in relation to the financial statements taken as a whole, except as noted in Finding 2019-01.

9. IDENTIFY ANY SIGNIFICANT AUDIT ADJUSTMENTS.

Significant audit adjustments were not necessary.

10. IDENTIFY ANY DISAGREEMENTS WITH MANAGEMENT, WHETHER OR NOT RESOLVED TO THE AUDITOR'S SATISFACTION RELATING TO A FINANCIAL ACCOUNTING, REPORTING, OR AUDITING MATTER THAT COULD BE SIGNIFICANT TO THE FINANCIAL STATEMENTS.

None.

11. IDENTIFY ANY SERIOUS DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT.

None.

12. IDENTIFY ANY MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION.

This is not applicable for audits conducted by the Office of the State Auditor.

13. IDENTIFY ANY MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS ABOUT AUDITING AND ACCOUNTING MATTERS.

None.

Continued on following page

14. IDENTIFY ANY HIGH-RISK INFORMATION TECHNOLOGY SYSTEMS CRITICAL TO OPERATIONS BASED ON THE AUDITOR'S OVERALL ASSESSMENT OF THE IMPORTANCE OF THE SYSTEM TO THE AGENCY AND ITS MISSION, OR WHETHER ANY EXCEPTIONS IDENTIFIED IN THE SIX AUDIT REPORT QUESTIONS TO BE ADDRESSED BY THE AUDITORS ARE DIRECTLY RELATED TO THE OPERATIONS OF AN INFORMATION TECHNOLOGY SYSTEM.

ConnectND Finance, Human Resource Management System (HRMS) and Campus Solutions are high-risk information technology systems critical to Mayville State University. None of the exceptions identified in the six audit report questions are directly related to these systems.

Financial Statements

Statement of Revenues, Expenses, and Changes in Net Position

REVENUES AND OTHER ADDITIONS:	JUNE 30, 2019	JUNE 30, 2018
State appropriations	\$ 7,113,250	\$ 6,834,276
Student tuition and fees	5,373,584	5,040,360
Federal grants and contracts	5,292,097	5,879,433
Auxiliary enterprises	2,347,607	2,167,465
Sales and services of educational departments	1,588,616	1,075,190
Gifts	1,109,638	588,663
Endowment and investment income	278,090	275,173
State and local grants and contracts	250,160	167,125
Tax revenues	210,101	241,091
State appropriations - capital assets	35,376	992,918
Other	19,146	12,770
Local appropriations	(11,877)	-
Nongovernmental grants and contracts	-	475
Capital grants and gifts	-	(2,000)
Total revenues and other additions	\$ 23,605,788	\$ 23,272,939

Continued on following page

Source: North Dakota University System Annual Financial Report

Financial Statements

Statement of Revenues, Expenses, and Changes in Net Position

EXPENSES AND OTHER DEDUCTIONS	JUNE 30, 2019	JUNE 30, 2018
Salaries and wages	\$ 16,278,126	\$ 15,486,480
Operating expenses	4,922,161	4,387,814
Depreciation	1,756,567	1,703,211
Scholarships and fellowships	748,091	790,902
Costs of sales and services	732,138	693,930
Interest on capital asset-related debt	251,308	348,441
Data processing	202,833	126,995
Other	10,003	108,828
Loss on capital assets	4,407	-
Total expenses and other deductions	\$ 24,905,634	\$ 23,646,601
Revenue over expenses	\$ (1,299,846)	\$ (373,662)

NET POSITION	JUNE 30, 2019	JUNE 30, 2018
Net position-beginning of the year, as restated	\$ 22,641,120	\$ 23,687,932
Net position-end of the year	\$ 21,341,274	\$ 23,314,270

Source: North Dakota University System Annual Financial Report

Statement of Appropriations

For the Biennium Ended June 30, 2019

EXPENSES BY LINE ITEM	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
Operating Expenses	\$52,850,803	\$52,850,803	-
Capital Assets	358,992	152,211	\$206,781
Capital Assets Carryover	218,266	218,266	-
Capital-Off System-Carryover	724,361	724,361	-
Totals	\$54,152,422	\$53,945,641	\$206,781

EXPENSES BY SOURCE	FINAL APPROPRIATION	EXPENSES	UNEXPENDED APPROPRIATIONS
General fund	\$14,524,784	\$14,318,003	\$206,781
Special fund	39,627,638	39,627,638	-
Totals	\$54,152,422	\$53,945,641	\$206,781

Source: ConnectND Financials



Status of Prior Recommendations

Review of Allowance for Doubtful Accounts (Finding 2017-1)

Partially Implemented

Recommendation: We recommend Mayville State University evaluate the allowance for doubtful accounts to determine if the estimate is relevant, sufficient, and reliable.

Status: Partially Implemented. See Finding 2019-01

Noncompliance with Procurement Rules (Finding 2017-2)

Not Implemented

Recommendation: We recommend that Mayville State University properly procure commodities in compliance with N.D.C.C. and North Dakota University System requirements

Status: Not Implemented. See Finding 2019-02.




NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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