

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT  
WILLISTON, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT  
WILLISTON, ND**

**OFFICIALS**

At December 31, 2016

Donald Anderson	Chairman
TJ Halverson	Vice-Chairman
Bruce Brogger	Member
Tammy Muller	Member
Wayne Berry	Member

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Williams County Soil Conservation District  
Williston, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Williams County Soil Conservation District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Williams County Soil Conservation District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## **Basis for Qualified Opinions on Governmental Activities and General Fund**

Management has not kept an adequate listing of inventory and the amount of inventory on hand is unable to be determined. Accounting principles generally accepted in the United States of America requires substantiation of the individual items and costs to be included in inventory at year end. The amount by which this departure would affect the assets, fund balance and expenses has not been determined.

## **Qualified Opinions**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund information of the Williams County Soil Conservation District as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions - Pension, and Notes to the Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021 on our consideration of Williams County Soil Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 Soil Conservation District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P. C.  
MINOT, NORTH DAKOTA**

February 8, 2021

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 371,910
Certificates of deposit	142,226
Prepaid expenses	435
Total current assets	<u>514,571</u>
Other assets	
Capital assets (net of accumulated depreciation)	353,778
Capital credits	10,074
Total other assets	<u>363,852</u>
Total assets	<u>878,423</u>

**DEFERRED OUTFLOWS**

Deferred outflow - pension	<u>20,288</u>
Total deferred outflow of resources	<u>20,288</u>

**LIABILITIES**

Current liabilities	
Accounts payable	129,998
Payroll liabilities	2,540
Accrued vacation	2,068
Sales tax payable	998
Deferred revenue	5,184
Total current liabilities	<u>140,788</u>
Noncurrent liabilities	
Net pension liability	<u>42,931</u>
Total noncurrent liabilities	<u>42,931</u>
Total liabilities	<u>183,719</u>

**DEFERRED INFLOWS**

Deferred inflow - pension	<u>7,030</u>
Total deferred inflow of resources	<u>7,030</u>

**NET POSITION**

Net investment in capital assets	223,780
Unrestricted	<u>484,182</u>
Total net position	<u>\$ 707,962</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Conservation of natural resources	\$ 263,745	\$ 151,783	\$ 9,463	\$ (102,499)
General Revenues:				
Taxes:				
Mill levy				273,794
Interest and dividend revenue				1,672
Miscellaneous revenue				363
Total general revenues				275,829
Change in net position				173,330
Net position - January 1, 2016				534,632
Net position - December 31, 2016				\$ 707,962

SEE NOTES TO THE FINANCIAL STATEMENTS



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2016**

**ASSETS**

Cash	\$ 371,910
Certificates of deposit	142,226
Prepaid insurance	<u>435</u>
Total assets	<u><u>\$ 514,571</u></u>

**LIABILITIES**

Accounts payable	\$ 129,998
Payroll liabilities	2,540
Sales tax payable	998
Deferred revenue	<u>5,184</u>
Total liabilities	<u><u>138,720</u></u>

**FUND BALANCE**

Fund balance	
Unassigned	<u>375,851</u>
Total fund balance	<u><u>375,851</u></u>
 Total liabilities and fund balance	 <u><u>\$ 514,571</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

Total Governmental Funds Balance	\$ 375,851
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Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of capital assets	473,908
Less accumulated depreciation	120,130
Net capital assets	353,778

Capital credits used in governmental activities are not financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

10,074

Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities that are not financial resources in the governmental funds.

Cost sharing defined benefit plan deferred inflow - pension	(7,030)
Cost sharing defined benefit plan deferred outflow - pension	20,288

Certain long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Net pension liability	(42,931)
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Certain short-term liabilities are not recognized as an expenditure in the governmental funds until they are due. All liabilities both current and long-term are reported in the Statement of Net Position.

(2,068)

Net Position of Governmental Activities	\$ 707,962
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SEE NOTES TO THE FINANCIAL STATEMENTS

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE- GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Revenue:

Tree sales	\$ 26,392
Tree house income	64,882
County mill levy	273,794
Reimbursements	9,463
Service income	60,509
Miscellaneous	363
Interest and dividend income	841
Total revenues	<u>436,244</u>

Expenditures:

Current

Advertising	853
Meeting	9,842
Salaries & wages	103,402
Insurance	4,371
Educational & awards	1,100
Dues	3,605
Banquets	8,489
Office	1,533
Payroll taxes	8,702
Professional fees	1,239
Trees & fabric	42,095
Repair & maintenance	2,111
Donations	247
Equipment rental	12,546
Utilities	1,035
Tree shed supplies	7,695
Retirement	7,041
Eco-ed	5,486
District cost share	19,742
Postage	3,607

Total current expenditures	<u>244,741</u>
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Capital outlay	<u>224,944</u>
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Total expenditures	<u>469,685</u>
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EXCESS REVENUE OVER (UNDER) EXPENDITURES	<u>(33,441)</u>
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Fund balance - January 1	<u>409,292</u>
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Fund balance - December 31	<u>\$ 375,851</u>
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SEE NOTES TO THE FINANCIAL STATEMENTS

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$ (33,441)
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The change in net position reported for governmental activities in the statement of activities is different because:

Amounts of capital asset purchases are reported as expenditures on the fund financial statements but increase assets on the government wide statements. The amount of capital asset purchases is:	224,944
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds. The amount of depreciation expense for the current year is:	(15,423)
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Capital credits	831
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Net change in accrued vacation	(628)
Net change in net pension liability	(22,035)

Changes in cost sharing defined benefit plan relating to net pension liability	6,047
Changes in cost sharing defined benefit plan relating to net pension liability	<u>13,035</u>

Total Change in Net Position of Governmental Activities	<u>\$ 173,330</u>
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SEE NOTES TO THE FINANCIAL STATEMENTS



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

1.5

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Williams County Soil Conservation District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the establishing governmental and financial reporting principles.

**Nature of operations and history**

Williams County Soil Conservation District provides information and education about soil conservation in Williams County. This is done through seminars and pamphlets. The District also sells trees and shrubs at a very low cost to promote soil conservation. The primary use of the trees is to provide shelter belts in rural areas.

**Financial reporting entity**

The accompanying financial statements present the activities of the Williams County Soil Conservation District. The District has considered all potential component units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District'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 the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

Based on the above criteria, the District has no component units included in its report.

**Basis of presentation**

*Government-wide statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements describe the *governmental activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on the major governmental fund.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

The District reports the following major governmental fund:

*General Fund:* This is the District's primary operating fund. It accounts for all financial resources of the general government.

**Measurement focus / Basis of accounting**

*Government-wide Financial Statements:* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from grants, entitlements, and donations is recognized when they are received.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when received. Expenditures are recorded when payment is made, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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

**Cash and cash equivalents**

The District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, except for certificates of deposits which are considered cash equivalents regardless of their term since there is no loss of principal for early withdrawal, and reserve funds which are considered noncash equivalents regardless of the maturity terms.

**Accounts receivable**

Accounts receivable are carried at original invoice amount.

**Tree sales**

Tree sales represents a payment from the District's customers for preordered or on-the-spot tree sales. The District will recognize this revenue once the customer receives their trees.

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

**Capital assets**

Capital assets are recorded at historical costs less accumulated depreciation. A portion of the cost of the capital assets is charged against earnings each year as depreciation expense. Depreciation is computed on an accelerated basis, over the estimated useful life of the asset. The District does not have a set capitalization policy and capitalizes all fixed assets with lives over one year. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

The District has established the following useful lives:

Office Equipment	5 years
Equipment and Vehicles	5 to 7 years
Buildings	39 years

**Accrued vacation**

Eligible full-time regular employees are eligible for accrued leave. Leave is accrued based on the length of employment. If an employee has been employed for 0-3 years, 4 hours per pay period will be accrued, employed for 3-15 years, 6 hours per period will be accrued, and employees that have been employed for greater than 15 calendar years, 8 hours per pay period will be accrued. Full-time regular employees may accrue no more than 240 hours. Upon termination, retirement, or death, employees will be paid based on current salary to eligible employees at time of termination.

**Fund balance classifications**

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

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

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

*Committed* – These amounts can be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Supervisors – the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Supervisors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

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

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

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

The District does not have a minimum fund balance policy.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item reported on the statement of net position as deferred outflows - pension, which represents the actuarial differences within the NDPERS plan as well as amounts paid to the plan after the measurement date. See Note 5 for further details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow or resources (revenue) until that time. The District has one type of item which qualifies for reporting in this category. This item is reported on the statement of net position as deferred inflows - pension, which represents the actuarial differences within the NDPERS pension. See Note 5 for further details.

**Net pension liability**

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 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.

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

**Net position**

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

**Net position flow assumption**

Sometimes, the government will fund capital outlays for particular purposes for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 2 CONCENTRATIONS OF CREDIT RISK**

The District maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The District maintains their cash deposits in large, well-capitalized financial institutions. The District has not experienced any losses in such accounts nor does the District believe it is exposed to any significant credit risk on cash accounts.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

**NOTE 3 PROPERTY TAXES**

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes. The first installment is due March 1 and the second installment is due by October 15. A 5% discount on property taxes 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 received the discount on the property taxes.

**NOTE 4 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	Balance 1/1/2016	Additions	Disposals	Balance 12/31/2016
Capital assets, not being depreciated:				
Land	\$ 9,037	\$ -	\$ -	\$ 9,037
Construction in progress	-	224,944	-	224,944
Total	9,037	224,944	-	233,981
Capital assets, being depreciated:				
Office Equipment	750	-	-	750
Equipment	127,818	-	-	127,818
Buildings	111,359	-	-	111,359
Total	239,927	-	-	239,927
Less accumulated depreciation for:				
Office Equipment	612	85	-	697
Equipment	86,181	12,802	-	98,983
Buildings	17,914	2,536	-	20,450
Total	104,707	15,423	-	120,130
Total capital assets being depreciated, net	135,220	(15,423)	-	119,797
Capital assets, net	<u>\$ 144,257</u>	<u>\$ 209,521</u>	<u>\$ -</u>	<u>\$ 353,778</u>

Depreciation expense was \$15,423 for the year ended December 31, 2016.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

**NOTE 5 PENSION PLAN**

***North Dakota Public Employees Retirement System (Main System)***

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

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

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

***Pension Benefits***

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be 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. The plan permits early retirement at ages 55-64 with three or more years of service.

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

***Death and Disability Benefits***

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

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

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 Account Balance***

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

***Member and Employer Contributions***

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

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

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2016, the District reported a liability of \$42,931 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2016, the Employer's proportion was 0.004405 percent, which was an increase of 0.003073 percent from its proportion measured as of June 30, 2015.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

For the year ended December 31, 2016, the District recognized pension expense of \$6,226. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 645	\$ (398)
Changes of assumptions	3,957	(2,133)
Net difference between projected and actual earnings on pension plan investments	5,989	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,055	(4,499)
Employer contributions subsequent to the measurement date	<u>1,642</u>	<u>-</u>
Total	<u>\$ 20,288</u>	<u>\$ (7,030)</u>

\$1,642 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

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

**Year ending June 30:**

2017	\$ 1,981
2018	1,981
2019	3,287
2020	2,322
2021	2,045

**Actuarial assumptions.** The total pension liability in the July 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

Cost-of-living adjustments    None

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

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2016, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

**Discount rate.** The discount rate used to measure the total pension liability was 8 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

***Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*** The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
Employer's proportionate share of the net pension liability	\$ 60,897	\$ 42,931	\$ 27,764

***Pension plan fiduciary net position.*** Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director – NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

**Payables to the pension plan**

No amount was payable to the pension plan at fiscal year-end.

**NOTE 6 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDIRF for its general liability, auto and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for its general liability and automobile and \$89,700 for equipment.

The District also participates in the State Bonding Fund. The State Bonding Fund currently provided the District with blanket fidelity bond coverage in the amount of \$105,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

**NOTE 7 COMMITMENTS**

The District has entered in a contract to construct a new tree shed. As of December 31, 2016, the District has incurred costs of approximately \$225,000. Total remaining costs to incur are estimated to be approximately \$455,000.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

**NOTE 8 NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 78, *Pensions provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67 and No. 73*, provides further guidance regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends GASB Statements No. 67 and No. 68 to require the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, rather than the payroll of employees that are provided with pensions through the pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2016**

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

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

With the exception of the new standards discussed above, we have not identified any other new accounting pronouncements that have potential significance to the District's Financial Statements.

**NOTE 9 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through February 8, 2021, which is the date these financial statements were available to be issued.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEAR\***

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.004405%	\$ 42,931	\$ 44,396	96.70%	70.46%
2015	0.003073%	20,896	27,380	76.32%	77.15%

\* The District implemented GASB Statement No. 68 for its fiscal year ending December 31, 2015. Complete data for this schedule is not available prior to 2015.

SEE NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - PENSION**  
**LAST 10 FISCAL YEAR\***

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2016	\$ 3,214	\$ (3,136)	\$ 78	\$ 44,396	7.06%
2015	2,079	(5,356)	(3,277)	27,380	7.60%

\* The District implemented GASB Statement No. 68 for its fiscal year ending December 31, 2015. Complete data for this schedule is not available prior to 2015.

SEE NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 CHANGE OF ASSUMPTIONS**

**NDPERS Pension Plan**

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.



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

To the Board of Directors  
Williams County Soil Conservation District  
Minot, 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, the financial statements of the governmental activities and the general fund of Williams County Soil Conservation District as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Williams County Soil Conservation District's basic financial statements, and have issued our report thereon dated February 8, 2021.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Williams County Soil Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Williams County Soil Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Williams County Soil Conservation District's internal control.

Our consideration of internal control was for the limited purposes described in the preceding 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. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2016-001, 2016-002, 2016-003, and 2016-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and responses as item 2016-005 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Williams County Soil Conservation District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2016-005.

### **Williams County Soil Conservation District's Responses to Findings**

Williams County Soil Conservation District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Williams County Soil Conservation District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.



**BRADY, MARTZ & ASSOCIATES, P.C.  
MINOT, NORTH DAKOTA**

February 8, 2021

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**2016-001**     *Significant Adjusting Entries - Material Weakness*

Criteria:	The District is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected on a GAAP basis.
Condition:	During our audit, material adjusting entries to the financial statements were proposed in order to bring the financial statements into compliance with accounting principles generally accepted in the United States of America. The District is required to maintain internal controls at a level where a determination can be made that the general ledger accounts are properly reflected on accrual basis of accounting.
Context:	Accounts related to property, depreciation, and notes payable are adjusted throughout the financial statement preparation process.
Cause:	The District has a limited number of staff available to determine the proper balance of each general ledger account prior to the start of the audit.
Effect:	The District does not maintain internal controls at a level where a determination can be made that the general ledger accounts are properly reflected on a full accrual basis.
Recommendation:	In order to comply with this requirement, accounting personnel will need to determine the proper balance of each general ledger account prior to the start of the audit.
View of responsible officials and corrective actions:	We agree with this finding. Due to the small size of the District, it is not cost effective for the District to properly address this material weakness.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**2016-002**     *Financial Statement Preparation - Material Weakness*

Criteria:	An appropriate system of internal controls requires that the District must make a determination that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the District's personnel to maintain knowledge of current accounting principles and required financial statement disclosures.
Condition/Context:	The District's auditors prepared the financial statements as of December 31, 2016. The District does not have controls necessary to assess whether all relevant disclosures have been included in the financial statements as required by accounting principles generally accepted in the United States of America. The lack of appropriate disclosures may affect the user's judgment related to financial condition and results of operations.
Cause:	The District has a limited number of staff available to maintain knowledge of current accounting principles and required financial statement disclosures.
Effect:	An appropriate system of internal controls is not present to make a determination that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America.
Recommendation:	Compensating controls over financial statement disclosure requirements could be provided by the use of current disclosure checklists or the outsourcing of the financial statement preparation or review function.
View of responsible officials and corrective actions:	We agree with this finding. Due to the small size of the District, it is not cost effective for the District to properly address this material weakness.

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**2016-003**     *Segregation of Duties – Material Weakness*

Criteria:	Generally, an appropriate system of internal control has the proper separation of duties between authorization, custody, record keeping, and reconciliation functions.
Condition/Context:	<p>The District has one person responsible for most accounting functions. The functions are as follows:</p> <ul style="list-style-type: none"><li>• Recording a transaction, preparing the deposit, taking the deposit to the bank, and reconciling the bank statement with no management review.</li><li>• Printing and recording payments and having signing authority of the checks without authorization or verification of allowability or accuracy of the checks.</li><li>• Performing credit card purchases without any review or approval of such purchases from management.</li><li>• Printing and signing payroll checks including the one for themselves without any review or approval by any individual other than the person preparing the payroll.</li><li>• Recording journal entries without any review of management.</li></ul>
Cause:	The District has a limited number of staff available due to the size of the organization.
Effect:	Under the current system, one individual has the ability to perform all the functions above. There is no segregation of duties between authorization, custody, record keeping, and reconciliation functions because their District Clerk performs them all.
Recommendation:	While the District does have some monitoring controls in place, we recommend that the District review its current process to determine if the monitoring controls can be expanded and if any segregation controls can be economically implemented to reduce the risk of potential fraud.
View of responsible officials and corrective actions:	We agree with this finding. Due to the small size of the District, it is not cost effective for the District to properly address this material weakness.

**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**2016-004**     *Inventory not recorded/GAAP departure – Material Weakness*

Criteria:	An appropriate system of internal controls requires that the District must make a determination that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the District's personnel to determine the balance of inventory and maintain a listing of inventory at year end.
Condition/Context:	The District has not determined the balance of inventory at year end and, therefore, there is no inventory recorded.
Cause:	The District did not maintain a listing of inventory on hand.
Effect:	The effects of not recording inventory have not been determined. Our opinion was modified with respects to this generally accepted accounting principle departure.
Recommendation:	The District should maintain a listing of inventory on hand that includes a description of the item, quantity on hand and cost.
View of responsible officials and corrective actions:	We agree with this finding. The District has implemented counting procedures and has developed an inventory listing as of the date of this report.



**WILLIAMS COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**2016-005**     *Custodial Credit Risk – Significant Deficiency*

Criteria:	In accordance with North Dakota Century Code 21-04-09, if a public corporation desires to deposit an amount greater than a depositories insurance (FDIC, FSLIC, or NCUE) and did not receive a personal or surety bond, the excess amount must be protected by a bond or by collateral, which, when computed at market value, shall be at least ten percent more than the amount of the excess deposit.
Condition/Context:	The District had a balance of approximately \$514,000 on deposit at one financial institution as of December 31, 2016 that was covered by \$250,000 FDIC coverage with the remaining balance of approximately \$264,000 that was not covered by pledged securities.
Cause:	The District did not maintain adequate bonds or pledged securities to cover the uninsured balance of their deposits. The District was under collateralized by approximately \$264,000.
Effect:	The District did not have all their deposits adequately covered by FDIC coverage and / or pledged securities as of December 31, 2016 and is not in compliance with North Dakota Century Code 21-04-09.
Recommendation:	We recommend the District review all bank accounts and pledged securities to ensure all deposits are adequately covered by FDIC coverage and / or pledged securities.
View of responsible officials and corrective actions:	The District will monitor deposit balances and takes necessary steps in order to ensure proper coverage and compliance with North Dakota Century Code 21-04-09.

March 17, 2021

Office of the State Auditor  
Attn: Dan Cox  
600 E. Boulevard Ave. Dept. 117  
Bismarck, ND 58505

RE: Williams County Soil Conservation District  
2016 Audited Financial Statements  
2017/2018 re-issued Audited Financial Statements

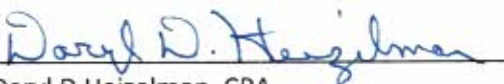
Dear Mr. Cox,

I am enclosing a copy of the 2016 audited financial statements of Williams County Soil Conservation District per the request of the District. We are also including re-issued 2017/2018 audited financial statements. This re-issued statement includes the language in the auditor's report that management has omitted the budgetary comparison schedule.

If you have any further questions, please feel free to call.

Sincerely,

BRADY, MARTZ & ASSOCIATES, P.C.

By:   
Daryl D Heizelman, CPA

enclosures