

Financial Statements

December 31, 2022

Williams County, North Dakota



Williams County, North Dakota

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Cory Hanson
Beau Anderson
Steve Kemp
David Montgomery
Barry Ramberg

Beth M. Innis
Patti Ogurchak
Verlan Kvande
Jaakan Williams

Commissioner – Chairman
Commissioner – Vice Chairman
Commissioner
Commissioner
Commissioner

Auditor
Treasurer/Recorder
Sheriff
State's Attorney



Independent Auditor's Report

Board of County Commissioners
Williams County
Williston, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, North Dakota (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, North Dakota as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Williams County, North Dakota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Corrections of Errors

As discussed in Note 13 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for capital assets and contributed capital as of December 31, 2021, were discovered by management of the County during the current year. Accordingly, a restatement has been made to governmental activities net position as of January 1, 2022, to correct the error. Our opinions are not modified with respect to that matter.

As discussed in Note 13 to the financial statements, a pooled cash and investment allocation error affecting the Water Resource District, a discretely presented component unit, was discovered by management of the County during the current year. Accordingly, a restatement has been made to the discretely presented component units net position as of January 1, 2022, to correct the error. Our opinions are not modified with respect to that matter.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Williams County, North Dakota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Williams County, North Dakota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The budgetary comparison schedules, Combining Schedule of Net Position – Discretely Presented Component Units, and Combining Schedule of Activities – Discretely Presented Component Units are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the financial statements.

The budgetary comparison schedules, Combining Schedule of Net Position – Discretely Presented Component Units, Combining Schedule of Activities – Discretely Presented Component Units, and Schedule of Expenditures of Federal Awards, as required by 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 GAAS. In our opinion, the budgetary comparison schedules, Combining Schedule of Net Position – Discretely Presented Component Units, and Combining Schedule of Activities – Discretely Presented Component Units and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2024, on our consideration of Williams County, North Dakota’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Williams County, North Dakota’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 Williams County, North Dakota’s internal control over financial reporting and compliance.



Bismarck, North Dakota
January 3, 2024

Williams County, North Dakota
Statement of Net Position – Modified Cash Basis
December 31, 2022

	Primary Government Governmental Activities	Component Units
Assets		
Cash and investments	\$ 131,819,303	\$ 6,733,315
Notes receivable	6,177,777	-
Capital assets not being depreciated		
Land	1,443,489	11,000
Construction in progress	1,747,456	-
Capital assets (net of accumulated depreciation)		
Land improvements	91,470	792,214
Infrastructure	60,112,864	-
Buildings	39,067,185	-
Building improvements	45,718,724	-
Machinery, furniture and equipment	9,181,574	165,805
Software	51,755	-
Total capital assets, net	<u>157,414,517</u>	<u>969,019</u>
Total assets	<u>295,411,597</u>	<u>7,702,334</u>
Liabilities		
Long-term liabilities		
Due within one year		
Bonds payable	170,974	-
Due after one year		
Bonds payable	<u>1,765,314</u>	<u>-</u>
Total liabilities	<u>1,936,288</u>	<u>-</u>
Net Position		
Net investment in capital assets	155,478,229	969,019
Restricted for		
General government	509,674	-
Public safety	18,608,786	-
Debt service	159,056	-
Highways	5,698,144	-
Conservation of natural resources	-	6,733,315
Unrestricted	<u>113,021,420</u>	<u>-</u>
Total net position	<u>\$ 293,475,309</u>	<u>\$ 7,702,334</u>

See Notes to Financial Statements

Williams County, North Dakota
Statement of Activities – Modified Cash Basis
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Component Units
Primary government						
Governmental activities						
General government	\$ 20,106,038	\$ 6,268,303	\$ 4,226,086	\$ -	\$ (9,611,649)	\$ -
Public safety	34,987,968	1,080,187	686,460	-	(33,221,321)	-
Highways	25,366,837	286,989	3,021,818	297,036	(21,760,994)	-
Health and welfare	278,003	-	2,212	-	(275,791)	-
Culture and recreation	618,708	68,539	45,189	2,500	(502,480)	-
Conservation of natural resources	406,852	-	162	-	(406,690)	-
Other	478,716	-	-	-	(478,716)	-
Interest and service charges	43,292	-	-	-	(43,292)	-
Total primary government	<u>\$ 82,286,414</u>	<u>\$ 7,704,018</u>	<u>\$ 7,981,927</u>	<u>\$ 299,536</u>	<u>\$ (66,300,933)</u>	<u>\$ -</u>
Component units						
Water Resource District	\$ 522,210	\$ 84,761	\$ -	\$ -	\$ -	\$ (437,449)
Weed Board	489,931	-	-	-	-	(489,931)
Vector Control District #1	838,957	71,743	740,058	-	-	(27,156)
Total component units	<u>\$ 1,851,098</u>	<u>\$ 156,504</u>	<u>\$ 740,058</u>	<u>\$ -</u>		<u>(954,536)</u>
General revenues						
Taxes						
Property taxes, levied for general purposes					11,233,476	578,446
Oil and gas production tax					41,418,206	-
Highway tax distribution					2,866,608	-
Telecommunications tax					60,143	1,569
Sales/use tax					27,287,159	-
Other taxes					180,364	-
Nonrestricted grants and contributions					3,081,497	91,419
Earnings on investments					605,886	133
Mineral and oil royalties					1,859,471	78
Miscellaneous revenue					968,358	56,761
Rental income					201,522	-
Gain on disposal of capital assets					64,100	8,395
Total general revenues					<u>89,826,790</u>	<u>736,801</u>
Change in net position					23,525,857	(217,735)
Net position - January 1, as restated					<u>269,949,452</u>	<u>7,920,069</u>
Net position - December 31					<u>\$ 293,475,309</u>	<u>\$ 7,702,334</u>

Williams County, North Dakota
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2022

	General	Public Safety 1% Sales Tax	Capital Projects	County Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 37,184,342	\$ 17,945,189	\$ 54,900,000	\$ 1,706,510	\$ 14,813,221	\$ 126,549,262
Notes receivable	6,000,000	-	-	-	177,777	6,177,777
Advances receivable	-	-	-	-	58,150	58,150
Total assets	\$ 43,184,342	\$ 17,945,189	\$ 54,900,000	\$ 1,706,510	\$ 15,049,148	\$ 132,785,189
Liabilities						
Advances payable	\$ -	\$ -	\$ -	\$ -	\$ 58,150	\$ 58,150
Fund Balances						
Nonspendable						
Advances	6,000,000	-	-	-	235,927	6,235,927
Restricted for						
General Government	-	-	-	-	509,674	509,674
Public Safety	-	17,945,189	-	-	663,597	18,608,786
Debt service	-	-	-	-	159,056	159,056
Highways	-	-	-	1,706,510	3,991,634	5,698,144
Committed for						
General Government	2,803,258	-	5,550,000	-	1,346,932	9,700,190
Public Safety	-	-	-	-	2,125,901	2,125,901
Health and welfare	-	-	-	-	941,331	941,331
Culture and recreation	-	-	20,000,000	-	396,487	20,396,487
Highways	-	-	29,350,000	-	-	29,350,000
Assigned for						
General Government	880,810	-	-	-	2,512,609	3,393,419
Public Safety	-	-	-	-	1,195,040	1,195,040
Highways	-	-	-	-	380,393	380,393
Capital projects	-	-	-	-	590,567	590,567
Unassigned	33,500,274	-	-	-	(58,150)	33,442,124
Total fund balances	43,184,342	17,945,189	54,900,000	1,706,510	14,990,998	132,727,039
Total liabilities and fund balances	\$ 43,184,342	\$ 17,945,189	\$ 54,900,000	\$ 1,706,510	\$ 15,049,148	\$ 132,785,189

See Notes to Financial Statements

Williams County, North Dakota

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position - Governmental Funds - Modified Cash Basis December 31, 2022

Total fund balances for governmental funds	\$ 132,727,039
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Total net position reported for government activities in the statement of net position is different because

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of capital assets	\$ 309,468,628	
Less accumulated depreciation	<u>(152,054,111)</u>	
Net capital assets		157,414,517

Internal service funds are used by the County to charge the cost of health insurance claims to individual functions. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

5,270,041

Long-term liabilities to the County's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Bonds payable	<u>(1,936,288)</u>
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Total net position of governmental activities	<u>\$ 293,475,309</u>
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Williams County, North Dakota

Statements of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – Modified Cash Basis
Year Ended December 31, 2022

	General	Public Safety 1% Sales Tax	Capital Projects	County Road and Bridge	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 45,388,386	\$ 27,287,159	\$ -	\$ 3,946,961	\$ 6,423,450	\$ 83,045,956
Licenses, permits and fees	2,475,002	-	-	390,000	852,118	3,717,120
Intergovernmental	3,065,252	-	-	329,354	7,963,028	11,357,634
Charges for services	2,479,736	-	-	286,989	1,119,983	3,886,708
Interest income	602,645	-	-	-	-	602,645
Oil royalties	1,738,794	-	-	288	120,389	1,859,471
Rental income	183,532	-	-	-	17,990	201,522
Miscellaneous	258,561	-	-	68,824	649,809	977,194
Total revenues	56,191,908	27,287,159	-	5,022,416	17,146,767	105,648,250
Expenditures						
Current						
General government	14,741,252	-	-	-	1,717,228	16,458,480
Public safety	12,485,831	17,677,476	-	-	4,164,012	34,327,319
Highways	-	-	-	8,537,169	1,851,141	10,388,310
Health and welfare	-	-	-	-	6,789	6,789
Culture and recreation	-	-	-	-	543,603	543,603
Other	-	-	-	-	478,716	478,716
Capital outlay	1,668,078	-	-	408,601	7,123,066	9,199,745
Debt service						
Principal	-	-	-	-	266,781	266,781
Interest and service charges	-	-	-	-	43,292	43,292
Total expenditures	28,895,161	17,677,476	-	8,945,770	16,194,628	71,713,035
Excess (deficiency) of revenues over (under) expenditures	27,296,747	9,609,683	-	(3,923,354)	952,139	33,935,215
Other Financing Sources (Uses)						
Sale of assets	-	-	-	-	4,066	4,066
Transfers in	19,464	-	54,900,000	4,740,985	3,589,404	63,249,853
Transfers out	(51,180,609)	(1,312,975)	-	(2,866,608)	(7,889,661)	(63,249,853)
Total other financing sources (uses)	(51,161,145)	(1,312,975)	54,900,000	1,874,377	(4,296,191)	4,066
Net change in fund balances	(23,864,398)	8,296,708	54,900,000	(2,048,977)	(3,344,052)	33,939,281
Fund balance - January 1	67,048,740	9,648,481	-	3,755,487	18,335,050	98,787,758
Fund balance - December 31	\$ 43,184,342	\$ 17,945,189	\$ 54,900,000	\$ 1,706,510	\$ 14,990,998	\$ 132,727,039

See Notes to Financial Statements

Williams County, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds - Modified Cash Basis Year Ended December 31, 2022

Net change in fund balance - total governmental funds	\$	33,939,281
The change in net position reported for governmental activities in the statement of activities is different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. this is the amount by which capital outlays exceeded depreciation in the current year		
Current year capital outlay	\$	9,199,745
Current year depreciation expense		<u>(20,039,905)</u>
		(10,840,160)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is increase net position		
		60,034
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of debt		266,781
Internal service funds are used by the County to charge the cost of medical claims and workers compensation claims to individual functions. The net revenue of the internal service fund is reported with governmental activities		
		<u>99,921</u>
Change in net position of governmental activities	\$	<u>23,525,857</u>

Williams County, North Dakota
Statement of Net Position – Proprietary Fund – Modified Cash Basis
December 31, 2022

	Governmental Activity
	<u>Internal Service Funds</u>
Assets	
Current assets	
Cash	\$ 5,270,041
Net Position	
Unrestricted	\$ 5,270,041

Williams County, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Modified Cash Basis

Year Ended December 31, 2022

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Employer contributions	\$ 6,168,382
Operating Expenses	
Claims and premiums	6,071,702
Operating income	96,680
Non-Operating Revenues	
Interest income	3,241
Change in net position	99,921
Net position - January 1	5,170,120
Net position - December 31	\$ 5,270,041

Williams County, North Dakota
Statement of Cash Flows - Proprietary Fund - Modified Cash Basis
Year Ended December 31, 2022

	Governmental Activity <u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Received from employer	\$ 6,168,382
Paid to administrator and employees	<u>(6,071,702)</u>
Net Cash from Operating Activities	<u>96,680</u>
Cash Flows from Investing Activity	
Interest received	<u>3,241</u>
Net Increase in Cash and Cash Equivalents	99,921
Cash and Cash Equivalents - January 1	<u>5,170,120</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 5,270,041</u></u>

See Notes to Financial Statements

Williams County, North Dakota
Statement of Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2022

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 16,896,110
Capital assets, net	<u>89,977</u>
	<u>\$ 16,986,087</u>
Net position	
Restricted	<u>\$ 16,986,087</u>

Williams County, North Dakota
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2022

	<u>Custodial Funds</u>
Additions	
Taxes	\$ 62,059,959
Licenses, permits and fees	13,044,343
Intergovernmental	3,602,765
Charges and services	221,896
Fines and fees	51,375
Miscellaneous revenue	<u>5,944,346</u>
Total additions	84,924,684
Deductions	
Other services and charges	<u>82,759,765</u>
Total deductions	<u>82,759,765</u>
Change in net position	2,164,919
Net position, beginning	<u>14,821,168</u>
Net position, ending	<u><u>\$ 16,986,087</u></u>

Note 1 - Summary of Significant Accounting Policies

The financial statements of Williams County, Williston, North Dakota, have been prepared in conformity with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of Williams County, North Dakota (the County). The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Williams County 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 Williams County.

Based on these criteria, the component units discussed below is included within the County's reporting entity because of the significance of its operational or financial relationship with the County.

Component Units

In conformity with a modified cash basis, the financial statements of the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Units – The component unit column in the government-wide financial statements includes the financial data of the County's three component units: Williams County Water Resource District, Williams County Weed Board, and Vector Control District #1. These units are reported in a separate column to emphasize that they are legally separate from the County.

Williams County Water Resource District – The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The County Commission can approve, disapprove, or amend the district's annual budget.

Complete financial statements may be obtained from the Williams County Water Resource District Board Secretary, 206 East Broadway, Williston ND 58801.

Williams County Weed Board - The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The Williams County Board of Commissioners has the authority to approve the budget of the Weed Board.

Vector Control District #1 - The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The Williams County Board of Commissioners has the authority to approve the budget of the Vector Control District #1.

Complete financial statements for the Weed Board and Vector Control may be obtained from the Williams County Finance Department, 206 East Broadway, Williston ND 58801.

Government-wide and Fund Financial Statements

Government-wide Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities are normally supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements – The fund financial statements provide information about the County's funds including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements.

Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements. Only capital assets and long-term debt are recorded under the basis of accounting described above on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety 1% Sales Tax Fund – This fund is used to track the County’s portion of the 1% sales and use tax for the purpose of providing supplemental funding to public safety departments and agencies within the County.

County Road and Bridge – This is the County’s primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund.

Capital Projects – This is the County’s fund used to account for ongoing improvements of County facilities.

Additionally, the County reports the following fund types:

Internal Service Fund – This fund accounts for health insurance and workers compensation insurance coverage provided to other departments on a cost reimbursement basis.

Custodial Funds – These funds account for assets held by the County in a custodial capacity as an agent on behalf of others. The County’s custodial funds are used to account for various deposits of other governments.

The County follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for all governmental entities. For the government-wide financial statements, the County follows all applicable GASB pronouncements to the extent they are applicable to the modified cash basis of accounting.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Equity Classifications

Government-wide Statements

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classification Policies and Procedures

The County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The County uses *restricted* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Cash and Investments

Cash includes amounts in demand deposits, money market accounts and certificates of deposit with a maturity date of 90 days or less.

Investments consist of certificates of deposit and marketable securities with a maturity date in excess of 90 days, stated at cost.

Budget

The County commission adopts an “appropriated budget” on the modified cash basis of accounting. The County Finance Director, through an enactment by the Williams County Board of County Commissioners, adopted August 16, 2016, performs certain statutory duties of the County Auditor, including preparing an annual budget for the general fund and each special revenue fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them. The current budget, except for property taxes, may be amended throughout the year for revenues or appropriations anticipated when the budget was prepared. NDCC 57-15-31.1. Each budget is controlled by the County Finance Director, per the enactment adopted by the Williams County Board of County Commissioners on August 16, 2016, at the revenue and expenditure function/object level. All appropriations lapse at year-end. When expenditures are in excess of appropriations the County will fund these items through revenues in excess of budget, cash reserves of the fund, or from a cash transfer from other funds.

The County holds public hearings regarding disbursements. All tax levies and all taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04. The County commissioners meet on or before October to determine the amount of taxes that shall be levied for County purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	7 to 20 years
Infrastructure	5 to 10 years
Buildings	15 to 50 years
Building improvements	20 years
Machinery, furniture and equipment	3 to 25 years
Software	5 years

Long-Term Obligations

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Payments on debt are recognized as debt service expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Tax Revenues

The County receives sales tax payments through the State for local purchases. The sales tax is subject to a refund cap which is performed at the state level. The sales tax refunds are not measurable by the County until the County is notified by the State as to the amount of the refunds and the refunds are recorded by the County when received.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

Note 2 - Deposits and Investments

In accordance with North Dakota Statutes, the County maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

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

At December 31, 2022, the pooled bank balance of the County funds, Williams County Weed Board, Vector Control District #1, and fiduciary funds was \$154,207,168. The carrying amount of deposits was \$154,182,166, which consisted of County deposits of \$131,819,303, component unit deposits of \$5,466,753 and custodial fund deposits of \$16,896,110. Of the bank balances, \$1,750,000 was covered by Federal Depository Insurance. The remaining balance of \$152,457,168 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2022, Williams County Water Resource District, a discretely presented component unit of Williams County, had a carrying amount of deposits of \$1,266,562, and a bank balance of \$1,275,798. The bank balance was covered by Federal Depository Insurance of \$250,000 and the remaining balance was collateralized with securities held by the pledge financial institution's agent in the Water District's name. The other two discretely presented component units are carried within the County funds and are adequately collateralized.

Interest Rate Risk – The County does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates, nor do the fiduciary funds or component units. All investments are certificates of deposit, U.S. Treasury bills, and U.S. Treasury bonds.

Credit Risk

The County may invest idle funds as authorized in North Dakota Statutes, as follows:

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- d) Obligations of the state.

As of December 31, 2022, the County held certificates of deposit in the amount of \$4,622,993, U.S. Treasury bills in the amount of \$5,216,051, and U.S. Treasury bonds in the amount of \$14,674,688. The Williams County Water Resource District, a discretely presented component unit of Williams County, held certificates of deposit in the amount of \$40,924 which mature in 2023. The investments are all considered deposits and are included in the above amount of total deposits.

As of December 31, 2022, the County held investments with the following maturity dates:

Investment Type	Within 1 Year	1 to 5 Years	Thereafter	Total
Certificates of Deposit	\$ 4,622,993	\$	\$	\$ 4,622,993
US Treasury Bills	5,216,051			5,216,051
US Treasury Bonds	3,272,736	11,401,951	-	14,674,688
Total Investments	<u>\$ 13,111,781</u>	<u>\$ 11,401,951</u>	<u>\$ -</u>	<u>\$ 24,513,732</u>

Concentration of Credit Risk

The County does not have a limit on the amount the County may invest in any one issuer. All deposits and investments are held with the following six financial institutions: First International Bank, Bank of Tioga, First State Bank, American State Bank, Wells Fargo, and the Bank of North Dakota.

Note 3 - Advances to/from Other Funds

Advances to/from other funds are for long-term borrowing between the special road levy fund, included within other governmental funds, and the other governmental funds. The advances have 15-year terms, due in 2031, at an interest rate of 4.0%. Advances to/from other funds were \$58,150 at December 31, 2022.

Note 4 - Notes Receivable

Outstanding loans receivable at December 31, 2022, consists of the following:

<p>\$6,000,000 at 0% interest loan dated November 8, 2021 to Cerilon GTL ND, Inc., for funding a gas to liquid processing plant which is expected to provide economic benefits to the area. Loan was disbursed in three (3) payments of \$2,000,000 each, paid in February, March, and July 2022. Quarterly installments of \$666,667 begin on or before the Commercial Operations Date or by November 16, 2028, whichever date is earlier, and on or by the 15th day of the month of each quarter for the 24-month period thereafter.</p>	<p>\$ 6,000,000</p>
<p>\$184,615 at 0% interest loan dated August 2, 2022 to Williston Township for funding project costs associated with Farris Paving District #1. Loan was disbursed on August 4, 2022. Certified special assessments on property within paving district are pledged to repay loan principal. Special assessments to be spread over fifteen (15) years and certified annually in equal installments on property tax statements, beginning with 2022 tax statements. Specials will be collected and retained by the County and credited against the loan principal balance until loan amount has been fully reimbursed.</p>	<p><u>177,777</u></p>
	<p><u><u>\$ 6,177,777</u></u></p>

Williams County, North Dakota

Notes to Financial Statements

December 31, 2022

Note 5 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2022:

Primary Government

Governmental Activities	Balance 1/1/22, restated	Increases	Decreases	Balance 12/31/22
Capital assets not being depreciated				
Land	\$ 1,174,651	\$ 268,838	\$ -	\$ 1,443,489
Construction in progress	1,856,900	362,438	471,882	1,747,456
Total capital assets, not being depreciated	3,031,551	631,276	471,882	3,190,945
Capital assets being depreciated				
Land improvements	131,867	33,182	-	165,049
Infrastructure	166,955,921	6,031,836	-	172,987,757
Buildings	51,046,042	713,942	-	51,759,984
Building improvements	57,671,642	363,430	-	58,035,072
Machinery, furniture and equipment	21,165,589	2,087,793	279,149	22,974,233
Software	355,588	-	-	355,588
Total capital assets, being depreciated	297,326,649	9,230,183	279,149	306,277,683
Less accumulated depreciation for				
Land improvements	66,161	7,418	-	73,579
Infrastructure	98,933,160	13,941,733	-	112,874,893
Buildings	11,687,739	1,005,060	-	12,692,799
Building improvements	9,427,103	2,889,245	-	12,316,348
Machinery, furniture and equipment	11,816,679	2,125,331	149,351	13,792,659
Software	232,715	71,118	-	303,833
Total accumulated depreciation	132,163,557	20,039,905	149,351	152,054,111
Total capital assets being depreciated, net	165,163,092	(10,809,722)	129,798	154,223,572
Governmental activities - capital assets, net	\$ 168,194,643	\$ (10,178,446)	\$ 601,680	\$ 157,414,517

Williams County, North Dakota

Notes to Financial Statements

December 31, 2022

Depreciation expense was charged to functions/programs of the County as follows:

Governmental Activities

General government	\$ 3,799,842
Public safety	915,216
Highways	14,978,528
Healthy and welfare	271,214
Culture and recreation	<u>75,105</u>
Total depreciation expense - governmental activities	<u>\$ 20,039,905</u>

Component Units

Discretely Presented Component Units	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
Capital assets not being depreciated				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Total capital assets, not being depreciated	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Capital assets being depreciated				
Land improvements	1,727,165	-	-	1,727,165
Machinery, furniture and equipment	<u>1,222,538</u>	<u>87,445</u>	<u>-</u>	<u>1,309,983</u>
Total capital assets, being depreciated	<u>2,949,703</u>	<u>87,445</u>	<u>-</u>	<u>3,037,148</u>
Discretely Presented Component Units	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
Less accumulated depreciation for				
Land improvements	821,318	113,633	-	934,951
Machinery, furniture and equipment	<u>1,094,398</u>	<u>49,780</u>	<u>-</u>	<u>1,144,178</u>
Total accumulated depreciation	<u>1,915,716</u>	<u>163,413</u>	<u>-</u>	<u>2,079,129</u>
Total capital assets being depreciated, net	<u>1,033,987</u>	<u>(75,968)</u>	<u>-</u>	<u>958,019</u>
Component units - capital assets, net	<u>\$ 1,044,987</u>	<u>\$ (75,968)</u>	<u>\$ -</u>	<u>\$ 969,019</u>

Williams County, North Dakota

Notes to Financial Statements

December 31, 2022

Custodial Funds

Custodial Funds	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
Capital assets being depreciated				
Machinery, furniture and equipment	\$ 61,258	\$ 53,499	\$ -	\$ 114,757
Total capital assets, being depreciated	61,258	53,499	-	114,757
Custodial Funds	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
Less accumulated depreciation for				
Machinery, furniture and equipment	10,210	14,570	-	24,780
Total accumulated depreciation	10,210	14,570	-	24,780
Total capital assets being depreciated, net	51,048	38,929	-	89,977
Custodial funds - capital assets, net	\$ 51,048	\$ 38,929	\$ -	\$ 89,977

Note 6 - Interfund Transfers

Interfund transfers were used to move revenues from the funds that are required to collect them to funds that are allowed to expend them. The following is a reconciliation between transfers in and out for the year ended December 31, 2022:

Funds	Transfers In	Transfers Out
General Fund	\$ 19,465	\$ 51,180,608
Public Safety 1% Sales Tax	-	1,312,975
County Road and Bridge	4,740,985	2,866,608
Capital Projects	54,900,000	-
Other Governmental Funds	3,589,403	7,889,662
Total transfers	\$ 63,249,853	\$ 63,249,853

Note 7 - Long-Term Liabilities

Changes in long-term liabilities – During the year ended December 31, 2022, the following changes occurred in liabilities reported as long-term debt:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bonds payable	\$ 2,203,069	\$ -	\$ 266,781	\$ 1,936,288	\$ 170,974
Total	<u>\$ 2,203,069</u>	<u>\$ -</u>	<u>\$ 266,781</u>	<u>\$ 1,936,288</u>	<u>\$ 170,974</u>

Outstanding debt at December 31, 2022, consists of the following issues:

Bonds Payable

\$2,860,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of \$122,488 to \$158,634, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Debt Service fund	\$ 1,704,105
\$370,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of \$18,519 to \$23,984, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Debt Service fund	232,183
	<u>\$ 1,936,288</u>

Debt service requirements on bonds payable at December 31, 2022, are as follows:

Year Ending December 31	Bond Payable	
	Principal	Interest
2023	\$ 170,974	\$ 38,442
2024	166,913	36,025
2025	174,331	34,124
2026	177,835	32,200
2027	181,411	24,022
2028 - 2032	874,616	62,146
2033	<u>190,208</u>	<u>2,797</u>
Totals	<u>\$ 1,936,288</u>	<u>\$ 229,756</u>

Note 8 - Joint Ventures

Williams County entered into a joint venture with Mountrail, Divide and McKenzie Counties for the operation of the Upper Missouri District Health Unit. Each participating county's share of the cost of operations and board member appointments is determined by the property valuation of each county. During 2022, the County's contributions to the joint venture was \$483,818.

Audited summary financial information for the year ended December 31, 2021, the most recent year audited, is as follows:

Cash and investments	\$ 1,728,859
Other assets	<u>1,124,491</u>
Total assets	2,853,350
Deferred outflows of resources	<u>1,705,228</u>
Total assets and deferred outflows of resources	<u>\$ 4,558,578</u>
Total liabilities	\$ 1,679,134
Deferred inflows of resources	2,479,386
Total net position	<u>400,058</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,558,578</u>
Total revenues	\$ 4,171,461
Total expenses	<u>3,614,704</u>
Change in net position	<u>\$ 556,757</u>

Complete financial statements may be obtained from the Upper Missouri District Health Unit; 110 W Broadway Suite 101, Williston, ND 58801-6032.

Williams County entered into a joint venture with the City of Williston for the operation of the Upper Missouri River Regional Dispatch Center. The City contributes 63% and the County 37% of the annual budget. During 2022, the County's contributions to the joint venture was \$1,231,154.

Non-audited summary financial information for the year ended December 31, 2022 is as follows:

Cash and investments	\$ 1,342,580
Total assets	<u>\$ 1,342,580</u>
Total net position	<u>\$ 1,342,580</u>
Total revenues	\$ 4,248,632
Total expenses	<u>3,406,533</u>
Change in net position	<u>\$ 842,099</u>

Complete financial statements may be obtained from the Upper Missouri River Regional Dispatch Center.

Note 9 - Pension Plans

North Dakota Public Employees Retirement System (Main System and Law Enforcement 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.

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System 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 provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members of the Law Enforcement 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 (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Contribution

Upon termination, if a member of the Main or Law Enforcement System is not vested (is not 65 for Main System or 55 for Law Enforcement System or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation for the Main System. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

Contribution rates for the Law Enforcement System are established as follows:

Plan	Member contribution rate	Employer contribution rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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

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

Pension Contributions

During the Year ended December 31, 2022, the County made employer cash contributions for the pension plans totaling \$2,800,070.

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 10 - Other Post-Employment Benefits

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

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

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

OPEB Benefits

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

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

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Contributions

During the year ended December 31, 2022, the County made employer cash contributions for OPEB plans totaling \$182,875.

Note 11 - Risk Management

Williams County is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986 state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Williams County pays an annual premium to NDIRF for its general liability, automobile, and public assets insurance coverage. The coverage by NDIRF is limited to losses of five million dollars per occurrence for personal injury and property damage and governance liability. Williams County also participates in the North Dakota State Fire and Tornado fund for public assets, buildings, and property damage. The limit of coverage for this policy differs by the value for each asset.

Williams County also participates in the State Bonding Fund. The State Bonding Fund currently provides Williams County 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.

Note 12 - Commitments and Contingencies**Revenue Contingency**

In 2013, the County received a grant from the North Dakota Housing Finance Agency in the amount of \$581,569. The grant is set up as a forgiven loan as long as the County remains in compliance with the terms and conditions specified in the grant agreement. The County has complied with the terms of the grant agreement and intends to continue complying with the terms of the grant agreement. There is no expectation that the County will have to repay any of the grant funds from this grant award.

Construction and Capital Asset Commitments

At December 31, 2022, the County has \$348,923 of commitments outstanding related to construction projects and capital asset purchases. Total estimated contract costs for these projects are approximately \$711,000.

On May 17, 2022, the Williams County Board of County Commissioners approved \$35,000,000 for funding the County Parks Master Plan. \$20,000,000 was transferred from the County General Fund to a capital project fund in 2022 and additional transfers are planned for years 2023 through 2026. The total estimated cost for the County Parks Master Plan is \$35,000,000 and is expected to begin in 2023 and be completed in 2027.

Grant Commitment

At December 31, 2022, the County has \$285,237 of grant commitments outstanding related to the PSAP/EOC project for the City of Williston.

Note 13 - Restatement**Primary Government**

The County incorrectly recorded capital contributions relating to construction projects jointly funded by the NDDOT and the County. The result was a \$6,346,250 overstatement of governmental activities, capital assets, contributed capital, change in net position and net position as of December 31, 2021. Management discovered and corrected the error as of January 1, 2022 by recording the following prior period adjustment:

	Governmental Activities
Net position at January 1, 2022, as previously reported	\$ 276,295,702
Removal of incorrect contributed capital amount	<u>(6,346,250)</u>
Net position at January 1, 2022, as restated	<u><u>\$ 269,949,452</u></u>

Discretely Presented Component Units

Net position of discretely presented component units as of January 1, 2022 has been restated for a cash and investment allocation error for the Water Resource District. The result of the adjustment decreased the beginning net position of the discretely presented component units. The prior year change in net position of discretely presented component units would have decreased by \$25,649 to \$980,446 for the year ended December 31, 2021.

	Discretely Presented Component Units
Net position at January 1, 2022, as previously reported	\$ 7,981,357
Removal of incorrect cash & investment amount	<u>(61,288)</u>
Net position at January 1, 2022, as restated	<u><u>\$ 7,920,069</u></u>

Note 14 - Subsequent Events

In January 2023, the County entered into a loan agreement with Cerilon GTL ND, Inc. ("the Company") in which the County agreed to provide a \$10,000,000 loan, at a rate of 2.5% interest per annum, to the Company. The purpose of the loan is to assist in purchasing land on which a gas to liquid processing plant will be constructed, which is expected to provide economic benefits to the area. Loan funding occurred on February 17, 2023.

Effective September 1, 2023, all public safety answering point communications and the operations and maintenance of the Upper Missouri River Regional Dispatch Center ("UMRRDC") were transferred to the exclusive control, supervision, and management of the County as a County department. The Joint Powers Agreement Third Amendment, dated May 1, 2021, was terminated by Williams County and the City of Williston and the ownership of all real property, personal property, revenues, and assets acquired, held, possessed, leased, or used by UMRRDC was transferred to Williams County as of the effective date. The UMRRDC has been renamed the Williams County Dispatch Center.

The County has evaluated subsequent events through January 3, 2024, the date of the independent auditor's report.

Supplementary Information

December 31, 2022

Williams County, North Dakota



Williams County, North Dakota
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 13,060,144	\$ 17,024,985	\$ 45,388,386	\$ 28,363,401
Licenses, permits and fees	1,865,850	1,865,850	2,475,002	609,152
Intergovernmental	1,829,540	1,829,540	3,065,252	1,235,712
Charges for services	2,413,460	2,413,460	2,479,736	66,276
Interest income	80,000	80,000	602,645	522,645
Oil royalties	725,000	725,000	1,738,794	1,013,794
Rental income	189,206	189,206	183,532	(5,674)
Miscellaneous	18,425	18,425	258,561	240,136
Total revenues	20,181,625	24,146,466	56,191,908	32,045,442
Expenditures				
Current				
General government	15,143,964	15,721,965	14,741,252	980,713
Public safety	14,499,071	14,499,071	12,485,831	2,013,240
Capital outlay	435,000	515,000	1,668,078	(1,153,078)
Total expenditures	30,078,035	30,736,036	28,895,161	1,840,875
Excess (Deficiency) of Revenues over Expenditures	(9,896,410)	(6,589,570)	27,296,747	33,886,317
Other Financing Sources (Uses)				
Transfers in	-	-	19,464	19,464
Transfers out	(15,260,982)	(15,260,982)	(51,180,609)	(35,919,627)
Total other financing sources and uses	(15,260,982)	(15,260,982)	(51,161,145)	(35,900,163)
Net Change in Fund Balances	(25,157,392)	(21,850,552)	(23,864,398)	(2,013,846)
Fund balance - January 1	53,118,017	50,668,923	67,048,740	16,379,817
Fund Balance - December 31	\$ 27,960,625	\$ 28,818,371	\$ 43,184,342	\$ 14,365,971

Williams County, North Dakota
 Budgetary Comparison Schedule – Public Safety 1% Sales Tax Fund
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 18,764,466	\$ 18,764,466	\$ 27,287,159	\$ 8,522,693
Total revenues	<u>18,764,466</u>	<u>18,764,466</u>	<u>27,287,159</u>	<u>8,522,693</u>
Expenditures				
Current				
Public safety	<u>18,382,233</u>	<u>18,382,233</u>	<u>17,677,476</u>	<u>704,757</u>
Total expenditures	<u>18,382,233</u>	<u>18,382,233</u>	<u>17,677,476</u>	<u>704,757</u>
Excess (Deficiency) of Revenues over Expenditures	<u>382,233</u>	<u>382,233</u>	<u>9,609,683</u>	<u>9,227,450</u>
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,312,975)</u>	<u>(1,312,975)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(1,312,975)</u>	<u>(1,312,975)</u>
Net Change in Fund Balances	382,233	382,233	8,296,708	7,914,475
Fund balance - January 1	<u>7,797,502</u>	<u>7,797,502</u>	<u>9,648,481</u>	<u>1,850,979</u>
Fund Balance - December 31	<u>\$ 8,179,735</u>	<u>\$ 8,179,735</u>	<u>\$ 17,945,189</u>	<u>\$ 9,765,454</u>

Williams County, North Dakota
 Budgetary Comparison Schedule – County Road and Bridge Fund
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 3,265,298	\$ 4,338,895	\$ 3,946,961	\$ (391,934)
Licenses, permits and fees	350,000	350,000	390,000	40,000
Intergovernmental	184,612	184,612	329,354	144,742
Charges for services	421,000	421,000	286,989	(134,011)
Oil royalties	200	200	288	88
Miscellaneous	10,000	10,000	68,824	58,824
	<u>4,231,110</u>	<u>5,304,707</u>	<u>5,022,416</u>	<u>(282,291)</u>
Total revenues				
Expenditures				
Current				
Highways	13,409,750	13,704,750	8,537,169	5,167,581
Capital Outlay	-	60,000	408,601	(348,601)
	<u>13,409,750</u>	<u>13,764,750</u>	<u>8,945,770</u>	<u>4,818,980</u>
Total expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>(9,178,640)</u>	<u>(8,460,043)</u>	<u>(3,923,354)</u>	<u>4,536,689</u>
Other Financing Sources (Uses)				
Transfers in	11,128,949	11,128,949	4,740,985	(6,387,964)
Transfers out	(3,265,298)	(3,265,298)	(2,866,608)	398,690
Total other financing sources and uses	<u>7,863,651</u>	<u>7,863,651</u>	<u>1,874,377</u>	<u>(5,989,274)</u>
Net Change in Fund Balances	(1,314,989)	(596,392)	(2,048,977)	(1,452,585)
Fund balance - January 1	<u>427,392</u>	<u>1,354,405</u>	<u>3,755,487</u>	<u>2,401,082</u>
Fund Balance - December 31	<u>\$ (887,597)</u>	<u>\$ 758,013</u>	<u>\$ 1,706,510</u>	<u>\$ 948,497</u>

Williams County, North Dakota

Combining Schedule of Net Position – Discretely Presented Component Units – Modified Cash Basis

Year Ended December 31, 2022

	Water Resource District	Weed Board	Vector Control District #1	Total
Assets				
Cash and investments	\$ 1,266,562	\$ 3,116,690	\$ 2,350,063	\$ 6,733,315
Capital assets not being depreciated				
Land	11,000	-	-	11,000
Capital assets (net of accumulated depreciation)				
Land improvements	792,214	-	-	792,214
Machinery, furniture and equipment	5,064	88,440	72,301	165,805
Total capital assets	808,278	88,440	72,301	969,019
Total assets	2,074,840	3,205,130	2,422,364	7,702,334
Net Position				
Net investment in capital assets	808,278	88,440	72,301	969,019
Restricted for				
Conservation of natural resources	1,266,562	3,116,690	2,350,063	6,733,315
Total net position	\$ 2,074,840	\$ 3,205,130	\$ 2,422,364	\$ 7,702,334

Williams County, North Dakota

Combining Schedule of Activities – Discretely Presented Component Units – Modified Cash Basis

Year Ended December 31, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Water Resource District	Weed Board	Vector Control District #1	Total
Water Resource District	\$ 522,210	\$ 84,761	\$ -	\$ (437,449)	\$ -	\$ -	\$ (437,449)
Weed Board	489,931	-	-	-	(489,931)	-	(489,931)
Vector Control District #1	838,957	71,743	740,058	-	-	(27,156)	(27,156)
Total component units	<u>\$ 1,851,098</u>	<u>\$ 156,504</u>	<u>\$ 740,058</u>	<u>(437,449)</u>	<u>(489,931)</u>	<u>(27,156)</u>	<u>(954,536)</u>
General revenues							
Property taxes, levied for general purposes				344,806	7,589	226,051	578,446
Telecommunications tax				-	1,076	493	1,569
Nonrestricted grants and contributions				29,352	36,778	25,289	91,419
Earnings on investments				133	-	-	133
Mineral and oil royalties				-	78	-	78
Miscellaneous revenue				29,146	26,251	1,364	56,761
Gain on disposal of capital assets				-	-	8,395	8,395
Total general revenues				<u>403,437</u>	<u>71,772</u>	<u>261,592</u>	<u>736,801</u>
Change in net position				(34,012)	(418,159)	234,436	(217,735)
Net position - January 1, as restated				<u>2,108,852</u>	<u>3,623,289</u>	<u>2,187,928</u>	<u>7,920,069</u>
Net position - December 31				<u>\$ 2,074,840</u>	<u>\$ 3,205,130</u>	<u>\$ 2,422,364</u>	<u>\$ 7,702,334</u>



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Board of County Commissioners
Williams County
Williston, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash basis financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, North Dakota (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Williams County's basic financial statements and have issued our report thereon dated January 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Williams County, North Dakota's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Bismarck, North Dakota
January 3, 2024



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Board of County Commissioners
Williams County
Williston, North Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Williams County, North Dakota's compliance with the types of compliance requirements subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Williams County, North Dakota's major federal program for the year ended December 31, 2022. Williams County, North Dakota's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Williams County, North Dakota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Williams County, North Dakota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Williams County, North Dakota's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Williams County, North Dakota's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Williams County, North Dakota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Williams County, North Dakota's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Williams County, North Dakota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Williams County, North Dakota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Williams County, North Dakota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Bismarck, North Dakota
January 3, 2024

Williams County, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

<u>Federal Grantor, Pass-through Grantor and Program Title</u>	<u>Federal Financial Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Justice			
<u>Passed through State Division of Juvenile Services and State Juvenile Justice State Advisory Group</u>			
Juvenile Justice and Delinquency Prevention	16.540	2019-JF-FX-0012	\$ 878
Juvenile Justice and Delinquency Prevention	16.540	2020-JF-FX-0041	18,318
Juvenile Justice and Delinquency Prevention	16.540	15PJDP-21-GG-04711-TITL	1,034
Total Juvenile Justice and Delinquency Prevention			20,230
<u>Passed through State Department of Corrections and Rehabilitation</u>			
Victims of Crime Act (VOCA)	16.575	2019-V2-GX-0030	156,938
Victims of Crime Act (VOCA)	16.575	2020-V2-GX-0030	52,233
Total Victims of Crimes Act (VOCA)			209,171
<u>Passed through ND Office of Attorney General</u>			
COPS Office Anti-Heroin Task Force Program	16.710	2018-HP-WX-0010	2,478
Total U.S. Department of Justice			231,879
U.S. Department of Transportation			
<u>Passed through State Department of Transportation</u>			
Highway Safety Cluster			
Speed Enforcement	20.600	HSPSC2207	1,287
Click It or Ticket	20.616	HSPOP2205	2,563
Alcohol Enforcement - Underage Enforcement	20.616	HSPID2210	5,834
Total Highway Safety Cluster			9,684
Total U.S. Department of Transportation			9,684
U.S. Department of Treasury			
COVID-19 American Rescue Plan Act (ARPA)	21.027	none	6,916,550

Williams County, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

<u>Federal Grantor, Pass-through Grantor and Program Title</u>	<u>Federal Financial Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Homeland Security			
<u>Passed through State Department of Emergency Services</u>			
Emergency Management Performance Grants	97.042	EMD-2021-EP-00005-S01	26,140
Emergency Management Performance Grants	97.042	EMD-2022-EP-00005-S01	37,636
Emergency Management Performance Grants	97.042	<i>none</i>	<u>173</u>
Total Emergency Management Performance Grants			63,949
Hazardous Materials Emergency Preparedness Grants	20.703	FY2020-2021-HMEP	173,498
FEMA-4660-DR	97.036	4660	<u>15,862</u>
Total U.S. Department of Homeland Security			<u>253,309</u>
U.S. Department of Interior			
<u>Passed through State Treasurer</u>			
Taylor Grazing	15.227	4220	23
Payment in Lieu of Taxes	15.226	4225	50,507
Mineral Leasing Act (public Domain Royalties)	15.437	4150	<u>1,636,607</u>
Total U.S. Department of Interior			<u>1,687,137</u>
Total Federal Financial Assistance			<u>\$ 9,098,559</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Williams County under programs of the federal government for the year ended December 31, 2022. The information 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or fund balance of Williams County. The County received federal awards directly from federal agencies.

Note B - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified cash basis of accounting. When applicable, 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 reimbursement. No federal financial assistance has been provided to a subrecipient.

Note C – Indirect Cost Rate

The County has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Programs	Federal Financial Assistance Listing
COVID-19 American Rescue Plan Act (ARPA)	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

**2022-001 Restatement Journal Entries
 Material Weakness**

Criteria: AU-C Section 265, A.11 in part states, indicators of material weaknesses in internal control include restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.

Condition: The County identified and corrected a prior-period error related to the recording of capital assets and contributed capital, which is not recorded on the modified cash basis. The County identified and corrected a prior-period error relating to pooled allocation of investments and cash to one discretely presented component unit.

Cause: The County was not aware that capital assets and contributed capital should not be recorded on the modified cash basis. The internal control processes for the County were designed properly but failed to timely discover the pooled allocation of investments and cash when reviewing the financial statements in the prior year.

Effect: Inadequate control over financial reporting of the County could result in the more than a remote likelihood that the County would not be able to draft accompanying notes to the financial statements without material errors. In the current year, it resulted in a material prior period adjustment to governmentwide net position and capital asset balances and discretely presented component unit net position.

Recommendation: It is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of Williams County and changes in reporting requirements.

Views of Responsible Officials: The County has improved its internal controls to identify these errors in a more timely manner. The County is now preparing the financial statements internally using The Reporting Solutions ACFR software.

Section III – Federal Award Findings and Questioned Costs

None identified.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
December 31, 2022
Prepared by Management of
Williams County

Finance Department

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2021-001

**Preparation of Financial Statements and Restatement
Material Weakness**

Finding Summary: The County does not have an internal control system designed to provide for the preparation of the notes to the financial statements being audited. This resulted in a material error in prior year capital asset and contributed capital balances that was not detected by management until the current year.

Responsible Individuals: Kristi Hanson, Finance Director

Corrective Action Plan: The County has trained staff on using the Tyler ACFR Statement Builder to prepare the financial statements internally.

Anticipated Completion Date: The county will be preparing the financial statements and accompanying notes to the financial statements beginning with the year ended December 31, 2022.

2021-002

**Excess Cash Reserves
Material Weakness**

Finding Summary: The County had two levied nonmajor special revenue funds and the Williams County Weed Board, a discretely presented component unit, that had cash reserve balances at December 31, 2021 that were in excess of 75% of the annual appropriation.

Responsible Individuals: Kristi Hanson, Finance Director

Corrective Action Plan: The County has taken measures to ensure that the 75% reserve requirement is adhered to for all future budgets. Starting with the 2022 budget, they will incorporate the County Budget forms issued by the State Auditor to calculate reserve amounts for each levied fund.

Anticipated Completion Date: The County has implemented the County Budget forms issued by the State Auditor and has taken all necessary measures to ensure all levied funds are in compliance for the year ended December 31, 2022.

Finance Department

2022-001**Restatement Journal Entries
Material Weakness**

<i>Finding Summary:</i>	The County identified and corrected a prior-period error related to the recording of capital assets and contributed capital, which is not recorded on the modified cash basis. The County identified and corrected a prior period error relating to pooled allocation of investments and cash to one discretely presented component unit.
<i>Responsible Individuals:</i>	Kristi Hanson, Finance Director
<i>Corrective Action Plan:</i>	The County has improved its internal controls to identify these errors in a more timely manner. The County is now preparing the financial statements internally using The Reporting Solutions ACFR software.
<i>Anticipated Completion Date:</i>	Corrected for the year ended December 31, 2022. Not expected to be continued.

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