NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
GRAFTON, NORTH DAKOTA

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
ROSTER OF SCHOOL OFFICIALS - UNAUDITED
JUNE 30, 2018

Brad Brummond	President
Jeff Hermanson	Vice-President
Scott Leclerc	Board Member
Nathan Green	Board Member
Brad Becker	Board Member
Dan Johnson	Board Member
Michael Larson	Board Member
Michael Hanson	Director
Lisa Tucker	Business Manager

BRADY MARTZ
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
North Valley Area Career and Technology Center
Grafton, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of North Valley Area Career and Technology Center, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of North Valley Area Career and Technology Center as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 12 to the financial statements, the Center adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As discussed in Note 12 to the financial statements, the Center has restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates to directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of school officials on page 1 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 on our consideration of the 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 the 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 the Center's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

September 28, 2018

The discussion and analysis of North Valley Area Career and Technology Center's financial performance provides an overall review of the Center's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review the basic financial statements and related notes to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position of the Center changed by $54,357 as a result of the current year's operations.
- Total revenues were $2,607,749 compared to $2,537,226 for the prior year.
- Total expenses were $2,553,392 compared to $2,547,144 for the prior year.
- The Center's general fund had $2,607,749 in total revenues and $2,477,554 in expenditures. Overall, the general fund balance increased by $130,195 for the year ended June 30, 2018.

Using this Annual Report

This annual report consists of a series of financial statements and related footnotes. These statements are organized so the reader can understand North Valley Area Career and Technology Center as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

Reporting the School Center as a Whole

Statement of Net Position and the Statement of Activities

The view of the Center as a whole looks at all financial transactions and asks the question, "How did the Center do financially during the year ended June 30, 2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's net position and changes in its net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Center's property tax base, current property tax laws in North Dakota, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Center reports governmental activities. Governmental activities are the activities where most of the Center's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School Center's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental fund is the General Fund.

Governmental Funds

The Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Financial Analysis of the Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Center as a whole.

Table 1 provides a summary of the Center's net position as of June 30, 2018 and 2017.

As indicated in the financial highlights, the Center's net position was $(2,699). Net position may serve over time as a useful indicator of the Center's financial position.

The Center's net position of $(2,699) is segregated into two separate categories. Net position invested in Capital Assets (net of related debt) represents $376,178 of the Center's net position. It should be noted that these assets are not available for future spending. Unrestricted net position represents $(378,877) of the Center's net position. The unrestricted net position is available to meet the Center's ongoing obligations.

Table 1

	2018	2017
Assets		
Current Assets	$ 944,870	$ 799,829
Capital Assets (Net of Accumulated Depreciation)	376,178	400,237
Total Assets	1,321,048	1,200,066
Deferred Outflows of Resources	415,351	345,274
Liabilities		
Current Liabilities	62,561	47,715
Non-Current Liabilities	1,496,533	1,331,263
Total Liabilities	1,559,094	1,378,978
Deferred Inflows of Resources	180,004	211,874
Net Position		
Net Investment in Capital Assets	376,178	400,237
Unrestricted	(378,877)	(445,749)
Total Net Position	$ (2,699)	$ (45,512)

Table 2 shows the changes in net position for the fiscal years ended June 30, 2018 and 2017.

Table 2

	2018	2017
Revenues		
Charges for Services	$ 1,068,115	$ 900,731
Operating Grants and Contributions	1,524,297	1,622,100
Interest Income	5,777	1,942
Other	9,560	12,453
Total Revenues	2,607,749	2,537,226
Expenditures		
Instructional Support Services	2,134,246	2,145,542
Administration	144,342	148,553
Director	115,229	85,849
Operations and Maintenance	159,575	167,200
Total Expenditures	2,553,392	2,547,144
Change in Net Position	54,357	(9,918)
Net Position - Beginning, Originally Reported	(45,512)	(35,594)
GASB 75 Adjustment	(11,544)	-
Net Position - Beginning as Restated	(57,056)	(35,594)
Net Position - Ending	$ (2,699)	$ (45,512)

Charges for services made up 41% of operating grants, 58% of contributions, and interest income made up less than 1% of the total revenues of governmental activities of the Center for fiscal year 2018.

Instructional Support Services comprised 84%, Administration 6%, Director 5%, and Operations and Maintenance made up 6% of Center expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table 3

	Total Cost for Year Ended 6/30/2018	Net Cost for Year Ended 6/30/2018	Total Cost for Year Ended 6/30/2017	Net Cost for Year Ended 6/30/2017
Instruction	$ 2,134,246	$ 458,166	$ 2,145,542	$ 377,289
Administration	144,342	(144,342)	148,553	(148,553)
Director	115,229	(115,229)	85,849	(85,849)
Operations and Maintenance	159,575	(159,575)	167,200	(167,200)
Total Expenses	$ 2,553,392	$ 39,020	$ 2,547,144	$ (24,313)

Administration includes expenses associated with administrative and financial supervision of the Center.

Operations and maintenance of plant activities involve maintaining the school grounds, buildings, and equipment in an effective working condition.

Director includes expenses related to the Century 21 grant, which supports the education of the students.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Financial Analysis of the Center's Governmental Funds

The focus of the Center's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally may be used as a measure of the Center's net resources available for spending at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. The Center's governmental funds had total revenues of $2,607,749 and expenditures of $2,477,554 for the year ended June 30, 2018. As of June 30, 2018, the unassigned fund balance of the Center's general fund was $873,611.

Budget Highlights

During the course of the 2018 fiscal year, the Center received $186,516 more revenues and incurred $78,729 more expenditures than budgeted. This is primarily the result of less federal and state income received during the year as well as less salary expenditures incurred than anticipated during the budgeting process.

Capital Assets

As of June 30, 2018, the Center had $376,178 invested in capital assets, net of accumulated depreciation. Table 4 shows balances as of June 30, 2018 (see Note 4 for details).

Table 4

	2018
Buildings	$ 549
Equipment	343,254
Vehicles	32,375
Total	$ 376,178

Debt Administration:

As of June 30, 2018, the Center had $1,496,533 in outstanding debt related to the net pension and OPEB liabilities. The Center increased its debt by $151,603 from June 30, 2017 (See Note 5). See below for a description of the Center's debt:

	As Restated Balance 7/1/2017	Additions	Retirements	Balance 6/30/2018	Due in One Year
Net OPEB Liability	$ 13,667	$ 4,659	$ 4,710	$ 13,616	$ -
Net Pension Liability	1,331,263	621,103	469,449	1,482,917	-
Total	$ 1,344,930	$ 625,762	$ 474,159	$ 1,496,533	$ -

For the Future:

The North Valley Area Career and Technology Center has benefited from adequate support of member school districts. The Center has also benefited from continued funding from the State of North Dakota. These elements have enabled the Center to meet many of its instructional and administrative staffing needs.

Contacting the Center's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. You may request a copy of this report by contacting Lisa Tucker, Business Manager, North Valley Area Career and Technology Center, 1540 School Road, Grafton, ND 58237, or email at lisa.tucker@k12.nd.us.

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
STATEMENT OF NET POSITION
JUNE 30, 2018

	2018
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 399,831
Investments	100,000
Intergovernmental Receivable	412,205
Accounts Receivable	24,136
Prepaid Expense	8,698
Total Current Assets	944,870
Non-Current Assets:	
Capital Assets	
Buildings	76,007
Equipment	781,874
Vehicles	35,000
Less Accumulated Depreciation	(516,703)
Total Non-Current Assets	376,178
TOTAL ASSETS	1,321,048
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	257,875
Cost Sharing Defined Benefit Pension Plan - NDPERS	153,908
Cost Sharing Defined Benefit OPEB Plan - NDPERS	3,568
TOTAL DEFERRED OUTFLOWS OF RESOURCES	415,351
LIABILITIES	
Current Liabilities:	
Payroll Liabilities	2,307
Accrued Liabilities	60,254
Total Current Liabilities	62,561
Long-Term Liabilities:	
Net OPEB Liability	13,616
Net Pension Liability	1,482,917
Total Non-Current Liabilities	1,496,533
TOTAL LIABILITIES	1,559,094
DEFERRED INFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - TFFR	171,037
Cost Sharing Defined Benefit Pension Plan - NDPERS	8,042
Cost Sharing Defined Benefit OPEB Plan - NDPERS	925
TOTAL DEFERRED INFLOWS OF RESOURCES	180,004
NET POSITION	
Net Investment in Capital Assets	376,178
Unrestricted	(378,877)
TOTAL NET POSITION	$ (2,699)

See Notes to the Basic Financial Statements

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
Instructional Support Services	$ 2,134,246	$ 1,068,115	$ 1,524,297	$ 458,166
Administration	144,342	-	-	(144,342)
Director	115,229	-	-	(115,229)
Operations and Maintenance	159,575	-	-	(159,575)
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,553,392	$ 1,068,115	$ 1,524,297	39,020
GENERAL REVENUES				
Interest Income				5,777
Other General Revenues				9,560
TOTAL GENERAL REVENUES				15,337
Change in Net Position				54,357
Net Position - Beginning				(45,512)
Prior Period Adjustment - See Note 12				(11,544)
Net Position - Beginning as Restated				(57,056)
Net Position - Ending				$ (2,699)

See Notes to the Basic Financial Statements

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

		General Fund
ASSETS		
Cash	$	399,831
Investments		100,000
Intergovernmental Receivables		412,205
Accounts Receivable		24,136
Prepaid Expense		8,698
TOTAL ASSETS	$	944,870
LIABILITIES		
Payroll Liabilities	$	2,307
Accrued Liabilities		60,254
TOTAL LIABILITIES		62,561
FUND BALANCES		
Nonspendable		8,698
Unassigned		873,611
TOTAL FUND BALANCES		882,309
TOTAL LIABILITIES AND FUND BALANCES	$	944,870

See Notes to the Basic Financial Statements

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds		$ 882,309
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds:		
Cost of capital assets	$ 892,881	
Less: accumulated depreciation	(516,703)	
Net		376,178
Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds.		235,347
Long-term liabilities are not due and payable in the current period and therefore are not recorded as liabilities in the governmental funds.		
Net OPEB Liability		(13,616)
Net Pension Liability		(1,482,917)
Net Position - Governmental Activities		$ (2,699)

See Notes to the Basic Financial Statements

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund
REVENUES	
Local Sources	$ 1,083,452
Revenue from State Sources	679,825
Revenue from Federal Sources	844,472
TOTAL REVENUES	2,607,749
EXPENDITURES	
Current:	
Community Services Adult Education	41,445
Improvement of Instruction	16,397
School Board	18,297
Director	115,229
Administrative Assistant	126,045
Operation & Maintenance of Plant	159,575
Carl Perkins - Admin	2,916
Agriculture	173,556
Marketing	66,659
Health Careers	67,728
Consumer & Homemaking	12,755
Modern Business Technology	67,596
Auto Technology	86,577
Machining	11,157
Welding	72,133
Construction Trades	87,812
W/P Technology Cooperative	19,495
Vocational Guidance	368,138
Vocational Special Needs	6,122
Instructional Staff Training	65,021
Bremer	2,112
Emerging Technology	45,353
Title IV - 21st Century	783,790
Capital Outlay	61,646
TOTAL EXPENDITURES	2,477,554
Net Change in Fund Balances	130,195
Fund Balance - Beginning of Year	752,114
Fund Balance - End of Year	$ 882,309

See Notes to the Basic Financial Statements

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

Total net change in fund balances - Governmental Funds		$ 130,195
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the useful lives as depreciation expense.		
Capital Outlays	$ 61,646	
Depreciation Expense	(75,606)	
Excess of depreciation expense over capital outlay		(13,960)
Loss on Disposal		(10,099)
Changes in deferred outflows and inflows of resources related to net pension liability		99,824
Change in OPEB liability		51
Change in net pension liability		(151,654)
Change in net position - Governmental Activities		$ 54,357

See Notes to the Basic Financial Statements

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
STATEMENT OF ASSETS AND LIABILITIES – FIDUCIARY FUNDS
JUNE 30, 2018

ASSETS		
Cash	$	48,072
Investments		42,445
Accounts Receivable		982
TOTAL ASSETS	$	91,499
LIABILITIES		
Amount Held for Student Groups	$	60,595
Amount Held for ITV		30,904
TOTAL LIABILITIES	$	91,499

See Notes to the Basic Financial Statements

NOTE 1 DESCRIPTION OF THE SCHOOL CENTER AND REPORTING ENTITY

The North Valley Area Career and Technology Center (NVACTC) operates in the City of Grafton, North Dakota.

The Technology Center Board is comprised of member school Center board members and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. Generally accepted accounting principles require that the financial statements of the reporting entity include those of the NVACTC (the primary government) and its component units. A component unit would be included in the NVACTC's reporting entity because of the significance of their operational or financial relationship with the NVACTC. The criteria established by GASB Statement No. 61 in determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the school Center to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Center.

Based on these criteria, there are no component units to be included within the Center's reporting entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Center's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The Center's significant accounting policies are described below.

Basis of Presentation

The Center's basic financial statements consist of government-wide statements and fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements display information about the Center as a whole.

The statement of net position presents the financial condition of the governmental activities of the Center at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. The statement identifies the extent to which each governmental function is self-financing or drawing from the general revenues of the Center. Direct expenses are expenses that are specifically associated with a service, program or department. The direct expenses are clearly identifiable to a particular function. Program revenues include charges to recipients for goods or services offered by the program and grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Center.

The Government-wide financial statements do not include fiduciary funds of component units that are fiduciary in nature.

Fund Financial Statements:

In order to aid financial management and to demonstrate legal compliance, the Center segregates transactions related to certain functions or activities in separate funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. Each major fund is presented as a separate column in the fund financial statements. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Fund Accounting

The Center's funds consist of the following:

Governmental Funds:

Governmental funds are utilized to account for most of the Center's governmental functions. The reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which the obligation will be paid. Fund balance represents the difference between the governmental fund assets and liabilities. The Center's major governmental funds are as follows:

General Fund:
This fund is the general operating fund of the Center. It accounts for all financial resources except those requiring to be accounted for in another fund.

Fiduciary Funds*:*

The Center's fiduciary funds are agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Center's agency fund consists of the following:

Student Activity Fund:
The fund accounts for the financial transactions related to the Center's student activity programs.

ITV Fund:
The fund accounts for the financial transactions related to the Center's ITV programs.

Measurement Focus and Basis of Accounting

Measurement Focus:

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred inflows and outflows of resources, and liabilities associated with the operation of the Center are included in the statement of net position.

Fund Financial Statements:

The governmental funds are accounted for by using a flow of current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources and uses of current financial resources.

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

Basis of Accounting:

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide financial statements are prepared on the accrual basis of accounting. Under 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.

The Center's governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Center considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are generally recorded as the related fund liability is incurred.

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

Revenues - Exchange and Non-Exchange Transactions:

Exchange transactions are transactions in which each party gives and receives essentially equal value. Under the accrual basis of accounting, revenue for exchange transactions is recorded when the exchange takes place. Under the modified accrual basis of accounting, revenue for exchange transactions is recorded when the resources are measurable and available.

Non-exchange transactions include transactions in which the Center receives value without directly providing value in return. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Under the accrual basis of accounting, property taxes are recorded as revenue in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recorded in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenue from non-exchange transactions must also be available before it is recorded in the financial records of the Center.

Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenues and investment income.

Unearned Revenues:

Unearned revenue arises when assets are recognized in the financial statements before the revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenues.

On the governmental fund financial statements, receivables that will not be collected during the availability period have been reported as unearned revenue.

Expenses and Expenditures:

Governmental funds accounting measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recorded in the fiscal year in which the related fund liability is incurred. Under the accrual basis of accounting, expenses are recorded when incurred.

Budgets and Budgetary Accounting:

The Center's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each Center, annually on or before the last day of July must levy taxes. The governing body of the Center may amend its budget for the current fiscal year on or before the tenth day of October of each year.

The Center follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The administration prepares the Center's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget at the September board meeting to ensure it is adopted before the tenth of October each year. The budget is then filed with the county auditor by October tenth of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10 of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the Center's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

The General fund expenditures were $78,729 more than budgeted at June 30, 2018.

Cash and Cash Equivalents:

The Center considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are recorded at market value. North Dakota State Statute authorizes school Centers to invest their surplus funds 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, instrumentality's, or organizations created by an act of Congress, b) Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above, c) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation of the state, d) Obligations of the state.

Fair Value Measurements:

The Center accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Capital Assets:

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the Center's fiscal year. The Center has established a capitalization threshold of $3,000. Donated fixed assets are recorded at their acquisition values at the date received. The Center does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

The Center's capital assets are depreciated over their estimated useful lives on a straight-line basis. The Center has established the following useful lives:

Buildings and Improvements	5 to 15 Years
Equipment and Fixtures	5 to 15 Years
Vehicles	5 to 10 Years

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the Center's government-wide financial statements. The Center's governmental fund financials report only those obligations that will be paid from current financial resources.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and Teachers' Fund for Retirement (TFFR) and additions to/deductions from NDPERS and TFFR's fiduciary net position have been determined on the same basis as they are reported by NDPERS and 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.

Other Post-Employment Benefits (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 – prepaid items or 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 school board-the Center's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> *Assigned* – This classification reflects the amounts constrained by the Center's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have 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.

When both restricted and unrestricted resources are available for use, the Center's preference is to first use restricted resources, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The Center has two items reported on the statement of net position as *cost sharing defined benefit pension plan* and *cost sharing defined benefit OPEB plan,* which represents actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Center has two items reported on the statement of net position *as cost sharing defined benefit pension plan* and *cost sharing defined benefit OPEB plan*, which represents the actuarial differences within the NDPERS and TFFR pension plans and NDPERS OPEB plan.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Center's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows or resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Inter-fund Activity:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund activities within the Center's governmental activities and its business-type activities, is eliminated in the statement of activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School Board and are either unusual in nature or infrequent in occurrence.

Estimates:

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

Significant Group Concentrations of Credit Risk:

As of June 30, 2018, the Center's receivables consist of amounts due from other governmental units within the State of North Dakota.

NOTE 3 CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

In accordance with North Dakota laws, the Center maintains deposits at a depository authorized by the School Board. The depository is a member of the Federal Reserve System.

North Dakota laws require that all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal at least 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. North Dakota laws require that securities pledged as collateral be held in safekeeping by the Center treasurer or in a financial institution other than that furnishing the collateral.

At June 30, 2018, the carrying amount of the Center's deposits, including investments which consist solely of certificates of deposit was $590,348 and the bank balance was $995,487. The Center's investments consist of CD's. The entire deposit and investment balance were covered by Federal Depository Insurance or by collateral held by the Center's Agent in the Center's name in amounts sufficient to meet North Dakota legal requirements.

Credit Risk

The Center may also invest idle funds as authorized by North Dakota laws, as follows:

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 in 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. Obligations of the state.

Interest Rate Risk

The Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The Center places no limit on the amount the Center may invest in any one issuer.

Custodial Credit Risk - Investments

The investments are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in the general fixed assets account group during the year:

	Balance 7/1/2017	Additions	Disposals	Balance 6/30/2018
Governmental Activities:				
Capital Assets Being Depreciated				
Buildings	$ 76,007	$ -	$ -	$ 76,007
Equipment	814,817	26,646	59,589	781,874
Vehicles	33,866	35,000	33,866	35,000
Total	924,690	61,646	93,455	892,881
Less Accumulated Depreciation				
Buildings	74,829	629	-	75,458
Equipment	426,269	71,940	59,589	438,620
Vehicles	23,355	3,037	23,767	2,625
Total	524,453	75,606	83,356	516,703
Net Capital Assets Being Depreciated	400,237	(13,960)	10,099	376,178
Net Capital Assets for Governmental Activities	$ 400,237	$ (13,960)	$ 10,099	$ 376,178

In the governmental activities section of the statement of activities, depreciation expense was charged to the following governmental functions:

Regular Instruction	$ 71,940
Operations & Maintenance	629
Transportation	3,037
Total	$ 75,606

NOTE 5 LONG-TERM DEBT

The School Center has no outstanding bonds. Long-term debt is as follows:

	As Restated Balance 7/1/2017	Additions	Retirements	Balance 6/30/2018	Due in One Year
Net OPEB Liability	$ 13,667	$ 4,659	$ 4,710	$ 13,616	$ -
Net Pension Liability	1,331,263	621,103	469,449	1,482,917	-
Total	$ 1,344,930	$ 625,762	$ 474,159	$ 1,496,533	$ -

Net pension liability and net OPEB liability are generally liquidated through the general fund.

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Substantially, all employees of the Center are required by state law to belong to pension plans administered by Teacher's Fund for Retirement (TFFR) or the North Dakota Public Employee Retirement System (NDPERS), both of which are administered on a statewide basis.

Disclosures relating to these plans follow:

North Dakota Teacher's 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.

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.

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 Costs

At June 30, 2018, the Center reported a liability of $1,189,724 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2017, the Employer's proportion was 0.086618 percent, which was an increase of 0.007658 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Employer recognized pension expense of $90,212. At June 30, 2018, the Employer 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 economic experience	$ 4,563	$ 12,988
Changes in actuarial assumptions	84,799	-
Difference between projected and actual investment earnings	16,433	-
Changes in proportion	80,137	158,049
Contributions paid to TFFR subsequent to the measurement date	71,943	-
Total	$ 257,875	$ 171,037

$71,943 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

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

Year ending June 30:	Pension Expense Amount
2019	$ (3,778)
2020	21,998
2021	5,860
2022	(22,455)
2023	1,245
Thereafter	12,025

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for TFFR.

As a result of the April 30, 2015 actuarial experience study, the TFFR Board adopted several assumption changes, including the following:

- 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	58.00%	6.70%
Global Fixed Income	23.00%	0.80%
Global Real Assets	18.00%	5.20%
Cash Equivalents	1.00%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2017. 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, 2017, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2017. 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, 2017.

Pension Liability Sensitivity

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.75%	7.75%	8.75%
Center's proportionate share of the TFFR net pension liability:	$ 1,581,760	$ 1,189,724	$ 863,367

Pension Plan Fiduciary Net Position

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

North Dakota Public Employees' Retirement System

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

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

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

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

At June 30, 2018, the Center reported a liability of $293,193 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017, the Center's proportion was 0.018241 percent which was an increase of 0.000342 percent from its proportion measured July 1, 2016.

For the year ended June 30, 2018, the Center recognized pension expense of $48,779. At June 30, 2018, 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 economic experience	$ 1,743	$ 1,428
Changes in actuarial assumptions	120,229	6,613
Difference between projected and actual investment earnings	3,943	-
Changes in proportion	13,945	1
Contributions paid to NDPERS subsequent to the measurement date	14,048	-
Total	$ 153,908	$ 8,042

$14,048 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 ending June 30, 2019.

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

Year ending June 30:	Pension Expense Amount
2019	$ 29,959
2020	66,569
2021	22,958
2022	12,332
2023	-

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%	
Salary increases	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36 - 40	7.50%
	41 - 49	6.00%
	50+	5.00%
	*Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.75%, net of investment expenses	
Cost-of-living adjustments	None	

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00%	6.05%
International Equity	21.00%	6.70%
Private Equity	5.00%	10.20%
Domestic Fixed Income	17.00%	1.43%
International Fixed Inc.	5.00%	-0.45%
Global Real Assets	20.00%	5.16%
Cash Equivalents	1.00%	0.00%

Discount Rate

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

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

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

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

The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.44%	6.44%	7.44%
Center's proportionate share of the NDPERS net pension liability:	$ 398,018	$ 293,193	$ 205,982

Pension Plan Fiduciary Net Position

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

NOTE 7 DEFINED BENEFIT OPEB PLAN

Defined Benefit OPEB Plan

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

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

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

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds.

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

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to $5.00 for each of the employee’s, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At June 30, 2018, the Center reported a liability of $13,616 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Center’s proportion of the net OPEB liability was based on the Center’s share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017, the Center’s proportion was 0.017213 percent.

For the year ended June 30, 2018, the Center recognized OPEB expense of $1,629. At June 30, 2018, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 332
Changes of assumptions	1,319	-
Net difference between projected and actual earnings on OPEB plan investments	-	515
Changes in proportion and differences between employer contributions and proportionate share of contribution	-	78
Center contributions subsequent to the measurement date	2,249	-
Total	$ 3,568	$ 925

$2,249 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

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

Year Ending June 30:	
2019	$ 14
2020	14
2021	14
2022	14
2023	142
2024	142
Thereafter	54

***Actuarial assumptions*.** The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Not applicable
Investment rate of return	7.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2017 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Large Cap Domestic Equities	37.00%	5.80%
Small Cap Domestic Equities	9.00%	7.05%
International Equities	14.00%	6.20%
Core-Plus Fixed Income	40.00%	1.56%

***Discount rate*.** The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate*.** The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
Center's proportionate share of the net OPEB liability	$ 17,045	$ 13,616	$ 10,676

Pension Plan Fiduciary Net Position

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

NOTE 8 RISK MANAGEMENT

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

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, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses on one 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 one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the Center with blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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 9 CONTINGENT LIABILITIES

The Center participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018, may be impaired. In the opinion of the Center, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 10 COMMITMENTS

Lease Commitments

The Center leases copy machines under a non-cancelable operating lease for five years. The following is a schedule of future minimum rentals under the lease at June 30, 2018:

Year Ending June 30,		
2019	$	2,700
2020		2,700
2021		1,125
	$	6,525

NOTE 11 LEASE OF BUILDINGS

The Center leases a building on an annual basis from the Grafton Public School Center. During the year ended June 30, 2018, the Center paid payments totaling $140,000 to the School. The rent for the 2018-2019 school year has been set at $35,000. The lease agreement calls for the District to insure the building and for North Valley Career and Technical Center to pay for any structural repairs or improvements. The Center pays all other operating costs including utilities and insurance on contents.

The Center leases a classroom on an annual basis from the Park River Public School District. During the year ended June 30, 2018, the Center paid payments totaling $3,361 to the School. The rent for the 2018-2019 school year has been set at $3,361.

NOTE 12 CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

The Center implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* As a result, beginning net position has been restated to reflect the related net OPEB liability and deferred outflows of resources as of July 1, 2017 as follows:

Net Position July 1, 2017 as previously reported	$	(45,512)
Restatement for OPEB accounting:		
Net OPEB Liability		(13,667)
OPEB related Deferred Outflows of Resources		2,123
Net Position July 1, 2017 as restated	$	(57,056)

NOTE 13 NEW PRONOUNCEMENTS

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

ASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Management has not yet determined the effect these statements will have on the Center's financial statements.

NOTE 14 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Center's year end. Subsequent events have been evaluated through September 28, 2018, which is the date these financial statements were available to be issued.

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Local Sources	$ 830,685	$ 950,346	$ 1,083,452	$ 133,106
Revenue from State Sources	786,394	786,217	679,825	(106,392)
Revenue from Federal Sources	682,555	684,670	844,472	159,802
TOTAL REVENUES	2,299,634	2,421,233	2,607,749	186,516
EXPENDITURES				
Current:				
Community Services Adult Education	25,000	29,500	41,445	11,945
Improvement of Instruction	-	10,600	16,397	5,797
School Board	-	15,500	18,297	2,797
Director	167,831	148,480	115,229	(33,251)
Administrative Assistant	167,831	194,968	126,045	(68,923)
Operation & Maintenance of Plant	186,250	156,600	159,575	2,975
Carl Perkins - Admin	2,500	2,915	2,916	1
Agriculture	161,351	172,419	173,556	1,137
Marketing	59,511	63,192	66,659	3,467
Health Careers	68,181	67,728	67,728	-
Consumer & Homemaking	16,880	13,074	12,755	(319)
Modern Business Technology	48,290	67,080	67,596	516
Auto Technology	83,672	88,997	86,577	(2,420)
Machining	10,791	10,795	11,157	362
Welding	63,527	77,565	72,133	(5,432)
Construction Trades	78,311	81,119	87,812	6,693
W/P Technology Cooperative	13,500	12,000	19,495	7,495
Vocational Guidance	401,332	433,876	368,138	(65,738)
Vocational Special Needs	4,619	2,393	6,122	3,729
Instructional Staff Training	89,319	76,874	65,021	(11,853)
Bremer	-	-	2,112	2,112
Emerging Technology	45,000	49,500	45,353	(4,147)
Title IV - 21st Century	624,250	623,650	783,790	160,140
Capital Outlay	-	-	61,646	61,646
TOTAL EXPENDITURES	2,317,946	2,398,825	2,477,554	78,729
Excess (Deficiency) of Revenues over Expenditures	(18,312)	22,408	130,195	(107,787)
Net Change in Fund Balances	(18,312)	22,408	130,195	107,787
Fund Balance - Beginning of Year	752,114	752,114	752,114	-
Fund Balance - End of Year	$ 733,802	$ 774,522	$ 882,309	$ 107,787

See Notes to the Required Supplementary Information

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
SCHEDULE OF CENTER'S CONTRIBUTIONS TO THE TFFR AND NDPERS PENSION PLANS
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Center's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	$ 71,943	$ 71,943	$ -	$ 564,266	12.75%
2017	74,811	74,811	-	586,754	12.75%
2016	66,522	66,522	-	531,762	12.51%
2015	63,171	63,171	-	587,647	10.75%

North Dakota Public Employees Retirement System

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Center's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	$ 14,048	$ 14,048	$ -	$ 197,306	7.12%
2017	13,035	13,035	-	186,217	7.00%
2016	11,854	10,003	1,851	156,054	7.60%
2015	8,643	8,643	-	121,394	7.12%

The Center implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
SCHEDULE OF CENTER'S CONTRIBUTIONS TO THE NDPERS OPEB PLAN
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Center's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
2018	$ 2,249	$ 2,249	$ -	$ 197,306	1.14%

The Center implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
SCHEDULE OF CENTER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

Teachers Fund for Retirement

For the Fiscal Year Ended June 30	Center's Proportion of the Net Pension Liability (Asset)	Center's Proportionate Share of the Net Pension Liability (Asset) (a)	Center's Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.086618%	$ 1,189,724	$ 584,649	203.49%	63.20%
2017	0.078961%	1,156,820	513,027	225.49%	59.20%
2016	0.084825%	1,109,388	531,762	208.62%	62.10%
2015	0.101309%	1,061,539	587,647	180.64%	66.60%

North Dakota Public Employees Retirement System

For the Fiscal Year Ended June 30	Center's Proportion of the Net Pension Liability (Asset)	Center's Proportionate Share of the Net Pension Liability (Asset) (a)	Center's Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.018241%	$ 293,193	$ 186,217	157.45%	61.98%
2017	0.017899%	174,443	180,382	96.71%	70.46%
2016	0.017517%	119,113	156,054	76.33%	77.15%
2015	0.014410%	91,463	121,394	75.34%	77.70%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The Center implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for prior years is not available.

See Notes to the Required Supplementary Information

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
SCHEDULE OF CENTER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TEN YEARS (PRESENTED PROSPECTIVELY)

North Dakota Public Employees Retirement System – OPEB

For the Fiscal Year Ended June 30	Center's proportion of the net OPEB liability (asset)	Center's proportionate share of the net OPEB liability (asset)	Center's covered - employee payroll	Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.0172%	$ 13,616	$ 186,217	7.31%	59.78%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

The Center implemented GASB Statement No. 75 for its fiscal year ended June 30, 2018. Information for prior years is not available.

See Notes to the Required Supplementary Information

NOTE 1– BUDGETARY COMPARISON

Budgets and Budgetary Accounting:

The Center's Board follows the procedures established by North Dakota law for the budgetary process. The governing body of each School Center, annually on or before the last day of July must levy taxes. The governing body of the School Center may amend its budget for the current fiscal year on or before the tenth day of October of each year. During the current year in the General Fund, actual expenditures exeeded budgeted expenditures by $78,729.

The Center follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The administration prepares the Center's budget. The budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

2. The Board reviews the budget, may make revisions, and adopts the final budget before October tenth of each year. The budget is then filed with the county auditor by October tenth of each year.

3. The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10 of each year. The budget amounts shown in the financial statements are the final authorized amounts.

4. All appropriations lapse at the close of the Center's fiscal year. The balance of the appropriation reverts back to each respective fund and is available for future appropriation.

NOTE 2 – CHANGES OF ASSUMPTIONS

TFFR

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 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.

NDPERS

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

OPEB

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

BRADY MARTZ
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Board of Education
North Valley Area Career and Technology Center
Grafton, 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, each major fund, and the remaining fund information of the North Valley Area Career and Technology Center as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise North Valley Area Career and Technology Center's basic financial statements and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Valley Area Career and Technology Center's internal control over financial reporting (internal control) to determine the 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies. See findings 2018-001 and 2018-002.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether North Valley 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The Center's Response To Findings

The Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The 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 them.

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 Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

September 28, 2018

BRADY MARTZ
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
North Valley Area Career and Technology Center
Grafton, North Dakota

Report on Compliance for Each Major Federal Program

We have audited North Valley Area Career and Technology Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Valley Area Career and Technology Center's major federal programs for the year ended June 30, 2018. The North Valley Area Career and Technology Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Valley Area Career and Technology Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, North Valley Area Career and Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of North Valley Area Career and Technology Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance to each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

September 28, 2018

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	PASS THROUGH TO SUBRECIPIENTS	EXPENDITURES 2018
U.S. Department of Education				
Passed Through State Department of Public Instruction:				
21st Century Learning Center Program	84.287	F84287	$ 515,434	$ 784,052
Passed Through ND Department of Career & Technical Education:				
Vocational Education - Carl Perkins Grant	84.048	NONE	-	60,420
Total U.S. Department of Education			-	844,472
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 515,434	$ 844,472

See Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the North Valley Area Career and Technology Center and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to requirement. North Valley Area Career and Technology Center has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - PASS-THROUGH ENTITIES

All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

NORTH VALLEY AREA CAREER AND TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_x_ yes ___ none reported
Non-compliance material to financial statements noted?	___ yes _x_ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes _x_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program of Cluster
84.287	21st Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

SECTION II – FINANCIAL STATEMENT FINDINGS

2018-001

Criteria
An appropriate system of internal controls requires that a Center make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the Center's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Condition
The Center's auditors prepared the financial statements as of June 30, 2018. In addition, adjusting entries were proposed to bring the financial statements into compliance with accounting principles generally accepted in the United States of American (GAAP). An appropriate system of internal controls requires that a Center must make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the Center's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Effect
The Center currently does not maintain the working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures to make a determination that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America.

Recommendation
Compensating controls could be provided through client preparation of the financial statement preparation and/or review function.

Management's Response
Management agrees with comment and will implement when it becomes cost-effective.

2018-002

Criteria
To provide reasonable assurance that segregation of duties take place while also taking into account the size of the Center.

Condition
The Center has one employee who is responsible for all accounting functions involved. The employee handles all income monies, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger. Considering the size of the Center, it is not feasible to obtain proper separation of duties and the degree of internal control is severely limited.

Cause
There is only one business manager and due to the Center's size, they are unable to hire more staff.

Effect
Lack of segregation of duties leads to a limited degree of internal control.

Recommendation
The Center should separate the duties when it becomes feasible.

Management's Response
The Director reviews and signs off on the unopened bank statements. The Director also reviews and signs off on all the bank reconciliations.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings to be reported in this section.

Summary Schedule of Prior Year Findings

2017-001

Criteria
An appropriate system of internal controls requires that a Center make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the Center's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Condition
The Center's auditors prepared the financial statements as of June 30, 2018. In addition, adjusting entries were proposed to bring the financial statements into compliance with accounting principles generally accepted in the United States of American (GAAP). An appropriate system of internal controls requires that a Center must make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with GAAP. This requires the Center's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Current Year Status
The Center has determined this to not yet be cost-effective, will implement when it becomes cost effective.

2017-002

Criteria
To provide reasonable assurance that segregation of duties take place while also taking into account the size of the Center.

Condition
The Center has one employee who is responsible for all accounting functions involved. The employee handles all income monies, prepares the receipts documents, prepares the deposits, issues all checks and distributes them, receives the bank statements and does the reconciliations. The employee also records the receipts and disbursements to the journals and maintains the general ledger. Considering the size of the Center, it is not feasible to obtain proper separation of duties and the degree of internal control is severely limited.

Current Year Status
The Center has determined this to not yet be cost-effective, will implement when it becomes cost effective.

2017-003

Federal Program
21st Century (CFDA # 84.287) – Subrecipient Monitoring

Criteria
Pass-through entities are required to perform subrecipient monitoring.

Condition
North Valley Area Career and Technology Center is receiving federal funds and subsequently passing these amounts down to subrecipients. The entity did not properly provide all federal funding information to these subrecipients. North Valley Area Career and Technology Center is not currently monitoring these subrecipient's audit reports for deficiencies noted by subrecipient auditors.

Current Year Status
The annual letters to subrecipients have been updated to include the CFDA number, the federal awarding identification number and the state grant award number. The letter also includes language regarding Uniform Guidance audit requirements. Annual audit reports have been requested from subrecipients.

Corrective Action Plan

2018-001

Contact Person
Lisa Tucker

Planned Corrective Action
The Center will implement when it becomes cost-effective.

Planned Completion Date
The planned completion date for the CAP is when it becomes cost-effective.

2018-002

Contact Person
Lisa Tucker

Planned Corrective Action
The Center will implement when it becomes cost-effective.

Planned Completion Date
The planned completion date for the CAP is when it becomes cost-effective.