

GOLDEN VALLEY COUNTY

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

WITH INDEPENDENT AUDITOR'S REPORT

Golden Valley County
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

City Officials	1
Independent Auditor's Report	2 - 4
Government Wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Balance Sheet - Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the Government-Wide Statement of Activities	10
Statement of Assets and Liabilities - Agency Funds	11
Notes to the Financial Statements	12-21
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	22
Budgetary Comparison Schedule - Road Fund	23
Notes to the Required Supplementary Information	24
Independent Auditor's Report on Internal Control Over Financial <i>Reporting and on Compliance and Other Matters Based on an</i> Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	25 - 26
Schedule of Non-Federal Findings and Responses	27 - 28
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	29 - 30
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32 - 33
Summary of Auditor's Results	34
Schedule of Non-Federal Findings and Responses	35 - 36
Schedule of Federal Findings and Questioned Costs	37
Summary Schedule of Prior Audit Findings	38
Views of Responsible Officials and Planned Corrective Action Plan	39-40

GOLDEN VALLEY COUNTY

**COUNTY OFFICIALS
DECEMBER 31, 2019**

Commission
Harley Steffen, Chairman
Robert Schmeling
Paul Schmitz

County Officials
Tamra Sperry, Financial Auditor
Rachel Keohane, Clerk, Recorder and Emergency Manager
Ashley Ueckert, County Extension Agent
Helen Begger, Public Health Nurse
Christina Wenko, State's Attorney
Angelina Marman, Tax Director
Gene Skoglund, Treasurer
Henry Gerving, 911 Coordinator
JoAnn Tescher, County Librarian
Dey Muckle, Sheriff



**SCHMITZ-
HOLMSTROM**
CERTIFIED PUBLIC ACCOUNTANTS

1400 West Century Ave.
Bismarck, ND 58503
701.221.2655

102 Main St. West
P.O. Box 385
Hazen, ND 58545
701.748.6213

Independent Auditor's Report

County Commissioners
Golden Valley County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Golden Valley County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County's, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement

As discussed in Note 5 to the financial statements, prior period adjustments were made to the financial statements in order to properly state beginning net position. The result of this audit adjustment increased net position by \$41,770 and fund balance for the general by \$11,797 and \$24,529 for other government funds. Our opinions are not modified with respect to those matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the statement of revenues, expenditures, and changes in fund balances – comparison of budget to actual general fund, statement of revenues, expenditures, and changes in fund balances – comparison of budget to actual -road fund, and notes to the required supplementary information 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 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

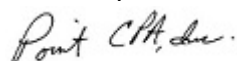
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Valley County's basic financial statements. The *schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative 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.

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

The county officials listing is presented for purposes of additional analysis and are not a required part of the basic financial statements. The county officials listing 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 August 1, 2023 on our consideration of Golden Valley County'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 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 Golden Valley County's internal control over financial reporting and compliance.



Bismarck, North Dakota
August 1, 2023

GOLDEN VALLEY COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,212,027
Taxes receivable	16,082
Intergovernmental receivable	41,824
Inventories	1,466,168
Capital assets	
Land	23,435
Capital assets being depreciated, net	<u>2,366,616</u>
Total capital assets	<u>2,390,051</u>
Total assets	<u>12,126,152</u>
LIABILITIES	
Accounts payable	236,576
Wages Payable	71,387
Due in more than one year	
Compensated absences	117,147
Total liabilities	<u>425,110</u>
NET POSITION	
Net investment in capital assets	2,390,051
Unrestricted	<u>9,310,991</u>
Total net position	<u><u>\$ 11,701,042</u></u>

See Notes to the Financial Statements

GOLDEN VALLEY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenue Charges for Services, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities	Total
Primary government						
Governmental activities	\$ 1,098,687	\$ 179,559	\$ -	\$ -	\$ (919,128)	\$ (919,128)
Public safety	463,583	449	50,704	-	(412,430)	(412,430)
Public works	1,772,566	91,449	20,279	-	(1,660,838)	(1,660,838)
Public health	6,034	-	-	-	(6,034)	(6,034)
Culture and recreation	101,086	1,288	20,218	-	(79,580)	(79,580)
Social and economic services	344,336	-	280,150	-	(64,186)	(64,186)
Conservation of natural resources	259,496	36,040	81,291	-	(142,165)	(142,165)
Miscellaneous					-	-
Unallocated costs					-	-
Total governmental activities	<u>4,045,788</u>	<u>308,785</u>	<u>452,642</u>	<u>-</u>	<u>(3,284,361)</u>	<u>(3,284,361)</u>
General revenue						
Property taxes					575,591	575,591
Licenses and permits					17,676	17,676
State aid and revenues not restricted to specific programs					3,740,663	3,740,663
Unrestricted investment earnings					49,624	49,624
Miscellaneous					130,714	130,714
Total general revenues					<u>4,514,268</u>	<u>4,514,268</u>
Change in net position					<u>1,229,907</u>	<u>1,229,907</u>
Net position, beginning of year, as originally stated					<u>10,429,365</u>	<u>10,429,365</u>
Restatement					<u>41,770</u>	<u>41,770</u>
Net position, beginning of year, as restated					<u>10,471,135</u>	<u>10,471,135</u>
Net position, end of year					<u>\$ 11,701,042</u>	<u>\$ 11,701,042</u>

See Notes to the Financial Statements

GOLDEN VALLEY COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	1,842,389	\$ 5,504,607	865,031	\$ 8,212,027
Taxes receivable	7,333	4,268	4,481	16,082
Due from other funds	1,077,081	-	-	1,077,081
Due from other governments		14,646	27,179	41,825
Inventories	-	1,466,168	-	1,466,168
Total assets	<u>2,926,803</u>	<u>6,989,689</u>	<u>896,691</u>	<u>10,813,183</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	177,398	59,178	-	236,576
Due to other funds	-	733,529	343,553	1,077,082
Accrued Wages Payable	<u>43,661</u>	<u>18,259</u>	<u>9,466</u>	<u>71,386</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property taxes	<u>7,332</u>	<u>4,268</u>	<u>4,482</u>	<u>16,082</u>
Total liabilities	<u>228,391</u>	<u>815,234</u>	<u>357,501</u>	<u>1,401,126</u>
FUND BALANCES				
Non-spendable	-	1,563,198	-	1,563,198
Restricted	-	451,900	-	451,900
Committed	-	823,549	448,819	1,272,368
Assigned	412,691	3,335,808	56,462	3,804,961
Unassigned	<u>2,285,721</u>	<u>-</u>	<u>33,909</u>	<u>2,319,630</u>
Total fund balances	<u>2,698,412</u>	<u>6,174,455</u>	<u>539,190</u>	<u>9,412,057</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,926,803</u>	<u>\$ 6,989,689</u>	<u>\$ 896,691</u>	<u>\$ 10,813,183</u>

See Notes to the Financial Statements

GOLDEN VALLEY COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total fund balance, governmental funds		\$ 9,412,057
----------------------------------------	--	--------------

Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

Cost of capital assets	5,078,189	
Less accumulated depreciation	<u>(2,688,138)</u>	
Net capital assets		2,390,051

Property taxes and special assessments will
be collected after year-end, but are not
available soon enough to pay for the current
period's expenditures and are reported as
deferred inflows in the governmental funds

16,081

Long-term liabilities applicable 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 concurrent, are reported in the
Statement of Net Position. Balances at
December 31, 2019 are:

Compensated absences	117,147	
Total long-term liabilities		<u>(117,147)</u>

Net position of governmental activities in the
Statement of Net Position

\$ 11,701,042

GOLDEN VALLEY COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 245,210	\$ 144,008	\$ 170,290	\$ 559,508
Licenses and permits	17,676	-	-	17,676
Intergovernmental revenues	831,203	2,902,625	459,477	4,193,305
Charges for services	177,861	91,449	39,475	308,785
Fines and forfeitures	5,433	-	123	5,556
Investment earnings	49,485	-	139	49,624
Other income	80,150	17,984	27,024	125,158
Total revenues	<u>1,407,018</u>	<u>3,156,066</u>	<u>696,528</u>	<u>5,259,612</u>
Expenditures				
Current				
Governmental activities	805,800	-	909	806,709
Public safety	416,564	-	47,019	463,583
Public works	-	1,760,757	11,807	1,772,564
Public health	6,000	-	34	6,034
Culture and recreation	26,473	-	74,613	101,086
Social and economic services	-	-	344,336	344,336
Conservation of natural resources	-	-	259,496	259,496
Capital outlay	21,790	44,397	10,000.00	76,187
Total expenditures	<u>1,276,627</u>	<u>1,805,154</u>	<u>748,214</u>	<u>3,829,995</u>
Excess (deficiency) of revenues over expenditures	<u>130,391</u>	<u>1,350,912</u>	<u>(51,686)</u>	<u>1,429,617</u>
Other Financing Sources (Uses)				
Transfers in	19,128	295,275	24,569	338,972
Transfers out	(6,516)	(268,275)	(64,181)	(338,972)
Total other financing sources (uses)	<u>12,612</u>	<u>27,000</u>	<u>(39,612)</u>	<u>-</u>
Net change in fund balance	143,003	1,377,912	(91,298)	1,429,617
Fund balance, beginning of year as originally stated	<u>2,543,612</u>	<u>4,796,543</u>	<u>605,959</u>	<u>7,946,114</u>
Restatement	<u>11,797</u>	<u>-</u>	<u>24,529</u>	<u>36,326</u>
Fund balances, beginning of year as restated	<u>2,555,409</u>	<u>4,796,543</u>	<u>630,488</u>	<u>7,982,440</u>
Fund balance, end of year	<u>\$ 2,698,412</u>	<u>\$ 6,174,455</u>	<u>\$ 539,190</u>	<u>\$ 9,412,057</u>

See Notes to the Financial Statements

GOLDEN VALLEY COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds \$ 1,429,617

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as
expenditures. However, in the Statement
of Activities, the cost of those assets is
allocated over their estimated useful lives
and reported as depreciation expense. This
is the amount by which depreciation
exceeded capital outlays in the current year:

Capital asset additions	66,187	
Current year depreciation	(313,946)	
	(247,759)	(247,759)

Some revenues reported on the Statement of
Activities are not reported as revenues in the
governmental funds since they do not represent
available resources to pay current expenditures.
This consists of the change in taxes receivable
and special assessments receivable.

16,082

Some items reported in the statement of activities
do not require the use of current financial
resources and therefore are not reported as
expenditures in the governmental funds. The
change in compensated absences are as follows:

31,967

Change in net position - Governmental Activities

\$ 1,229,907

GOLDEN VALLEY COUNTY
STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 735,289
Total assets	<u>735,289</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Cash held in custody of others	735,289
Total liabilities	<u>\$ 735,289</u>

See Notes to the Financial Statements

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Summary of Significant Accounting Policies

The Golden Valley County, North Dakota (the "County") operates under an elected three-member Board of County Commissioners form of government and is considered a legally independent separate governmental organization able to sue or be sued, buy, sell, or lease property, approve or modify budgets, set its own taxes or rates, and issue bonded debt. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The accompanying financial statements present the activities of the Golden Valley 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 the Golden Valley 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 the Golden Valley County. Based on these criteria, there are no component units to be included within the Golden Valley County as a reporting entity.

School districts and other independent taxing units are reflected only in the combined balance sheet as agency funds since the County is responsible, by law, for the collection of taxes and/or the maintenance of cash funds for these entities.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers tax revenues to be available within 60 days of the end of the current fiscal year period. Other revenues are considered available if received one year after the fiscal year-end. Major revenues that are determined to be susceptible to the accrual include grant revenues. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Property taxes, licenses, special assessments, grants, oil and gas production tax and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the government.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the reporting entity. The county had no business type activities in 2019.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, operating grants and contributions, and capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designated to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- 1) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- 2) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column in the fund financial statements. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements

The fund financial statements provide information about the County's major funds and remaining funds. The county only has governmental funds and therefore only statements on governmental funds are presented. The emphasis of fund financial statements is on major governmental funds,

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Financial Statement Presentation

The County reports the following major governmental funds:

General Fund – This is the general operating fund of the County and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Road Fund – These funds are used for road projects. Revenues come from BLM mineral payments and money transfers.

Budgets and Budgetary Accounting

The County follows the procedures established by North Dakota law for the budgetary process. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. Formal budgetary integration is employed as a management control device during the year.

The governing board reviews the preliminary budget, may make revisions, and approves it on or before September 10. On or before October 7, a public hearing is held for taxpayers to discuss any budgeted items. The governing body reviews the preliminary budget at the hearing and may make revisions that do not increase the total budget and prepares the final budget. The governing board adopts an ordinance approving the tax levy requested in the final budget. The final budget must be filed with the county auditor by October 10.

The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10 except as provided by North Dakota Century Code, the balance of each appropriation becomes a part of the unappropriated fund balance at year-end.

The County prepares its budget and reports its governmental funds on the same basis of accounting.

Cash and Cash Equivalents

The County considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, except for certificates of deposit which are considered cash equivalents regardless of their term since there is no loss of principal for early withdrawal.

Due to/Due from Other Funds

These represent negative cash balances in funds other than the general fund. When cash balances are negative in one fund, they are borrowing from the general fund as in accordance with generally accepted accounting principles, it is presumed that the general fund will allow other funds to borrow money from them as needed.

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Investments

Investments are recorded at market value. North Dakota state statute authorizes cities to invest their surplus funds in:

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

As of December 31, 2019, all of the County's investments consisted of certificates of deposit with a local financial institution that meet the criteria of cash and cash equivalents and these investments are presented as cash and cash equivalents.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, curbs, etc.), are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the County's fiscal year. Improvements that significantly extend the useful life of the asset are also capitalized. Donated capital assets are recorded at acquisition value.

The County's capitalization policy is \$5,000 and an estimated useful life in excess of one year or more.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed, not capitalized.

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

Buildings and infrastructure	25-50 years
Vehicles	10-15 years
Machinery and equipment	10-20 years

The County reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2019.

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Compensated Absences

The County allows employees to accumulate earned but unused vacation and sick leave benefits. Unused vacation leave benefits are 100% payable upon termination. Sick leave is accrued up to 45 days. 15 days are payable upon termination.

Amounts are reported as liabilities in the appropriate governmental activity in the government wide statements. Expenditure for unpaid vacation and sick leave benefits are recorded when paid in the governmental funds on the modified accrual basis of accounting.

Encumbrances

Encumbrance accounting is used for the General Fund and Special Revenue Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payment are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year end but are carried forward as reserved fund balance until liquidated.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial 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 future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt arising from cash basis transactions to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term debt consists of compensated absences that are unlikely to be used in the short term. Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements.

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Net Position and Fund Balance

The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is “net position” on government-wide, proprietary and fiduciary financial statements and “fund balance” on the governmental fund financial statements.

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

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

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

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

Assigned – This classification reflects the amounts constrained by the County’s “intent” to be used for specific purposes but are neither restricted nor committed. The county commissioners have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditures, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts unless the governing board has provided otherwise in its commitment or assignment actions.

Property Taxes

All real estate is assessed as of the current value in April of each year. Property taxes are attached as an enforceable lien on the real estate and become due on January 1 of the year following the assessment date.

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

A 5% reduction of the taxes is allowed if the taxes are paid in full by February 15. Penalty and interest are added on March 1 if the first half of the taxes is not paid. Additional penalty and interest are added on October 15 to those taxes that are not paid. Taxes are collected by the county and remitted monthly to the applicable parties.

Abatements

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The County has no tax abatements for the year ended December 31, 2019.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's cash and cash equivalents. These amounts must be deposited in a financial institution situated and doing business within this State. The County has no formal investment policy.

Custodial Credit Risk

This is the risk that, in the event a financial institution fails, a government is unable to recover the value of its deposits, investments, or collateralized securities in the possession of the institution. The County does not have a formal policy regarding deposits. In accordance with state statutes, the fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds.

At year end December 31, 2019, the County's carrying amount of deposits was \$8,217,467 and the bank balance was \$3,353,667. All bank balances were covered by FDIC or collateralized with securities held by the pledging financial institution's agent in the government's name.

Note 3 - Accounts Receivable

Accounts receivable are presented net of allowance for uncollectible accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

received. A receivable is considered past due if any portion of the balance is outstanding after the due date. As of December 31, 2019, all accounts were considered collectible and accordingly no allowance was recorded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/from other funds." Advances between funds are not available to appropriation and are not expendable financial resources.

Note 4 - Intergovernmental Receivable

Intergovernmental receivables consist of reimbursements due from the State Treasurer for county sales tax, hospitality tax, grants and state aid.

Note 5 – Prior Period Adjustments

Prior period adjustments were made to the financial statements in order to properly state beginning net position. The result of this audit adjustment increased net position by \$41,770 and fund balance for the general by \$11,797 and \$24,529 for other government funds.

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2019 is as follows:

Governmental Activities	Balance 1/1/19	Additions	Transfers	Reductions	Balance 12/31/19
Capital assets not being depreciated					
Land	\$ 23,435	\$ -	\$ -	\$ -	\$ 23,435
Noncompete clause	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	23,435	-	-	-	23,435
Capital assets being depreciated					
Buildings and infrastructure	2,146,051	-	-	-	2,146,051
Machinery and equipment	2,856,841	66,187	-	(37,875)	2,885,153
Improvements other than buildings	23,550	-	-	-	23,550
Total capital assets being depreciated	5,026,442	66,187	-	(37,875)	5,054,754
Less accumulated depreciation					
Buildings and infrastructure	(580,453)	(51,121)	-	-	(631,574)
Machinery and equipment	(1,819,543)	(261,647)	-	37,875	(2,043,315)
Improvements other than buildings	(12,071)	(1,178)	-	-	(13,249)
Total accumulated depreciation	(2,412,067)	(313,946)	-	37,875	(2,688,138)
Total capital assets being depreciated	2,614,375	(247,759)	-	-	2,366,616
Governmental capital assets, net	\$ 2,637,810	\$ (247,759)	\$ -	\$ -	\$ 2,390,051

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Depreciation expense for government-wide activities totaled \$313,946.

Note 7 - Transfers

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

The following is a list of transfers for the year ending December 31, 2019:

Fund	Transfers In	Transfers Out
Governmental funds		
General fund	\$ 19,128	\$ 6,516
County roads fund	295,275	268,275
Nonmajor governmental funds	24,569	64,181
	<u> </u>	<u> </u>
Total transfers	<u>\$ 338,972</u>	<u>\$ 338,972</u>

The transfers in and out during 2019 were budgeted transfers.

Note 8 - Fund Balance

At December 31, 2019, the governmental fund balance classifications are as follows:

	General Fund	Road Fund	Other Governmental Funds	Total
Nonspendable				
Inventory	\$ -	\$ 1,563,198	\$ -	\$ 1,563,198
Restricted for				
Public Works	-	451,900	-	451,900
Committed for				
Public Works	-	823,549	68,121	891,670
Conservation	-	-	88,306	88,306
Public Safety	-	-	131,380	131,380
Social & Economic	-	-	161,012	161,012
Assigned for				
General Government	-	-	16,727	16,727
Public Safety	-	-	14,445	14,445
Public Works	-	3,335,808	-	3,335,808
Social & Economic	-	-	25,290	25,290
Capital Outlay	412,691	-	-	412,691
Unassigned	2,285,721	-	33,909	2,319,630
	<u>\$ 2,698,412</u>	<u>\$ 6,174,455</u>	<u>\$ 539,190</u>	<u>\$ 9,412,057</u>

GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 – Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic and on March 13, 2020 the Governor of North Dakota declared a state of emergency in response to the COVID-19 public health crisis. As a result, economic uncertainties had risen. At the current time, we are unable to quantify the potential effects of these events on future financial statements.

GOLDEN VALLEY COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

GOLDEN VALLEY COUNTY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 261,790	\$ 261,790	\$ 245,210	\$ (16,580)
Licenses and permits	2,400	2,400	17,676	15,276
Intergovernmental revenues	942,000	942,000	831,203	(110,797)
Charges for services	201,906	201,906	177,861	(24,045)
Fines and forfeitures	-	-	5,433	5,433
Investment earnings	50,000	50,000	49,485	(515)
Other income	79,300	79,300	80,150	850
Total revenues	1,537,396	1,537,396	1,407,018	(130,378)
Expenditures				
General government	999,503	993,612	805,800	(187,812)
Public safety	441,966	440,716	416,564	(24,152)
Public works	-	-	-	-
Public health	6,000	6,000	6,000	
Culture and recreation	29,012	7,250	26,473	19,223
Social and economic services	-	-	-	-
Conservation of natural resources	-	-	-	-
Capital Outlay	-	24,895	21,790	3,105
Debt service	-	-	-	-
Total expenditures	1,476,481	1,472,473	1,276,627	(189,636)
Excess (Deficiency) of Revenues over Expenditures	60,915	64,923	130,391	59,258
Other Financing Sources (Uses)				
Sale of assets	-	-	-	-
Transfers in	-	-	19,128	19,128
Transfers out	(12,566)	(12,566)	(6,516)	6,050
Total other financing sources and uses	(12,566)	(12,566)	12,612	25,178
Net change in fund balance	\$ 48,349	\$ 52,357	143,003	\$ 84,436
Fund Balance - Beginning, as originally stated			2,543,612	
Restatement			11,797	
Fund Balance - Beginning, restated			2,555,409	
Fund Balance - Ending			\$ 2,698,412	

GOLDEN VALLEY COUNTY
BUDGETARY COMPARISON SCHEDULE – ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 144,008	\$ 144,008
Licenses and permits	-	-	-	-
Intergovernmental revenues	2,898,940	2,898,940	2,902,626	3,686
Charges for services	-	-	91,449	91,449
Fines and forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Other income	-	-	17,984	17,984
Total revenues	2,898,940	2,898,940	3,156,067	257,127
Expenditures				
General government	-	-	44,397	44,397
Public safety	-	-	-	-
Public works	2,510,541	3,767,731	1,760,758	(2,006,973)
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Social and economic services	-	-	-	-
Conservation of natural resources	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,510,541	3,767,731	1,805,155	(1,962,576)
Excess (Deficiency) of Revenues over Expenditures	388,399	(868,791)	1,350,912	2,219,703
Other Financing Sources (Uses)				
Sale of assets	-	-	-	-
Transfers in	-	-	295,275	295,275
Transfers out	800,000	800,000	(268,275)	(1,068,275)
Total other financing sources and uses	800,000	800,000	27,000	(773,000)
Net change in fund balance	<u>\$ 1,188,399</u>	<u>\$ (68,791)</u>	1,377,912	<u>1,446,703</u>
Fund Balance - Beginning			<u>4,796,543</u>	
Fund Balance - Ending			<u>\$ 6,174,455</u>	

GOLDEN VALLEY COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – Budget to Actual: Stewardship, Compliance, and Accountability

Budgetary Information

The County Commissions adopt an annual budget on a basis consistent with the cash basis of accounting for the general fund, each special revenue fund and each debt service fund of the municipality.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- On or before September 10 of the preceding fiscal year, the County prepares a preliminary budget for the next succeeding year beginning January 1. The preliminary budget includes a detailed breakdown of the estimated revenues and appropriations.
- The governing board holds a public hearing where any taxpayer may testify in favor or against any proposed disbursements or tax levies requested in the preliminary budget. After the budget hearing and on or before October 7, the board adopts the final budget. The final budget must be filed with the County Auditor by October 10.
- No disbursement shall be made, or liability incurred in excess of the total appropriation by fund. However, the governing board may amend the budget during the year for any revenue and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board. All annual appropriations lapse at year-end.



1400 West Century Ave.
Bismarck, ND 58503
701.221.2655

102 Main St. West
P.O. Box 385
Hazen, ND 58545
701.748.6213

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
GOVERNMENTAL AUDITING STANDARDS

To the Golden Valley County Commission
Beach, 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, each major fund, and the aggregate remaining fund information of Golden Valley County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Golden Valley County's basic financial statements and have issued our report thereon dated August 1, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Golden Valley County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Golden Valley County's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Valley 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be material weaknesses: 2019-001 and 2019-002.

Compliance and Other Matters

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

Golden Valley County's Response to Findings

Golden Valley County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Golden Valley County'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.



BISMARCK, NORTH DAKOTA
August 1, 2023

GOLDEN VALLEY COUNTY

SCHEDULE OF NON-FEDERAL FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

2019-001 Preparation of Annual GAAP Financial Statements Material Weakness in Internal Control over Financial Reporting

Criteria – A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements and accompanying notes to the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Condition – The County does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause – Limited personnel at the County.

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 the financial statements and accompanying notes to the financial statements without material errors.

Recommendation – The County Commission should keep this weakness in mind and continue fulfill its governance responsibilities by closely monitoring financial activity.

Views of Responsible Officials – The County concurs with the finding. The County does not believe it would be cost effective to hire additional personnel to prepare annual financial statements.

GOLDEN VALLEY COUNTY

**SCHEDULE OF NON-FEDERAL FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

2019-002 Segregation of Duties

Significant Deficiency in Internal Control over Financial Reporting

Criteria - A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion and that there is proper approval of transactions.

Condition – The County has a lack of segregation of duties in certain areas, specifically the cash receipt process and the review and approval process of manual journal entries due to limited staff.

Cause – The County has not implemented internal control procedures to ensure there is adequate segregation of duties related to all transactions handled in the accounting office and there are a limited number of employees to segregate all the duties.

Effect – Inadequate segregation of duties could adversely affect the County's ability to detect potential material misstatements to the financial statements or fraudulent activity in a timely manner.

Recommendation – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible.

Views of Responsible Officials – The County concurs with the finding. The County does not believe it would be cost effective to hire additional personnel to properly segregate duties. To help mitigate this weakness the County Commission will continue to be involved with and monitor the financial activities of the County.



1400 West Century Ave.
Bismarck, ND 58503
701.221.2655

102 Main St. West
P.O. Box 385
Hazen, ND 58545
701.748.6213

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

To the Golden Valley County Commission
Beach, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Golden Valley County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Golden Valley County's major federal programs for the year ended December 31, 2019. Golden Valley County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

In our opinion, Golden Valley County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.


Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



BISMARCK, NORTH DAKOTA
August 1, 2023

GOLDEN VALLEY COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor / Pass Through Grantor	CFDA Number	Name of Program	Passed through to Subrecipient#	Expenditures
Direct Assistance				
US Dept. of Agriculture	10.666*	Schools and Roads- Grants to Counties	\$ 520,282	\$ 1,385,557
ND Passthrough Assistance				
ND Division of Emergency Services (No Passthrough grant number available)				
US Dept. of Homeland Security	97.042	Emergency Management Performance		\$ 10,718
Total Expenditures of Federal Funds				<u>\$ 1,396,275</u>

*Major program

#Beach Public School District

GOLDEN VALLEY COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2019

1. Purpose of the schedule

The Schedule of Expenditures of Federal Awards (schedule) is a supplementary schedule to the financial statements and is presented for purposes of additional analysis. The schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. Summary of significant accounting policies

A. Basis of presentation

Federal financial assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursements for services rendered to individuals. Accordingly, nonmonetary federal assistance may be included in federal financial assistance and therefore, may be reported on the schedule. Golden Valley County received no nonmonetary federal assistance during 2018. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of federal domestic assistance

Uniform Guidance requires the schedule to show the total expenditures for each of the federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs which have not been assigned a CFDA number are indicated with an "NIA".

B. Major programs

The Uniform Guidance established the levels of expenditures to be used in defining major federal financial assistance programs. The dollar threshold to distinguish type A and type B programs was \$750,000.

C. Reporting entity

The schedule includes all federal financial assistance programs administered by the County.

GOLDEN VALLEY COUNTY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
DECEMBER 31, 2019**

D. Basis of accounting

Federal financial assistance expenditures included in the schedule is reported using the same basis of accounting as disclosed in Note 1 of the basic financial statements.

E. Matching costs

The schedule does not include matching expenditures.

F. Indirect Cost Rate

Golden Valley County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Funds to sub-recipient

The County passed through \$520,282 to the Schools and other entities from the Schools and Roads - Grants to Counties - CFDA 10.666.

GOLDEN VALLEY COUNTY
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Financial Statements

Type of report the issued on whether the financial statements audited were prepared in accordance with GAAP:

Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

Material weaknesses identified? X Yes None Noted

Significant deficiencies identified not considered to be material weaknesses? Yes X None Noted

Noncompliance material to financial statements noted? Yes X None Noted

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes <u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes <u> X </u> None Reported

Type of auditor's report issued on compliance for Major federal programs [unmodified, qualified, adverse, or disclaimer]: Unmodified

Any audit findings disclosed that are required to Be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs: CFDA Number(s) 10.666

Name of Federal Program or Cluster: Schools and Roads – Grants to Counties

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes X No

GOLDEN VALLEY COUNTY

SCHEDULE OF NON-FEDERAL FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

2019-001 Preparation of Annual GAAP Financial Statements Material Weakness in Internal Control over Financial Reporting

Criteria – A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements and accompanying notes to the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Condition – The County does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause – Limited personnel at the County.

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 the financial statements and accompanying notes to the financial statements without material errors.

Recommendation – The County Commission should keep this weakness in mind and continue fulfill its governance responsibilities by closely monitoring financial activity.

Views of Responsible Officials – The County concurs with the finding. The County does not believe it would be cost effective to hire additional personnel to prepare annual financial statements.

GOLDEN VALLEY COUNTY

SCHEDULE OF NON-FEDERAL FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

2019-002 Segregation of Duties

Significant Deficiency in Internal Control over Financial Reporting

Criteria - A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion and that there is proper approval of transactions.

Condition – The County has a lack of segregation of duties in certain areas, specifically the cash receipt process and the review and approval process of manual journal entries due to limited staff.

Cause – The County has not implemented internal control procedures to ensure there is adequate segregation of duties related to all transactions handled in the accounting office and there are a limited number of employees to segregate all the duties.

Effect – Inadequate segregation of duties could adversely affect the County's ability to detect potential material misstatements to the financial statements or fraudulent activity in a timely manner.

Recommendation – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible.

Views of Responsible Officials – The County concurs with the finding. The County does not believe it would be cost effective to hire additional personnel to properly segregate duties. To help mitigate this weakness the County Commission will continue to be involved with and monitor the financial activities of the County.

GOLDEN VALLEY COUNTY

**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

None Noted

GOLDEN VALLEY COUNTY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

No findings noted

**GOLDEN VALLEY COUNTY AUDITOR
PO BOX 67
BEACH, ND 58621**

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Golden Valley County respectfully submits the following views of responsible officials and planned corrective action for the year ended December 31, 2019

Name and address of independent public accounting firm:

Point CPA, Inc.
4585 Coleman Street
Bismarck, ND 58503

Audit period: December 31, 2019

The findings from the December 31, 2019 Schedule of Findings and Questions Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINANCIAL STATEMENT FINDINGS

2019-001 (MATERIAL WEAKNESS) – PREPARATION OF ANNUAL GAAP FINANCIAL STATEMENTS

Criteria - A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements and accompanying notes to the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Condition - The County does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause - Limited personnel at the County.

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 the financial statements and accompanying notes to the financial statements without material errors.

Recommendation - The County Commission should keep this weakness in mind and continue fulfill its governance responsibilities by closely monitoring financial activity.

Views of Responsible Officials Response - The County concurs with the finding. The County does not believe it would be cost effective to hire additional personnel to prepare annual financial statements.

2019-002 (SIGNIFICANT DEFICIENCY) – SEGREGATION OF DUTIES

Criteria - A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion and that there is proper approval of transactions.

Condition – The County has a lack of segregation of duties in certain areas, specifically the cash receipt process and the review and approval process of manual journal entries due to limited staff.

Cause – The County has not implemented internal control procedures to ensure there is adequate segregation of duties related to all transactions handled in the accounting office and there are a limited number of employees to segregate all the duties.

Effect – Inadequate segregation of duties could adversely affect the County's ability to detect potential material misstatements to the financial statements or fraudulent activity in a timely manner.

Recommendation – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible.

Views of Responsible Officials – The County concurs with the finding. The County does not believe it would be cost effective to hire additional personnel to properly segregate duties. To help mitigate this weakness the County Commission will continue to be involved with and monitor the financial activities of the County.



County Commissioner, Golden Valley County



Auditor, Golden Valley County