



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Trail County

Hillsboro, North Dakota

Audit Report for the Years Ended December 31, 2019 and 2018

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Office of the
State Auditor

TRAILL COUNTY

Table of Contents

For the Years Ended December 31, 2019 and 2018

County Officials and Audit Personnel	1
Independent Auditor's Report	2
Basic Financial Statements	
2019 Statements	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds.....	6
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position.....	7
Statement of Expenditures and Changes in Fund Balances -	
Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the	
Statement of Activities	9
2018 Statements	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds.....	12
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position.....	13
Statement of Expenditures and Changes in Fund Balances -	
Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the	
Statement of Activities	15
Statement of Fiduciary Assets & Liabilities - Agency Funds	16
Notes to the Financial Statements.....	18
Required Supplementary Information	
Budgetary Comparison Schedules	40
Schedule of Employer's Share of Net Pension Liability and	
Employer Contributions	42
Schedule of Employer's Share of Net OPEB Liability and	
Employer Contributions	45
Notes to the Required Supplementary Information	47
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	49
Summary of Auditor's Results.....	51
Schedule of Audit Findings	52
Governance Communication	54

TRAILL COUNTY

County Officials and Audit Personnel
December 31, 2019 and 2018

COUNTY OFFICIALS

At December 31, 2019

Thomas Eblin	Chairman
Kurt Elliott	Vice Chairman
Kendall Nesvig	Commissioner
Larry Young	Commissioner
Leslie Amb	Commissioner
Glenda Haugen	County Auditor
Connie Webber	County Treasurer
Marlene Eblen	County Recorder
Steven Hunt	Sheriff
Charlie Stock	State's Attorney

At December 31, 2018

Chairman	Chairman
Kendall Nesvig	Chairman
Larry Young	Vice Chairman
Kurt Elliott	Commissioner
Thomas Eblin	Commissioner
Leslie Amb	Commissioner
Glenda Haugen	County Auditor
Connie Webber	County Treasurer
Marlene Eblen	County Recorder
Steven Hunt	Sheriff
Charlie Stock	State's Attorney

AUDIT PERSONNEL

Heath Erickson, CPA	Audit Manager
Michael Scherr	Audit In-Charge



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Traill County
Hillsboro, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County, North Dakota, as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, which collectively comprise Traill County's basic financial statements as listed in the table of contents.

Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units, which reflect total assets and deferred outflow of resources, net position, and revenues of the discretely presented component units for the years ended December 31, 2018 and 2019:

	Percent of Assets and Deferred Outflow of Resources	Percent of Net Position	Percent of Revenues
2018			
Water Resource District	96%	99%	77%
Job Development Authority	2%	1%	9%

	Percent of Assets and Deferred Outflow of Resources	Percent of Net Position	Percent of Revenues
2019			
Water Resource District	96%	99%	73%

The financial statements of these entities were audited by other auditors whose reports also have been furnished to us, and in our opinion insofar as it relates to the amounts included for these entities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

TRAILL COUNTY

Independent Auditor's Report – Continued

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Traill County, North Dakota, as of December 31, 2019 and December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2018 and 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, 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* 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.

TRAILL COUNTY

Independent Auditor's Report – Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2020 on our consideration of Traill 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 Traill County'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 Traill County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
November 5, 2020

TRAILL COUNTY

Statement of Net Position

December 31, 2019

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 5,713,353	\$ 4,662,771	\$ 230,300	\$ 203,954
Intergovernmental Receivable	298,797	-	3,655	-
Accounts Receivable	75,093	-	-	-
Road Receivables	8,811	-	-	-
Taxes Receivable	137,196	6,177	5,375	5,950
Special Assessments Receivable	-	2,742,040	-	-
Economic Development Loans Receivable	-	-	-	29,740
Capital Assets				
Nondepreciable	187,073	1,751,020	-	-
Depreciable, Net	28,528,316	8,102,326	7,649	4,306
Total Assets	<u>\$ 34,948,639</u>	<u>\$ 17,264,334</u>	<u>\$ 246,979</u>	<u>\$ 243,950</u>
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	<u>\$ 1,972,169</u>	<u>\$ 28,981</u>	<u>\$ 96,278</u>	<u>\$ 59,726</u>
LIABILITIES				
Accounts Payable	\$ 53,263	\$ 117,310	\$ -	\$ 1,801
Salaries Payable	44,308	-	1,964	-
Other Liability	-	2,294	3,197	-
Grants Received in Advance	29,491	-	-	-
Interest Payable	2,372	-	-	-
Long-Term Liabilities				
Due Within One Year				
Long-Term Debt	39,611	792,675	-	-
Compensated Absences Payable	12,712	-	1,318	-
Due After One Year				
Long-Term Debt	40,389	4,182,199	-	-
Compensated Absences Payable	114,402	-	11,866	-
Net Pension Liability	3,900,480	64,909	209,536	118,368
Total Liabilities	<u>\$ 4,237,028</u>	<u>\$ 5,159,387</u>	<u>\$ 227,881</u>	<u>\$ 120,169</u>
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	<u>\$ 1,878,624</u>	<u>\$ 53,539</u>	<u>\$ 103,611</u>	<u>\$ 57,011</u>
NET POSITION				
Net Investment In Capital Assets	\$ 28,633,017	\$ 4,878,472	\$ 7,649	\$ 4,306
Restricted				
Capital Projects	248,007	-	-	-
Public Safety	130,513	-	-	-
Highways and Bridges	2,545,069	-	-	-
Health and Welfare	-	-	4,116	-
Conservation of Natural Resources	110,282	-	-	-
Emergencies	572,570	-	-	-
Economic Development	-	-	-	122,190
Maintenance and Construction Projects	-	7,266,923	-	-
Unrestricted	<u>(1,434,302)</u>	<u>(65,006)</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 30,805,156</u>	<u>\$ 12,080,389</u>	<u>\$ 11,765</u>	<u>\$ 126,496</u>

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Statement of Activities

For the Year Ended December 31, 2019

					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government	Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
Primary Government								
Governmental Activities								
General Government	\$ 2,239,574	\$ 62,183	\$ 108,942	\$ -	\$ (2,068,449)			
Public Safety	1,393,538	659,168	97,369	-	(637,001)			
Highways and Bridges	3,520,231	50,759	999,357	48,384	(2,421,731)			
Health and Welfare	1,718,336	504	-	-	(1,717,832)			
Culture and Recreation	7,851	-	-	-	(7,851)			
Conserv. of Natural Resources	174,733	3,614	9,319	-	(161,800)			
Interest on Long-Term Debt	2,309	-	-	-	(2,309)			
Total Governmental Activities	<u>\$ 9,056,572</u>	<u>\$ 776,228</u>	<u>\$ 1,214,987</u>	<u>\$ 48,384</u>	<u>\$ (7,016,973)</u>			
Component Units								
Water Resource District	\$ 1,205,901	\$ -	\$ -	\$ 174,432		\$ (1,031,469)	\$ -	\$ -
District Health Unit	375,531	27,701	18,906	-		-	(328,924)	-
Job Development Authority	193,073		625	-		-	-	(192,448)
Total Component Units	<u>\$ 1,774,505</u>	<u>\$ 27,701</u>	<u>\$ 19,531</u>	<u>\$ 174,432</u>		<u>\$ (1,031,469)</u>	<u>\$ (328,924)</u>	<u>\$ (192,448)</u>
General Revenues								
Property Taxes					\$ 4,518,596	\$ 1,314,863	\$ 208,121	\$ 232,559
Non Restricted Grants and Contributions					2,636,740	-	76,008	-
Other General Revenues					-	19,441	-	-
Unrestricted Investment Earnings					50,798	21,375	-	215
Miscellaneous Revenue					215,823	-	1,399	5,160
Total General Revenues					<u>\$ 7,421,957</u>	<u>\$ 1,355,679</u>	<u>\$ 285,528</u>	<u>\$ 237,934</u>
Change in Net Position					<u>\$ 404,984</u>	<u>\$ 324,210</u>	<u>\$ (43,396)</u>	<u>\$ 45,486</u>
Net Position - January 1					<u>\$ 30,400,172</u>	<u>\$ 11,524,839</u>	<u>\$ 55,161</u>	<u>\$ 81,010</u>
Prior Period Adjustments					<u>\$ -</u>	<u>\$ 231,340</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position - January 1, as restated					<u>\$ 30,400,172</u>	<u>\$ 11,756,179</u>	<u>\$ 55,161</u>	<u>\$ 81,010</u>
Net Position - December 31					<u>\$ 30,805,156</u>	<u>\$ 12,080,389</u>	<u>\$ 11,765</u>	<u>\$ 126,496</u>

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Balance Sheet – Governmental Funds
December 31, 2019

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 759,377	\$ 4,707,689	\$ 246,287	\$ 5,713,353
Intergovernmental Receivable	107,973	190,824	-	298,797
Accounts Receivable	36,436	38,657	-	75,093
Road Receivables	-	8,811	-	8,811
Taxes Receivable	64,319	70,191	2,686	137,196
Total Assets	<u>\$ 968,105</u>	<u>\$ 5,016,172</u>	<u>\$ 248,973</u>	<u>\$ 6,233,250</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 25,515	\$ 26,782	\$ 966	\$ 53,263
Salaries Payable	13,765	30,543	-	44,308
Grants Received In Advance	-	29,491	-	29,491
Total Liabilities	<u>\$ 39,280</u>	<u>\$ 86,816</u>	<u>\$ 966</u>	<u>\$ 127,062</u>
Deferred Inflows of Resources				
Road Receivable	\$ -	\$ 8,811	\$ -	\$ 8,811
Taxes Receivable	64,319	70,191	2,686	137,196
Total Liabilities and Deferred Inflows of Resources	<u>\$ 103,599</u>	<u>\$ 165,818</u>	<u>\$ 3,652</u>	<u>\$ 273,069</u>
Fund Balances				
Restricted				
Capital Projects	\$ -	\$ -	\$ 245,321	\$ 245,321
Public Safety	-	366,851	-	366,851
Highways and Bridges	-	3,381,620	-	3,381,620
Health and Welfare	-	347,945	-	347,945
Conservation of Natural Resources	-	182,170	-	182,170
Emergencies	-	571,768	-	571,768
Unassigned	864,506	-	-	864,506
Total Fund Balances	<u>\$ 864,506</u>	<u>\$ 4,850,354</u>	<u>\$ 245,321</u>	<u>\$ 5,960,181</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 968,105</u>	<u>\$ 5,016,172</u>	<u>\$ 248,973</u>	<u>\$ 6,233,250</u>

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2019

Total Fund Balances for Governmental Funds	\$ 5,960,181
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	28,715,389
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Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Taxes Receivable	\$ 137,196	
Road Receivables	<u>8,811</u>	146,007

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Derived From Pensions and OPEB	\$ 1,972,169	
Deferred Inflows Derived From Pensions and OPEB	<u>(1,878,624)</u>	93,545

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term- are reported in the statement of net position.

Long-Term Debt	\$ (80,000)	
Interest Payable	(2,372)	
Compensated Absences	(127,114)	
Net Pension Liability	<u>(3,900,480)</u>	<u>(4,109,966)</u>

Total Net Position of Governmental Activities	<u>\$ 30,805,156</u>
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The notes to the financial statements are an integral part of this statement.

TRAILL COUNTYStatement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,980,960	\$ 2,383,059	\$ 113,019	\$ 4,477,038
Intergovernmental	552,250	3,298,376	1,101	3,851,727
Charges For Services	136,382	648,769	-	785,151
Licenses, Permits and Fees	1,315	-	-	1,315
Interest Income	24,711	26,087	-	50,798
Miscellaneous	52,911	147,448	15,464	215,823
Total Revenues	\$ 2,748,529	\$ 6,503,739	\$ 129,584	\$ 9,381,852
EXPENDITURES				
Current				
General Government	\$ 2,039,973	\$ -	\$ -	\$ 2,039,973
Public Safety	560,304	756,799	-	1,317,103
Highways and Bridges	-	2,917,437	-	2,917,437
Health and Welfare	-	1,582,360	-	1,582,360
Conserv. of Natural Resources	-	165,424	-	165,424
Capital Outlay	-	-	120,549	120,549
Debt Service				
Principal	66,000	-	-	66,000
Interest and Fees	3,047	-	-	3,047
Total Expenditures	\$ 2,669,324	\$ 5,422,020	\$ 120,549	\$ 8,211,893
Excess (Deficiency) of Revenues Over Expenditures	\$ 79,205	\$ 1,081,719	\$ 9,035	\$ 1,169,959
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 59,500	\$ -	\$ 59,500
Transfers Out	(4,500)	(55,000)	-	(59,500)
Total Other Financing Sources and Uses	\$ (4,500)	\$ 4,500	\$ -	\$ -
Net Change in Fund Balances	\$ 74,705	\$ 1,086,219	\$ 9,035	\$ 1,169,959
Fund Balances - January 1	\$ 789,801	\$ 3,764,135	\$ 236,286	\$ 4,790,222
Fund Balances - December 31	\$ 864,506	\$ 4,850,354	\$ 245,321	\$ 5,960,181

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	1,169,959
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The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Capital Outlay	\$	557,970	
Capital Contribution		48,384	
Current Year Depreciation		<u>(1,062,065)</u>	(455,711)

The proceeds of debt issuances are reported as other financing sources in governmental funds and contribute to change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Repayment			66,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Decrease in Compensated Absences	\$	5,360	
Decrease in Interest Payable		738	
Decrease in Retainage Payable		<u>81,426</u>	87,524

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.

Increase in Taxes Receivable		41,558	
Decrease in Road Department Receivables		<u>(10,238)</u>	31,320

The Net Pension Liability and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Decrease in Net Pension and OPEB Liability	\$	1,182,589	
Decrease in Deferred Outflows of Resources Derived from Pension and OPEB		(111,430)	
Increase in Deferred Inflows of Resources Derived from Pension and OPEB		<u>(1,565,267)</u>	<u>(494,108)</u>

Change in Net Position of Governmental Activities	\$	<u>404,984</u>
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The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Statement of Net Position

December 31, 2018

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 4,567,711	\$ 4,620,925	\$ 244,300	\$ 161,051
Intergovernmental Receivable	294,202	-	7,417	-
Accounts Receivable	54,932	-	-	-
Interest Receivable	-	-	-	18
Road Receivables	19,049	-	-	-
Taxes Receivable	95,638	10,783	3,568	4,414
Special Assessments Receivable	-	2,893,736	-	-
Economic Development Loans Receivable	-	-	-	33,872
Prepaid Rent	-	-	-	700
Capital Assets				
Nondepreciable	4,896,692	4,380,875	-	-
Depreciable, Net	24,274,408	5,486,154	10,199	9,157
Total Assets	\$ 34,202,632	\$ 17,392,473	\$ 265,484	\$ 209,212
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	\$ 2,083,599	\$ 38,418	\$ 117,787	\$ 73,617
LIABILITIES				
Accounts Payable	\$ 49,828	\$ 5,290	\$ -	\$ 4,094
Salaries Payable	47,304	-	1,907	-
Other Liability	-	2,623	2,687	-
Grants Received in Advance	29,491	-	-	-
Interest Payable	3,110	-	-	-
Retainages Payable	81,426	-	-	-
Long-Term Liabilities				
Due Within One Year				
Long-Term Debt	38,504	802,233	-	-
Compensated Absences Payable	13,247	-	1,035	-
Due After One Year				
Long-Term Debt	107,496	4,967,497	-	-
Compensated Absences Payable	119,227	-	9,315	-
Net Pension and OPEB Liability	5,083,069	94,624	290,973	186,243
Total Liabilities	\$ 5,572,702	\$ 5,872,267	\$ 305,917	\$ 190,337
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	\$ 313,357	\$ 33,785	\$ 22,193	\$ 11,482
NET POSITION				
Net Investment In Capital Assets	\$ 28,940,564	\$ 4,097,299	\$ 10,199	\$ 9,157
Restricted				
Capital Projects	237,434	-	-	-
Public Safety	94,662	-	-	-
Highways and Bridges	1,929,628	-	-	-
Health and Welfare	-	-	44,962	-
Conservation of Natural Resources	64,862	-	-	-
Emergencies	519,281	-	-	-
Revolving Loans	-	-	-	164,596
Maintenance and Construction Projects	-	7,543,058	-	-
Unrestricted	(1,386,259)	(115,518)	-	(92,743)
Total Net Position	\$ 30,400,172	\$ 11,524,839	\$ 55,161	\$ 81,010

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Statement of Activities

For the Year Ended December 31, 2018

					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government	Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
Primary Government								
Governmental Activities								
General Government	\$ 2,373,749	\$ 62,763	\$ 108,313	\$ -	\$ (2,202,673)			
Public Safety	1,120,901	519,133	98,558	-	(503,210)			
Highways and Bridges	2,645,372	44,058	1,511,236	3,067,340	1,977,262			
Emergencies	102,199	-	-	-	(102,199)			
Health and Welfare	1,580,334	9,063	63,977	-	(1,507,294)			
Culture and Recreation	11,986	-	-	-	(11,986)			
Conserv. of Natural Resources	161,922	-	10,910	-	(151,012)			
Interest on Long-Term Debt	7,591	-	-	-	(7,591)			
Total Governmental Activities	<u>\$ 8,004,054</u>	<u>\$ 635,017</u>	<u>\$ 1,792,994</u>	<u>\$ 3,067,340</u>	<u>\$ (2,508,703)</u>			
Component Units								
Water Resource District	\$ 828,405	\$ -	\$ -	\$ 260,997		\$ (567,408)	\$ -	\$ -
District Health Unit	394,515	34,285	17,938	-		-	(342,292)	-
Job Development Authority	218,238	598	24,887	-		-	-	(192,753)
Total Component Units	<u>\$ 1,441,158</u>	<u>\$ 34,883</u>	<u>\$ 42,825</u>	<u>\$ 260,997</u>		<u>\$ (567,408)</u>	<u>\$ (342,292)</u>	<u>\$ (192,753)</u>
General Revenues								
Property Taxes					\$ 4,589,964	\$ 1,528,178	\$ 198,487	\$ 179,936
Non Restricted Grants and Contributions					2,383,059	-	82,929	-
Other General Revenues					-	27,527	-	150
Unrestricted Investment Earnings					25,389	13,296	-	1,625
Miscellaneous Revenue					65,465	-	733	-
Loss on Sale of Capital Assets					(130,387)	-	-	-
Total General Revenues					<u>\$ 6,933,490</u>	<u>\$ 1,569,001</u>	<u>\$ 282,149</u>	<u>\$ 181,711</u>
Change in Net Position					<u>\$ 4,424,787</u>	<u>\$ 1,001,593</u>	<u>\$ (60,143)</u>	<u>\$ (11,042)</u>
Net Position - January 1					<u>\$ 26,155,762</u>	<u>\$10,523,246</u>	<u>\$ 115,304</u>	<u>\$ 97,755</u>
Prior Period Adjustments					<u>\$ (180,377)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,703)</u>
Net Position - January 1, as restated					<u>\$ 25,975,385</u>	<u>\$10,523,246</u>	<u>\$ 115,304</u>	<u>\$ 92,052</u>
Net Position - December 31					<u>\$ 30,400,172</u>	<u>\$11,524,839</u>	<u>\$ 55,161</u>	<u>\$ 81,010</u>

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Balance Sheet – Governmental Funds
December 31, 2018

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 696,402	\$ 3,635,023	\$ 236,286	\$ 4,567,711
Intergovernmental Receivable	109,912	184,290	-	294,202
Accounts Receivable	7,108	47,824	-	54,932
Road Receivables	-	19,049	-	19,049
Taxes Receivable	45,138	49,352	1,148	95,638
Total Assets	<u>\$ 858,560</u>	<u>\$ 3,935,538</u>	<u>\$ 237,434</u>	<u>\$ 5,031,532</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 10,855	\$ 38,973	\$ -	\$ 49,828
Salaries Payable	12,766	34,538	-	47,304
Grants Received In Advance	-	29,491	-	29,491
Total Liabilities	<u>\$ 23,621</u>	<u>\$ 103,002</u>	<u>\$ -</u>	<u>\$ 126,623</u>
Deferred Inflows of Resources				
Road Receivable	\$ -	\$ 19,049	\$ -	\$ 19,049
Taxes Receivable	45,138	49,352	1,148	95,638
Total Liabilities and Deferred Inflows of Resources	<u>\$ 68,759</u>	<u>\$ 171,403</u>	<u>\$ 1,148</u>	<u>\$ 241,310</u>
Fund Balances				
Restricted				
Capital Projects	\$ -	\$ -	\$ 236,286	\$ 236,286
Public Safety	-	291,642	-	291,642
Highways and Bridges	-	2,675,474	-	2,675,474
Health and Welfare	-	148,106	-	148,106
Conservation of Natural Resources	-	129,961	-	129,961
Emergencies	-	518,952	-	518,952
Unassigned	789,801	-	-	789,801
Total Fund Balances	<u>\$ 789,801</u>	<u>\$ 3,764,135</u>	<u>\$ 236,286</u>	<u>\$ 4,790,222</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 858,560</u>	<u>\$ 3,935,538</u>	<u>\$ 237,434</u>	<u>\$ 5,031,532</u>

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2018

Total Fund Balances for Governmental Funds	\$ 4,790,222
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	29,171,100
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Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Property Taxes Receivable	\$ 95,638	
Road Receivables	<u>19,049</u>	114,687

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Derived From Pensions and OPEB	\$ 2,083,599	
Deferred Inflows Derived From Pensions and OPEB	<u>(313,357)</u>	1,770,242

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term- are reported in the statement of net position.

Long-Term Debt	\$ (146,000)	
Interest Payable	(3,110)	
Compensated Absences	(132,474)	
Retainage Payable	(81,426)	
Net Pension Liability	<u>(5,083,069)</u>	<u>(5,446,079)</u>

Total Net Position of Governmental Activities	<u><u>\$ 30,400,172</u></u>
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The notes to the financial statements are an integral part of this statement.

TRAIL COUNTYStatement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2018

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,199,910	\$ 2,319,500	\$ 57,171	\$ 4,576,581
Intergovernmental	741,285	4,132,710	475	4,874,470
Charges For Services	95,126	520,207	-	615,333
Licenses, Permits and Fees	635	-	-	635
Interest Income	10,756	14,633	-	25,389
Miscellaneous	64,240	901	324	65,465
Total Revenues	\$ 3,111,952	\$ 6,987,951	\$ 57,970	\$ 10,157,873
EXPENDITURES				
Current				
General Government	\$ 2,151,940	\$ -	\$ -	\$ 2,151,940
Public Safety	590,169	565,595	-	1,155,764
Highways and Bridges	-	4,356,729	-	4,356,729
Emergencies	-	102,199	-	102,199
Health and Welfare	-	1,459,388	-	1,459,388
Conserv. of Natural Resources	-	151,325	-	151,325
Capital Outlay	-	-	65,237	65,237
Debt Service				
Principal	54,000	-	-	54,000
Interest and Fees	5,926	-	-	5,926
Total Expenditures	\$ 2,802,035	\$ 6,635,236	\$ 65,237	\$ 9,502,508
Excess (Deficiency) of Revenues Over Expenditures	\$ 309,917	\$ 352,715	\$ (7,267)	\$ 655,365
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 117,425	\$ 87,649	\$ -	\$ 205,074
Transfers Out	(2,500)	(202,574)	-	(205,074)
Total Other Financing Sources (Uses)	\$ 114,925	\$ (114,925)	\$ -	\$ -
Net Change in Fund Balances	\$ 424,842	\$ 237,790	\$ (7,267)	\$ 655,365
Fund Balances - January 1	\$ 364,959	\$ 3,526,345	\$ 243,553	\$ 4,134,857
Fund Balances - December 31	\$ 789,801	\$ 3,764,135	\$ 236,286	\$ 4,790,222

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 655,365
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The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Capital Outlay	\$ 2,226,743	
Capital Contribution	3,067,340	
Current Year Depreciation	<u>(943,351)</u>	4,350,732

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Gain (Loss) on Sale of Capital Assets	(130,387)
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The proceeds of debt issuances are reported as other financing sources in governmental funds and contribute to change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Repayment	54,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Increase in Compensated Absences	\$ (10,258)	
Increase in Interest Payable	(1,665)	
Decrease in Retainage Payable	<u>5,228</u>	(6,695)

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.

Increase in Taxes Receivable	\$ 13,381	
Increase in Road Department Receivables	<u>19,049</u>	32,430

The Net Pension Liability and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Increase in Net Pension and OPEB Liability	\$ (351,137)	
Decrease in Deferred Outflows of Resources Derived from Pension and OPEB	(64,628)	
Increase in Deferred Inflows of Resources Derived from Pension and OPEB	<u>(114,893)</u>	<u>(530,658)</u>

Change in Net Position of Governmental Activities	<u>\$ 4,424,787</u>
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The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Statement of Fiduciary Assets and Liabilities - Agency Funds
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	<u>\$ 6,528,975</u>	<u>\$ 5,035,390</u>
LIABILITIES		
Due to other governments/entities	<u>\$ 6,528,975</u>	<u>\$ 5,035,390</u>

The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2019 and 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Traill County ("County") 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 establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of the County. The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County 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 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 County.

Based on these criteria, the three component units discussed below are included within the County's reporting entity because of the significance of their operational or financial relationships with the County.

Component Unit

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Unit. The component units column in the basic financial statements includes the financial data of the County's three component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

Traill County District Health Unit ("Health Unit") - The County's governing board appoints a voting majority of the members of the Health District Board. The County has the authority to approve or modify the Health District operational and capital budgets. The County's governing board must approve the tax levy established by the Health Unit.

Traill County Water Resource District ("Water Resource District")- The County's governing board appoints a voting majority of the members of the Water Resource District Board. The County has the authority to approve or modify the Water Resource District's operational and capital budgets. The County also must approve the tax levy established by the Water Resource District. The financial statements of the Water Resource District are audited by other auditors and a separate standalone audit report is issued. A complete audit report may be obtained from Brady Martz, Certified Public Accountants and Consultants, 401 Demers Avenue Suite 300 P.O. Box 14296, Grand Forks, North Dakota, 58208-4296.

Traill County Job Development Authority ("Job Development Authority") - The County's governing board appoints a voting majority of the members of the Job Development Authority Board. The County has the authority to approve or modify the Job Development Authority's operational and capital budgets. The County's governing board must approve the tax levy established by the Job Development Authority. The financial statements for fiscal year 2018 of the Job Development Authority were audited by other auditors and a separate standalone audit report is issued. A complete audit report may be obtained from Overmoe & Nelson, LTD, Certified Public Accountants, 200 1st Avenue North, Grand Forks, North Dakota, 58206. For fiscal year 2019, the Job Development Authority the financial statements were audited by the North Dakota State Auditor's Office.

TRAIL COUNTY

Notes to the Financial Statements – Continued

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the County (primary government) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. 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 County'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 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, interest, and non-restricted grants and contributions, are presented as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

Additionally, the County reports the following fund type:

Agency Funds. These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency funds are used to account for property taxes collected on behalf of other governments.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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 County 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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County during the years ended December 31, 2019 and December 31, 2018 consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets**Primary Government**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	County	Health Unit	Job Development Authority	Water Resource District
Buildings	25 - 100	---	---	---
Machinery and Equipment	5 - 20	---	---	5 - 7
Infrastructure	40	---	---	50
Vehicles	3 - 20	5 - 7	---	5 - 7
Office Equipment	3 - 15	3 - 5	7	---
Technology	---	---	3	---
Land Improvements	---	---	---	50

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end by social service employees, and up to 80 hours of vacation leave may be carried over at year-end by other County employees. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Up to 800 hours of sick leave hours may be carried over and employees are paid for one-tenth of their accumulated sick leave at retirement to a limit of 800 hours. On December 31st of each year if an employee has accumulated 880 hours of sick leave or more, the employee may trade 80 hours of sick leave for 8 hours of vacation. A liability for the vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net position.

When applicable, in the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, and discounts received on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

TRAIL COUNTY

Notes to the Financial Statements – Continued

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balance

Fund Balance Spending Policy. It is the policy of the County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the County to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state and federal governments for various grants & reimbursements).

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted state and federal grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund.

Interfund Transactions

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

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

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Beginning net position adjustments were necessary for the implementation of GASB Statement No. 75, Accounting and Financing Reporting for Postemployment Benefit Plans Other than Pensions for the county and the Job Development Authority in 2018.

Adjustments to beginning net position are as follows:

Primary Government - 2018	Amounts
Beginning Net Position, as previously reported	\$ 26,155,762
Adjustments to restate the January 1, 2018 Net Position	
Deferred Outflows of Resources - Pensions	44,097
Net Pension Liability	(209,990)
Deferred Inflows of Resources - Pensions	(14,484)
Net Position January 1, as restated	\$ 25,975,385

Economic Development Commission - 2018	Amounts
Beginning Net Position, as previously reported	\$ 97,755
Adjustments to restate the January 1, 2017 Net Position	
Deferred Outflows of Resources - Pensions	1,293
Net Pension Liability	(6,545)
Deferred Inflows of Resources - Pensions	(451)
Net Position January 1, as restated	\$ 92,052

Beginning net position adjustments were necessary for the Water Resource District in 2019. Management of the Water Resource District has determined that a restatement of beginning net position for the governmental activities was necessary due to the correction of an error. The restatement was made to properly reflect all special assessments receivable in the prior year.

Adjustments to beginning net position are as follows:

Water Resource District - 2019	Amounts
Beginning Net Position, as previously reported	\$ 11,524,839
Adjustments to restate the January 1, 2019 Net Position	
Special Assessments Receivable	231,340
Net Position January 1, as restated	\$ 11,756,179

NOTE 2 DEPOSITS**Custodial Credit Risk**

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political

TRAIL COUNTY

Notes to the Financial Statements – Continued

subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At year ended December 31, 2019, the County's carrying amount of deposits totaled \$11,559,964 and the bank balances totaled \$12,460,337. Of the bank balances, \$7,710,165 was held at the Bank of North Dakota and \$1,557,888 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2019, the Water Resource District's deposits were in excess of FDIC Insurance, however all excess was covered by pledges collateral.

At year ended December 31, 2019, the Health Unit's carrying amount of deposits totaled \$230,298 and the bank balances totaled \$230,910, all of which was covered by Federal Depository Insurance.

At year ended December 31, 2019, The Job Development Authority's carrying amount of deposits totaled \$810,769, and the bank balances totaled \$812,977. Of the bank balances, \$274,910 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the County's carrying amount of deposits totaled \$8,962,754, and the bank balances totaled \$9,302,718. Of the bank balances, \$4,705,218 was held at the Bank of North Dakota and \$1,557,833 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the Water Resource District's deposits were in excess of FDIC Insurance, however all excess was covered by pledges collateral.

At year ended December 31, 2018, the Health Unit's carrying amount of deposits totaled \$244,169, and the bank balances totaled \$246,926, all of which was covered by Federal Depository Insurance.

At year ended December 31, 2018, the Job Development Authority's deposits were covered by FDIC Insurance.

NOTE 3 PROPERTY TAXES

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2019 and 2018:

Primary Government - 2019	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction Progress	4,880,870	442,968	-	(5,152,587)	171,251
Total Capital Assets, not being depreciated	\$ 4,896,692	\$ 442,968	\$ -	\$ (5,152,587)	\$ 187,073
<i>Capital assets being depreciated</i>					
Machinery and Equipment	\$ 3,288,190	\$ 163,386	\$ 24,802	\$ -	\$ 3,426,774
Office Equipment	252,894	-	-	-	252,894
Vehicles	1,104,898	-	-	-	1,104,898
Buildings	2,972,829	-	-	-	2,972,829
Infrastructure	23,836,631	-	-	5,152,587	28,989,218
Total Capital Assets, Being Depreciated	\$ 31,455,442	\$ 163,386	\$ 24,802	\$ 5,152,587	\$ 36,746,613
<i>Less Accumulated Depreciation for</i>					
Machinery and Equipment	\$ 1,796,560	\$ 197,422	\$ 24,802	\$ -	\$ 1,969,180
Office Equipment	252,894	-	-	-	252,894
Vehicles	845,233	72,788	-	-	918,021
Buildings	700,572	67,125	-	-	767,697
Infrastructure	3,585,774	724,731	-	-	4,310,505
Total Accumulated Depreciation	\$ 7,181,033	\$ 1,062,066	\$ 24,802	\$ -	\$ 8,218,297
Total Capital Assets Being Depreciated, Net	\$ 24,274,409	\$ (898,680)	\$ -	\$ 5,152,587	\$ 28,528,316
Total Capital Assets, Net	\$ 29,171,101	\$ (455,712)	\$ -	\$ -	\$ 28,715,389

Primary Government - 2018	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction Progress	2,177,600	4,683,755	-	(1,980,485)	4,880,870
Total Capital Assets, not being depreciated	\$ 2,193,422	\$ 4,683,755	\$ -	\$ (1,980,485)	\$ 4,896,692
<i>Capital assets being depreciated</i>					
Machinery and Equipment	\$ 3,118,147	\$ 414,524	\$ 244,480	\$ -	\$ 3,288,191
Office Equipment	252,894	-	-	-	252,894
Vehicles	973,293	195,805	64,201	-	1,104,897
Buildings	1,918,873	-	-	1,053,956	2,972,829
Infrastructure	22,910,103	-	-	926,529	23,836,632
Total Capital Assets, Being Depreciated	\$ 29,173,310	\$ 610,329	\$ 308,681	\$ 1,980,485	\$ 31,455,443
<i>Less Accumulated Depreciation for</i>					
Machinery and Equipment	\$ 1,724,517	\$ 186,135	\$ 114,091	\$ -	\$ 1,796,561
Office Equipment	252,894	-	-	-	252,894
Vehicles	815,259	94,175	64,201	-	845,233
Buildings	633,448	67,125	-	-	700,573
Infrastructure	2,989,858	595,916	-	-	3,585,774
Total Accumulated Depreciation	\$ 6,415,976	\$ 943,351	\$ 178,292	\$ -	\$ 7,181,035
Total Capital Assets Being Depreciated, Net	\$ 22,757,334	\$ (333,022)	\$ 130,389	\$ 1,980,485	\$ 24,274,408
Total Capital Assets, Net	\$ 24,950,756	\$ 4,350,733	\$ 130,389	\$ -	\$ 29,171,100

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	2019	2018
General Government	\$ 32,976	\$ 29,276
Public Safety	77,403	71,438
Highways and Bridges	922,277	818,729
Health and Welfare	28,464	20,763
Culture and Recreation	946	3,145
Total Depreciation Expense	\$ 1,062,066	\$ 943,350

Discretely Presented Component Units

The following is a summary of changes in capital assets for the year ended December 31, 2019 and 2018 for the Water Resource District:

Water Resource District - 2019	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 1,595,466	\$ 79,529	\$ -	\$ -	\$ 1,674,995
Construction Progress	2,785,409	76,025	2,785,409	-	76,025
Total Capital Assets, not being depreciated	\$ 4,380,875	\$ 155,554	\$ 2,785,409	\$ -	\$ 1,751,020
<i>Capital assets being depreciated</i>					
Equipment	\$ 83,336	\$ 1,223	\$ -	\$ -	\$ 84,559
Infrastructure	6,474,997	2,785,409	-	-	9,260,406
Total Capital Assets, Being Depreciated	\$ 6,558,333	\$ 2,786,632	\$ -	\$ -	\$ 9,344,965
<i>Less Accumulated Depreciation for</i>					
Equipment	\$ 77,104	\$ 2,408	\$ -	\$ -	\$ 79,512
Infrastructure	995,075	168,052	-	-	1,163,127
Total Accumulated Depreciation	\$ 1,072,179	\$ 170,460	\$ -	\$ -	\$ 1,242,639
Total Capital Assets Being Depreciated, Net	\$ 5,486,154	\$ 2,616,172	\$ -	\$ -	\$ 8,102,326
Total Capital Assets, Net	\$ 9,867,029	\$ 2,771,726	\$ 2,785,409	\$ -	\$ 9,853,346

Water Resource District - 2018	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 1,568,447	\$ 27,019	\$ -	\$ -	\$ 1,595,466
Construction Progress	2,509,517	443,427	167,535	-	2,785,409
Total Capital Assets, not being depreciated	\$ 4,077,964	\$ 470,446	\$ 167,535	\$ -	\$ 4,380,875
<i>Capital assets being depreciated</i>					
Equipment	\$ 83,336	\$ -	\$ -	\$ -	\$ 83,336
Infrastructure	6,307,462	167,535	-	-	6,474,997
Total Capital Assets, Being Depreciated	\$ 6,390,798	\$ 167,535	\$ -	\$ -	\$ 6,558,333
<i>Less Accumulated Depreciation for</i>					
Equipment	\$ 74,701	\$ 2,403	\$ -	\$ -	\$ 77,104
Infrastructure	868,180	126,895	-	-	995,075
Total Accumulated Depreciation	\$ 942,881	\$ 129,298	\$ -	\$ -	\$ 1,072,179
Total Capital Assets Being Depreciated, Net	\$ 5,447,917	\$ 38,237	\$ -	\$ -	\$ 5,486,154
Total Capital Assets, Net	\$ 9,525,881	\$ 508,683	\$ 167,535	\$ -	\$ 9,867,029

TRAIL COUNTY

Notes to the Financial Statements – Continued

The following is a summary of changes in capital assets for the year ended December 31, 2019 and 2018 for the Health Unit:

Health Unit - 2019	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Vehicles	\$ 25,498	\$ -	\$ -	\$ -	\$ 25,498
<i>Less Accumulated Depreciation for</i>					
Vehicles	\$ 15,299	\$ 2,550	\$ -	\$ -	\$ 17,849
Total Capital Assets, Net	\$ 10,199	\$ (2,550)	\$ -	\$ -	\$ 7,649

Health Unit - 2018	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Vehicles	\$ 25,498	\$ -	\$ -	\$ -	\$ 25,498
<i>Less Accumulated Depreciation for</i>					
Vehicles	\$ 12,749	\$ 2,550	\$ -	\$ -	\$ 15,299
Total Capital Assets, Net	\$ 12,749	\$ (2,550)	\$ -	\$ -	\$ 10,199

The following is a summary of changes in capital assets for the year ended December 31, 2019 and 2018 for the Job Development Authority.

Job Development Authority - 2019	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
<i>Less Accumulated Depreciation for</i>					
Office Equipment	\$ 7,698	\$ 4,851	\$ -	\$ -	\$ 12,549
Total Capital Assets, Net	\$ 9,157	\$ (4,851)	\$ -	\$ -	\$ 4,306

Job Development Authority - 2018	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Technology	\$ 15,802	\$ 1,053	\$ -	\$ -	\$ 16,855
<i>Less Accumulated Depreciation for</i>					
Technology	\$ 3,052	\$ 4,646	\$ -	\$ -	\$ 7,698
Total Capital Assets, Net	\$ 12,750	\$ (3,593)	\$ -	\$ -	\$ 9,157

NOTE 5 LONG-TERM LIABILITIES

During the years ended December 31, 2019 and 2018, the following changes occurred in long-term liabilities:

Primary Government - 2019	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ 146,000	\$ -	\$ 66,000	\$ 80,000	\$ 39,611
Compensated Absences *	\$ 132,475	\$ -	\$ 5,361	\$ 127,114	\$ 12,712
Net Pension Liability	5,083,069	-	1,182,589	3,900,480	-
Total Primary Government	\$ 5,361,544	\$ -	\$ 1,253,950	\$ 4,107,594	\$ 52,323

TRAIL COUNTY

Notes to the Financial Statements – Continued

Primary Government - 2018	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ 200,000	\$ -	\$ 54,000	\$ 146,000	\$ 38,504
Compensated Absences *	\$ 122,216	\$ 10,258	\$ -	\$ 132,474	\$ 13,247
Net Pension Liability	4,731,932	351,137	-	5,083,069	-
Total Primary Government	\$ 5,054,148	\$ 361,395	\$ 54,000	\$ 5,361,543	\$ 51,751

Debt service requirements on long-term debt is as follows:

Year Ending Dec 31	Loans Payable	
	Principal	Interest
2020	\$ 39,611	\$ 3,557
2021	40,389	2,399
2022	-	-
2023	-	-
2024	-	-
Total	\$ 80,000	\$ 5,956

Discretely Presented Component Units

During the year ended December 31, 2019 and 2018, the following changes occurred in governmental long-term liabilities of the Water Resource District:

Water Resource District - 2019	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 5,801,490	\$ -	\$ 798,545	\$ 5,002,945	\$ 792,675
Bond Discounts	(31,760)	3,689	-	(28,071)	-
Total Long-Term Debt	5,769,730	3,689	798,545	4,974,874	792,675
Net Pension Liability	94,624	-	29,715	64,909	-
Total Water Resource District	\$ 5,864,354	\$ 3,689	\$ 828,260	\$ 5,039,783	\$ 792,675

Water Resource District - 2018	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 6,734,605	\$ -	\$ 933,115	\$ 5,801,490	\$ 802,233
Bond Discounts	(35,449)	-	3,689	(31,760)	-
Total Long-Term Debt	6,699,156	-	936,804	5,769,730	802,233
Net Pension Liability	86,008	8,616	-	94,624	-
Total Water Resource District	\$ 6,785,164	\$ 8,616	\$ 936,804	\$ 5,864,354	\$ 802,233

TRAIL COUNTY

Notes to the Financial Statements – Continued

Debt service requirements on long-term debt is as follows:

Year Ending Dec 31	Bonds Payable	
	Principal	Interest
2020	\$ 792,675	\$ 112,393
2021	795,270	98,064
2022	645,000	83,325
2023	660,000	68,753
2024	235,000	58,617
2025 - 2028	1,140,000	203,861
2029 - 2033	515,000	83,600
2034 - 2037	220,000	10,725
Total	\$ 5,002,945	\$ 719,338

During the year ended December 31, 2018 and 2019, the following changes occurred in governmental long-term liabilities of the Health Unit:

Health Unit - 2019	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 10,350	\$ 2,834	\$ -	\$ 13,184	\$ 1,318
Net Pension Liability	290,973	-	81,437	209,536	-
Total Health Unit	\$ 301,323	\$ 2,834	\$ 81,437	\$ 222,720	\$ 1,318

Health Unit - 2018	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 10,420	\$ -	\$ 70	\$ 10,350	\$ 1,035
Net Pension Liability	259,391	31,582	-	290,973	-
Total Health Unit	\$ 269,811	\$ 31,582	\$ 70	\$ 301,323	\$ 1,035

During the year ended December 31, 2018 and 2019, the following changes occurred in governmental long-term liabilities of the Job Development Authority:

Job Development Authority - 2019	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Net Pension Liability	\$ 166,475	\$ -	\$ 48,107	\$ 118,368	\$ -
Total Governmental Activities	\$ 166,475	\$ -	\$ 48,107	\$ 118,368	\$ -

Job Development Authority - 2018	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Net Pension Liability	\$ 152,091	\$ 34,152	\$ -	\$ 186,243	\$ -
Total Governmental Activities	\$ 152,091	\$ 34,152	\$ -	\$ 186,243	\$ -

* The change in compensated absences for the County, Water Resource District, Health Unit, and Job Development Authority is shown as a net change.

NOTE 6 PENSION PLAN**General Information about the NDPERS 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. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% 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, 2019 and 2018, the County reported a liability of \$3,666,282 and \$4,869,706 respectively, for its proportionate share of net pension liability. At December 31, 2019 and 2018, the discretely presented component units reported a liability of \$373,124 and \$532,870 respectively, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and 2018 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County'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, 2019 and 2018, the entities had the following proportions, change in proportions, and pension expense:

		Increase (Decrease) in Proportion from June 30, 2019 Measurement	Pension Expense
2019	Proportion		
Primary Government	0.322296%	0.024289%	\$ 750,341
Discretely Presented Component Units			
Water Resource District	0.005540%	-0.000007%	3,636
Health Unit	0.016804%	0.000286%	34,866
Economic Development Commission	0.009493%	0.000042%	22,100

		Increase (Decrease) in Proportion from June 30, 2018 Measurement	Pension Expense
2018	Proportion		
Primary Government	0.298007%	0.007619%	\$ 838,840
Discretely Presented Component Units			
Water Resource District	0.005610%	0.000260%	7,396
Health Unit	0.016518%	0.000380%	44,322
Economic Development Commission	0.009450%	0.000395%	26,601

TRAIL COUNTY

Notes to the Financial Statements – Continued

At December 31, 2019 and 2018, the County and Discretely Presented Component Unit's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government - 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,172	\$ 665,360
Changes in Assumptions	1,369,993	1,176,258
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	63,876	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	286,765	28,711
Employer Contributions Subsequent to the Measurement Date	174,182	-
Total Primary Government	\$ 1,896,987	\$ 1,870,329

Primary Government - 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 12,890	\$ 165,677
Changes in Assumptions	1,757,863	69,506
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	23,692
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	98,334	44,285
Employer Contributions Subsequent to the Measurement Date	162,138	-
Total Primary Government	\$ 2,031,224	\$ 303,159

Discretely Presented Component Units - 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 221	\$ 47,700
Changes in Assumptions	116,632	84,970
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	29,624	20,833
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	15,161	4,667
Employer Contributions Subsequent to the Measurement Date	17,458	829
Total Discretely Presented Component Units	\$ 179,097	\$ 158,999

Discretely Presented Component Units - 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,410	\$ 12,912
Changes in Assumptions	160,086	33,307
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	34,157	2,707
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	7,040	7,373
Employer Contributions Subsequent to the Measurement Date	17,022	853
Total Discretely Presented Component Units	\$ 219,715	\$ 57,152

TRAIL COUNTY

Notes to the Financial Statements – Continued

The following amounts were 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 ended December 31, 2020.

Primary Government	\$ 174,182
Water Resource District	2,097
Health Unit	10,181
Economic Development Commission	5,180

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

	Primary Government	Water Resource District	Health Unit	Economic Development Commission
2020	182,638	6,103	5,568	5,543
2021	104,233	7,090	2,063	3,163
2022	(62,036)	5,621	(5,666)	(1,883)
2023	(280,853)	5,937	(17,206)	(8,523)
Thereafter	-	1,904	(5,481)	-

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	10.00%
	36 – 40	7.50%
	41 – 49	6.75%
	50 – 59	6.50%
	60+	5.25%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.50%, net of investment expenses	
Cost-of-living adjustments	None	

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

The long-term expected 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:

TRAIL COUNTY

Notes to the Financial Statements – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

Discount rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the County and Discretely Presented Component Unit's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Proportionate Share of the Net Pension Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Primary Government	\$ 5,416,183	\$ 3,777,542	\$ 2,400,798
Discretely Presented Component Units			
Water Resource District	93,066	64,909	41,253
Health Unit	282,391	196,955	125,174
Economic Development Commission	159,524	111,260	70,711

Pension Plan Fiduciary Net Position

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

NOTE 7 OPEB PLAN**General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

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

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

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

OPEB Benefits

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

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

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

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

At December 31, 2019 and 2018, the County reported a liability of \$234,199 and \$213,363 respectively, for its proportionate share of the net OPEB liability. At December 31, 2019 and 2018, the discretely presented component unit's reported a liability of \$23,834 and \$23,348 respectively, for its proportionate share of the net OPEB liability.

TRAIL COUNTY

Notes to the Financial Statements – Continued

The net OPEB liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2019 and 2018, the entities had the following proportions, change in proportions, and pension expense:

		Increase (Decrease) in Proportion from June 30, 2019 Measurement	
2019	Proportion		OPEB Expense
Primary Government	0.291586%	0.020672%	\$ 33,942
Discretely Presented Component Units			
Water Resource District	0.005162%	-0.000102%	604
Health Unit	0.015664%	0.000156%	1,734
Economic Development Commission	0.008849%	-0.000024%	1,030

		Increase (Decrease) in Proportion from June 30, 2018 Measurement	
2018	Proportion		OPEB Expense
Primary Government	0.270914%	0.005444%	\$ 26,547
Discretely Presented Component Units			
Water Resource District	0.005264%	0.000214%	566
Health Unit	0.015508%	0.000280%	1,524
Economic Development Commission	0.008873%	0.000328%	869

At December 31, 2019 and 2018, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

Primary Government - 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,783	\$ 7,316
Changes in Assumptions	27,912	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	261	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	13,336	979
Employer Contributions Subsequent to the Measurement Date	27,889	-
Total Primary Government	\$ 75,182	\$ 8,295

Discretely Presented Component Units - 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 486	\$ 35,966
Changes in Assumptions	2,346	63,189
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	22	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	576	4,292
Employer Contributions Subsequent to the Measurement Date	2,459	-
Total Discretely Presented Component Units	\$ 5,889	\$ 103,447

TRAIL COUNTY

Notes to the Financial Statements – Continued

Primary Government - 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,387	\$ 4,409
Changes in Assumptions	17,507	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	4,590
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,520	1,200
Employer Contributions Subsequent to the Measurement Date	25,960	-
Total Primary Government	\$ 52,374	\$ 10,198

Discretely Presented Component Units - 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 575	\$ 9,628
Changes in Assumptions	1,575	3,979
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,506
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	216	6,869
Employer Contributions Subsequent to the Measurement Date	2,386	-
Total Discretely Presented Component Units	\$ 4,752	\$ 21,983

The following amounts were 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 ended December 31, 2020.

Primary Government	\$ 27,889
Water Resource District	-
Health Unit	1,630
Economic Development Commission	829

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

	Primary Government	Water Resource District	Health Unit	Economic Development Commission
2020	\$ 6,228	\$ 116	\$ 506	\$ 189
2021	6,228	116	506	189
2022	8,409	155	605	255
2023	8,009	148	587	243
2024	5,689	84	483	173
Thereafter	3,713	26	244	113

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.25%, net of investment expenses
Cost of living adjustments	None

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
International Equities	21%	6.95%
Domestic Fixed Income	40%	2.07%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Primary Government	\$ 298,923	\$ 234,199	\$ 178,794
Discretely Presented Component Units			
Water Resource District	5,292	4,146	3,165
Health Unit	16,058	12,581	9,605
Economic Development Commission	9,071	7,107	5,426

NOTE 8 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and for automobile, and \$3,275,879 for public assets (mobile equipment and portable property).

TRAILL COUNTY

Notes to the Financial Statements – Continued

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The County has worker's compensation with the North Dakota Workforce Safety and Insurance.

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

NOTE 9 JOINT VENTURE

Under authorization of state statutes, Rush River Water Resource District joined Southeast Cass Water Resource District, North Cass Water Resource District, Maple River Water Resource District, and the water resource districts of Richland County, Grand Forks County, Pembina County, Traill County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for the water management districts located within the Red River Valley. Known as the Red River Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2019, which is the most current audited information available:

Governmental Activities	Red River Joint Joint WRD
Total Assets	\$ 13,450,277
Total Liabilities	73,258
Net Position	\$ 13,377,019
Revenues	\$ 2,570,262
Expenses	896,172
Change in Net Position	\$ 1,674,090

Complete financial statements for the Red River Joint Water Resource District may be obtained from the Treasurer's office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

NOTE 10 CONDUIT DEBT

From time to time, Traill County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018, there are Industrial Revenue Bonds to the South Dakota Health and Educational Facilities Authority with an amount outstanding totaling \$167,260,000. As of December 31, 2019, the amount outstanding was reported as \$163,505,000.

TRAILL COUNTY

Notes to the Financial Statements – Continued

NOTE 11 CONSTRUCTION COMMITMENTS

The County had several open construction commitments as of December 31, 2019 and 2018 as follows:

Projects - 2019	Total Contract	Total Completed	Retainage	Remaining Balance	Percent Completed
Bridge 366 Box Culvert	\$ 60,380	\$ -	\$ -	\$ 60,380	0.00%
Bridge 396 Box Culvert	110,871	-	-	110,871	0.00%
Total	\$ 171,251	\$ -	\$ -	\$ 171,251	0.00%

Projects - 2018	Original Contract	Change Orders	Total Contract	Total Completed	Retainage	Remaining Balance	Percent Completed
Bridge 415 Replacement	\$ 2,669,699	\$ (2,700)	\$ 2,666,999	\$ 2,238,456	\$ 3,685	\$ 432,228	83.93%
County Road 81	1,779,796	-	1,779,796	1,453,064	77,740	404,472	81.64%
Total	\$ 4,449,495	\$ (2,700)	\$ 4,446,795	\$ 3,691,520	\$ 81,425	\$ 836,700	83.02%

TRAILL COUNTY

Budgetary Comparison Schedule - General Fund

December 31, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Taxes	\$ 421,200	\$ 421,200	\$ 1,980,960	\$ 1,559,760	\$ 421,200	\$ 421,200	\$ 2,199,910	\$ 1,778,710
Intergovernmental	1,448,611	1,448,611	552,250	(896,361)	1,448,611	1,448,611	741,285	(707,326)
Charges for Services	47,464	47,464	136,382	88,918	47,190	47,190	95,126	47,936
Licenses, Permits and Fees	260	260	1,315	1,055	260	260	635	375
Interest Income	6,000	6,000	24,711	18,711	6,000	6,000	10,756	4,756
Miscellaneous	5,000	5,000	52,911	47,911	7,000	7,000	64,240	57,240
Total Revenues	\$ 1,928,535	\$ 1,928,535	\$ 2,748,529	\$ 819,994	\$ 1,930,261	\$ 1,930,261	\$ 3,111,952	\$ 1,181,691
EXPENDITURES								
Current								
General Government	\$ 2,294,887	\$ 2,294,887	\$ 2,039,973	\$ 254,914	\$ 2,431,694	\$ 2,431,694	\$ 2,151,940	\$ 279,754
Public Safety	634,171	634,171	560,304	73,867	584,262	584,262	590,169	(5,907)
Debt service								
Principal	70,000	70,000	66,000	4,000	70,000	70,000	54,000	16,000
Interest	-	-	3,047	(3,047)	-	-	5,926	(5,926)
Total Expenditures	\$ 2,999,058	\$ 2,999,058	\$ 2,669,324	\$ 329,734	\$ 3,085,957	\$ 3,085,957	\$ 2,802,035	\$ 283,922
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,070,523)	\$ (1,070,523)	\$ 79,205	\$ 1,149,728	\$ (1,155,696)	\$ (1,155,696)	\$ 309,917	\$ 1,465,613
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,425	\$ 117,425
Transfers Out	-	-	(4,500)	(4,500)	-	-	(2,500)	(2,500)
Net Change in Fund Balances	\$ (1,070,523)	\$ (1,070,523)	\$ 74,705	\$ 1,145,228	\$ (1,155,696)	\$ (1,155,696)	\$ 424,842	\$ 1,580,538
Fund Balances - January 1	\$ 789,801	\$ 789,801	\$ 789,801	\$ -	\$ 364,959	\$ 364,959	\$ 364,959	\$ -
Fund Balances - December 31	\$ (280,722)	\$ (280,722)	\$ 864,506	\$ 1,145,228	\$ (790,737)	\$ (790,737)	\$ 789,801	\$ 1,580,538

The accompanying required supplementary information notes are an integral part of this schedule.

TRAILL COUNTY

Budgetary Comparison Schedule - Special Revenue Fund December 31, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Taxes	\$ 2,900,655	\$ 2,900,655	\$ 2,383,059	\$ (517,596)	\$ 3,012,498	\$ 3,012,498	\$ 2,319,500	\$ (692,998)
Intergovernmental	1,290,126	1,290,126	3,298,376	2,008,250	2,787,016	2,787,016	4,132,710	1,345,694
Charges for Services	383,458	383,458	648,769	265,311	271,815	271,815	520,207	248,392
Interest Income	100	100	26,087	25,987	100	100	14,633	14,533
Miscellaneous	32,000	32,000	147,448	115,448	-	-	901	901
Total Revenues	\$ 4,606,339	\$ 4,606,339	\$ 6,503,739	\$ 1,897,400	\$ 6,071,429	\$ 6,071,429	\$ 6,987,951	\$ 916,522
EXPENDITURES								
Current								
Public Safety	\$ 721,200	\$ 721,200	\$ 756,799	\$ (35,599)	\$ 539,397	\$ 539,397	\$ 565,595	\$ (26,198)
Highways and Bridges	3,530,961	3,530,961	2,917,437	613,524	6,149,594	6,149,594	4,356,729	1,792,865
Emergencies	110,000	110,000	-	110,000	233,690	233,690	102,199	131,491
Health and Welfare	1,773,196	1,773,196	1,582,360	190,836	1,467,612	1,476,305	1,459,388	8,224
Conservation of Natural Resources	211,875	211,875	165,424	46,451	199,605	199,605	151,325	48,280
Total Expenditures	\$ 6,347,232	\$ 6,347,232	\$ 5,422,020	\$ 925,212	\$ 8,589,898	\$ 8,598,591	\$ 6,635,236	\$ 1,954,662
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,740,893)	\$ (1,740,893)	\$ 1,081,719	\$ 2,822,612	\$ (2,518,469)	\$ (2,518,469)	\$ 352,715	\$ 2,871,184
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ -	\$ -	\$ 59,500	\$ 59,500	\$ -	\$ -	\$ 87,649	\$ 87,649
Transfers Out	-	-	(55,000)	(55,000)	-	-	(202,574)	(202,574)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ -	\$ -	\$ (114,925)	\$ (114,925)
Net Change in Fund Balances	\$ (1,740,893)	\$ (1,740,893)	\$ 1,086,219	\$ 2,827,112	\$ (2,518,469)	\$ (2,518,469)	\$ 237,790	\$ 2,756,259
Fund Balances - January 1	\$ 3,764,135	\$ 3,764,135	\$ 3,764,135	-	\$ 3,526,345	\$ 3,526,345	\$ 3,526,345	-
Fund Balances - December 31	\$ 2,023,242	\$ 2,023,242	\$ 4,850,354	\$ 2,827,112	\$ 1,007,876	\$ 1,007,876	\$ 3,764,135	\$ 2,756,259

The accompanying required supplementary information notes are an integral part of this schedule.

TRAILL COUNTY

Schedule of Employer's Share of Net Pension and Employer Contributions
For the Year Ended December 31, 2019

**Schedule of Employer's Share of Net Pension Liability
ND Public Employee's Retirement System
Last 10 Fiscal Years**

Primary Government	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.312803%	\$ 3,666,282	\$ 3,352,422	109.36%	71.66%
2018	0.288557%	4,869,706	3,061,477	159.06%	62.80%
2017	0.290388%	4,667,488	2,964,411	157.45%	61.98%
2016	0.270400%	2,635,310	2,724,995	96.71%	70.46%
2015	0.282479%	1,920,808	2,516,548	76.33%	77.15%
2014	0.282392%	2,073,075	2,378,805	87.15%	77.70%

Economic Development Commission	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.009493%	\$ 111,260	\$ 98,896	112.50%	71.66%
2018	0.009450%	159,487	97,049	164.34%	62.80%
2017	0.009005%	145,546	92,439	157.45%	61.98%
2016	0.008778%	85,552	88,463	96.71%	70.46%
2015	0.008872%	60,329	79,040	76.33%	77.15%
2014	0.008869%	65,111	74,714	87.15%	77.70%

Health District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.016804%	\$ 196,955	\$ 174,786	112.68%	71.66%
2018	0.016518%	278,759	169,692	164.27%	62.80%
2017	0.016138%	259,391	164,748	157.45%	61.98%
2016	0.015868%	154,649	159,912	96.71%	70.46%
2015	0.017423%	118,473	155,214	76.33%	77.15%
2014	0.017792%	112,930	149,880	75.35%	77.70%

TRAILL COUNTY**Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued**

Water Resource District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.005500%	\$ 64,909	\$ 57,600	112.69%	71.66%
2018	0.005600%	94,624	57,600	164.28%	62.80%
2017	0.005400%	86,008	54,630	157.44%	61.98%
2016	0.010400%	101,426	104,874	96.71%	70.46%
2015	0.011400%	77,674	103,878	74.77%	77.15%

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 244,076	\$ 232,778	\$ 11,298	\$ 3,352,422	6.94%
2018	225,491	215,586	9,905	3,061,477	7.04%
2017	214,956	204,605	10,351	2,964,411	6.90%
2016	197,285	194,989	2,296	2,724,995	7.16%
2015	190,956	187,607	3,349	2,516,548	7.45%
2014	169,371	169,371	-	2,378,805	7.12%

Economic Development Commission	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 7,200	\$ 6,867	\$ 333	\$ 98,896	6.94%
2018	7,148	6,834	314	97,049	7.04%
2017	6,703	6,380	323	92,439	6.90%
2016	6,405	6,330	75	88,463	7.16%
2015	6,004	5,898	106	79,040	7.46%
2014	5,320	5,320	-	74,714	7.12%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 12,726	\$ 12,414	\$ 312	\$ 174,786	7.10%
2018	12,499	12,052	447	169,692	7.10%
2017	11,946	11,701	245	164,748	7.10%
2016	11,577	11,357	220	159,912	7.10%
2015	11,790	11,051	739	155,214	7.12%
2014	10,671	10,671	-	149,880	7.12%

TRAILL COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 4,101	\$ 4,101	\$ -	\$ 57,600	7.12%
2018	4,101	4,101	-	57,600	7.12%
2017	3,890	3,890	-	54,630	7.12%
2016	7,467	7,467	-	104,874	7.12%
2015	7,396	7,396	-	103,878	7.12%

The notes to the required supplementary information are an integral part of this statement.

TRAILL COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
For the Year Ended December 31, 2019

**Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years**

Primary Government	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.291586%	\$ 234,199	\$ 3,352,422	6.99%	63.13%
2018	0.270914%	213,363	3,061,477	6.97%	61.89%
2017	0.274015%	216,749	2,964,411	7.31%	59.78%

Economic Development Commission	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.008849%	\$ 7,107	\$ 98,896	7.19%	63.13%
2018	0.008873%	6,988	97,049	7.20%	61.89%
2017	0.009055%	145,546	92,439	157.45%	59.78%

Health District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.015664%	\$ 12,581	\$ 174,786	7.20%	63.13%
2018	0.015508%	12,214	169,692	7.20%	61.89%
2017	0.015228%	12,046	164,748	7.31%	59.78%

Water Resource District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.005162%	\$ 4,146	\$ 57,600	7.20%	63.13%
2018	0.005264%	4,146	57,600	7.20%	61.89%
2017	0.005050%	3,995	54,630	7.31%	59.78%

TRAILL COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions - Continued

**Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years**

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 38,989	\$ 37,271	\$ 1,718	\$ 3,352,422	1.11%
2018	35,909	34,518	1,391	3,061,477	1.13%
2017	34,459	32,760	1,699	2,964,411	1.11%

Economic Development Commission	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 1,150	\$ 1,099	\$ 51	\$ 98,896	1.11%
2018	1,138	1,094	44	97,049	1.13%
2017	1,075	1,022	53	92,439	1.11%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 2,033	\$ 1,988	\$ 45	\$ 174,786	1.14%
2018	1,990	1,930	60	169,692	1.14%
2017	1,915	1,874	41	164,748	1.14%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 670	\$ 657	\$ 13	\$ 57,600	1.14%
2018	676	657	19	57,600	1.14%
2017	635	879	(244)	54,630	1.61%

The notes to the required supplementary information are an integral part of this statement.

TRAILL COUNTY

Notes to the Required Supplementary Information
For the Years Ended December 31, 2019 and 2018

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- The County commission adopts an appropriated budget on a basis consistent with accounting principles generally accepted in the United States (GAAP).
- The County auditor prepares an annual budget for the general fund, each special revenue fund, and each debt service fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them.
- The County commission holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed disbursements or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The board of county commissioners, on or before the October meeting shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the County auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

NOTE 2: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

TRAILL COUNTYNotes to the Required Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50% for Pension.
- The investment return assumption was lowered from 7.50% to 7.25% for OPEB.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

NOTE 5: LEGAL COMPLIANCE - BUDGETS**Budget Amendments**

The board of County commissioners amended the County budget for 2018 as follows:

2018	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Special Revenue Fund	\$ 8,589,898	\$ 8,693	\$ 8,598,591

There were no budget amendments for 2019.

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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*

Independent Auditor's Report

Board of County Commissioners
Traill County
Hillsboro, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Traill County's basic financial statements, and have issued our report thereon dated November 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Traill 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 Traill County's internal control. Accordingly, we do not express an opinion on the effectiveness of Traill County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying *schedule of audit findings*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 audit findings* as item 2019-001 to be a material weakness.

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 deficiencies described in the accompanying schedule of audit findings as item 2019-002.

TRAILL COUNTY

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* - Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Traill County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Traill County's Response to Findings

Traill County's response to the findings identified in our audit is described in the accompanying *summary of auditor's results and findings*. Traill County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
November 5, 2020

TRAILL COUNTY

Summary of Auditor's Results

For the Years Ended December 31, 2019 and 2018

Financial Statements

Type of Report Issued?	
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

Material weaknesses identified?	<u> X </u> Yes	<u> </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None Noted
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> None Noted

TRAILL COUNTY

Schedule of Audit Findings

For the Years Ended December 31, 2019 and 2018

2019-001 – FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition

Traill County currently does not prepare the financial statements, including various adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the financial statements and note disclosures.

Criteria

Management of Traill County is responsible for the preparation of its annual financial statements and related note disclosures to ensure they are reliable, accurate, free of material misstatement, and in accordance with GAAP.

Cause

Management chose not to allocate County resources for preparation of the financial statements.

Effect

There is an increased risk of material misstatement to the County's financial statements.

Repeat Finding

Yes.

Recommendation

We recommend Traill County consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

Traill County's Response

Agree. Traill County is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

TRAILL COUNTYSummary of Auditor's Results and Findings - Continued

2019-002 - FRAUD RISK ASSESSMENT – SIGNIFICANT DEFECIENCY**Condition**

Trall County does not currently prepare a fraud risk assessment of the entire entity.

Criteria

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the COSO framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

Cause

Trall County has limited amount of staff and decided it was not necessary to implement at this date

Effect

If the County does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

Repeat Finding

Yes.

Recommendation

We recommend Traill County prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

Trall County's Response

Agree. We will perform a fraud risk assessment.

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GOVERNANCE COMMUNICATION

Board of County Commissioners
Traill County
Hillsboro, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Traill County, North Dakota, and the respective changes in financial position for the years ended December 31, 2019 and 2018 which collectively comprise Traill County's basic financial statements, and have issued our report thereon dated November 5, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards

As stated in our engagement letter dated February 21, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

In planning and performing our audit, we considered Traill County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting.

As part of obtaining reasonable assurance about whether Traill 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 and other matters, 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.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Traill County are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2019 and 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

TRAIL COUNTY

Governance Communication – Continued

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures that were corrected by management or provided by management.

2019 Adjustments	Client Provided Adjustments		Audit Adjustments		Total Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
Governmental Fund Adjustments						
<u>To record client provided receivables</u>						
Accounts Receivable	75,093	-	-	-	75,093	-
Intergovernmental Receivable	298,797	-	-	-	298,797	-
Revenue	-	373,890	-	-	-	373,890
<u>To record client provided payables</u>						
Expenditures	97,571	-	-	-	97,571	-
Salaries Payable	-	44,308	-	-	-	44,308
Accounts Payable	-	53,263	-	-	-	53,263
<u>To record grants received in advance</u>						
Revenue	-	-	29,491	-	29,491	-
Unearned Revenue	-	-	-	29,491	-	29,491
2018 Adjustments						
	Client Provided Adjustments		Audit Adjustments		Total Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
Governmental Fund Adjustments						
<u>To record client provided receivables</u>						
Accounts Receivable	54,931	-	-	-	54,931	-
Intergovernmental Receivable	294,202	-	-	-	294,202	-
Revenue	-	349,133	-	-	-	349,133
<u>To record client provided payables</u>						
Expenditures	97,132	-	-	-	97,132	-
Salaries Payable	-	47,304	-	-	-	47,304
Accounts Payable	-	49,828	-	-	-	49,828
<u>To record grants received in advance</u>						
Revenue	-	-	29,491	-	29,491	-
Unearned Revenue	-	-	-	29,491	-	29,491
Government Wide Adjustments						
<u>To record retainage payable</u>						
Expenditure	-	-	81,426	-	81,426	-
Retainage Payable	-	-	-	81,426	-	81,426

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and management of Traill County, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Traill County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Traill County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
November 5, 2020



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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