

AUDIT REPORT

KIDDER COUNTY
Steele, North Dakota

For the Years Ended December 31, 2020 and 2019

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

KIDDER COUNTY
Steele, North Dakota

TABLE OF CONTENTS
For the Years Ended December 31, 2020 and 2019

	<u>Page(s)</u>
Officials	1
Independent Auditor's Report	2-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4,5
Statement of Activities	6,7
Balance Sheet - Governmental Funds	8,9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	10,11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12,13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	14,15
Statement of Fiduciary Assets and Liabilities - Custodial Funds	16,17
Statement of Changes in Fiduciary Assets and Liabilities - Custodial Funds	18,19
Notes to the Financial Statements	20-29
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	30,31
Highway Tax Distribution Fund	32,33
Kidder Road Fund	34,35
Notes to the Budgetary Comparison Schedules	36
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity Arising from Cash Transactions	37-40
Schedule of Expenditures of Federal Awards	41
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	42-43
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	44-45
Schedule of Findings and Responses	46-47
Corrective Action Plan	

KIDDER COUNTY
Steele, North Dakota

COUNTY OFFICIALS

Dan P. Mittleder	Commission Chairman
David Schultz	Commission Vice Chairman
Timothy C. Dronen	Commissioner
Jean Schoenhard	Auditor
Vickie Murray	Treasurer
Barbara Steinke	County Recorder/Clerk of Court
Barry Vannatta	Sheriff
Eric Hetland	States Attorney
Jean Schoenhard	Superintendent of Schools

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
Bryce Fischer, CPA
Todd Goehring, CPA

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Kidder County
Steele, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Kidder County, Steele, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 county'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 county'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 units, each major fund, and the aggregate remaining fund information of Kidder County, Steele, North Dakota, as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgeting comparison information on pages 30 through 36 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 audits 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

June 11, 2021

KIDDER COUNTY
Steele, North Dakota

Statement of Net Position
December 31, 2020

	Primary Government	Component Units	
	Governmental Activities	Water Management District	District Health Unit
ASSETS:			
Cash and Investments	3,755,009.26	17,800.65	391,471.63
Accounts Receivable	1,024.00		
Taxes Receivable	48,346.17	131.63	3,464.13
Due from State Government	14,275.45		
Capital Assets (net of accumulated depreciation):			
Buildings	252,423.00		
Machinery and Vehicles	776,333.00		
Total Capital Assets	1,028,756.00		
Total Assets	4,847,410.88	17,932.28	394,935.76
LIABILITIES:			
Long-Term Liabilities:			
Due After One Year:			
Compensated Absences Payable	24,743.86		
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	1,155,927.34		
NET POSITION:			
Net Investment in Capital Assets	1,028,756.00		
Restricted for:			
Special Purposes	2,338,203.87		
Unrestricted	299,779.91	17,932.28	394,935.76
Total Net Position	3,666,739.78	17,932.28	394,935.76

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Net Position
December 31, 2019

	Primary Government	Component Units	
	Governmental Activities	Water Management District	District Health Unit
ASSETS:			
Cash and Investments	2,988,713.93	14,127.81	351,492.62
Accounts Receivable	7,074.89		
Taxes Receivable	41,375.72	120.89	3,131.63
Capital Assets (net of accumulated depreciation):			
Buildings	134,820.00		
Machinery and Vehicles	956,120.00		
Total Capital Assets	1,090,940.00		
Total Assets	4,128,104.54	14,248.70	354,624.25
LIABILITIES:			
Long-Term Liabilities:			
Due Within One Year:			
Bank Loan Payable	16,650.53		
Due After One Year:			
Compensated Absences Payable	34,952.67		
Total Liabilities	51,603.20		
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	373,851.23		
NET POSITION:			
Net Investment in Capital Assets	1,074,289.47		
Restricted for:			
Special Purposes	2,360,234.42		
Unrestricted	268,126.22	14,248.70	354,624.25
Total Net Position	3,702,650.11	14,248.70	354,624.25

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Activities
For the Year Ended December 31, 2020

	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Management District	District Health Unit
Functions/Programs						
Primary Government:						
Governmental Activities:						
General Government	840,289.85	12,790.00	32,598.35	(794,901.50)		
Public Safety	294,524.76		155,953.01	(138,571.75)		
Highways and Public Improve.	2,404,215.79	62,140.60	1,436,911.09	(905,164.10)		
Health and Welfare	107,537.29			(107,537.29)		
Culture and Recreation	92,190.53		15,298.46	(76,892.07)		
Conser. and Economic Dvlpmnt.	120,826.77		12,487.02	(108,339.75)		
Other	70,104.56		15,867.12	(54,237.44)		
Interest on Long-Term Debt	563.72			(563.72)		
Total Governmental Activities	3,930,253.27	74,930.60	1,669,115.05	(2,186,207.62)		
Component Units:						
Water Management District						
District Health Unit	189,989.23	31,995.17	85,702.91			(72,291.15)
General Revenues:						
Taxes:						
Property taxes; levied for general purposes			822,435.15	3,667.09		96,528.49
Property taxes; levied for special purposes			552,138.52			
Homestead tax credit			8,878.36			
Disabled veterans tax credit			2,652.13			
Telecommunications taxes			17,072.33			
State aid not restricted to specific program:						
State aid distribution			336,331.03			
Earnings on investments and other revenue			410,789.77		16.49	16,074.17
Total General Revenues			2,150,297.29	3,683.58		112,602.66
Change in Net Position			(35,910.33)	3,683.58		40,311.51
Net Position - January 1			3,702,650.11	14,248.70		354,624.25
Net Position - December 31			3,666,739.78	17,932.28		394,935.76

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Activities
For the Year Ended December 31, 2019

	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Management District	District Health Unit
<u>Functions/Programs</u>						
Primary Government:						
Governmental Activities:						
General Government	726,841.08	6,521.00	35,162.34	(685,157.74)		
Public Safety	303,812.11		17,127.00	(286,685.11)		
Highways and Public Improve.	1,277,607.50	120,094.70	502,088.10	(655,424.70)		
Health and Welfare	250,420.85		223,124.27	(27,296.58)		
Culture and Recreation	65,878.62		13,971.04	(51,907.58)		
Conser. and Economic Dvlpmnt.	133,665.12	15,379.80	12,169.12	(106,116.20)		
Other	222,652.19		15,001.71	(207,650.48)		
Interest on Long-term Debt	1,200.53			(1,200.53)		
Total Governmental Activities	2,982,078.00	141,995.50	818,643.58	(2,021,438.92)		

Component Units:						
Water Management District						
District Health Unit	179,071.99	30,631.95	47,488.54			(100,951.50)

General Revenues:						
Taxes:						
Property taxes; levied for general purposes			723,411.47	3,453.47		90,947.02
Property taxes; levied for special purposes			516,290.25			
Homestead tax credit			7,704.79			
Disabled veterans tax credit			2,167.23			
Telecommunications taxes			16,917.06			
State aid not restricted to specific program:						
State aid distribution			367,361.20			
Earnings on investments and other revenue			277,788.36		13.42	16,989.92
Gain of trade-in of capital assets			110,960.00			
Total General Revenues			2,022,600.36	3,466.89		107,936.94
Change in Net Position			1,161.44	3,466.89		6,985.44
Net Position - January 1			3,701,488.67	10,781.81		347,638.81
Net Position - December 31			3,702,650.11	14,248.70		354,624.25
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The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Balance Sheet
Governmental Funds
December 31, 2020

Major Funds

	General	Highway Tax Distribution	Kidder Road	Emergency	FEMA 2019	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>							
Cash and Investments	539,964.83	723,596.77	508,413.41	43,804.18	783,107.40	1,156,122.67	3,755,009.26
Accounts Receivable			1,024.00				1,024.00
Taxes Receivable	28,704.26		3,983.74	1,666.34		13,991.83	48,346.17
Due from State Government	14,275.45						14,275.45
Total Assets	582,944.54	723,596.77	513,421.15	45,470.52	783,107.40	1,170,114.50	3,818,654.88
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>							
Deferred Inflows of Resources:							
Unavailable Revenue	295,727.15		91,225.67	26,592.83	682,135.12	108,592.64	1,204,273.41
<u>Fund Balances:</u>							
Restricted for:							
Building Improvements						138,436.66	138,436.66
Public Safety						310,006.02	310,006.02
Highways and Public Improvement		723,596.77	422,195.48		100,972.28	25,732.24	1,272,496.77
Culture and Recreation						343,226.44	343,226.44
Conservation and Economic Development						214,002.38	214,002.38
Emergency Services				18,877.69			18,877.69
Other						30,118.12	30,118.12
Unassigned	287,217.39						287,217.39
Total Fund Balances	287,217.39	723,596.77	422,195.48	18,877.69	100,972.28	1,061,521.86	2,614,381.47
Total Liabilities, Deferred Inflows of Resources and Fund Balances	582,944.54	723,596.77	513,421.15	45,470.52	783,107.40	1,170,114.50	3,818,654.88

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
ASSETS:					
Cash and Investments	478,194.58	955,789.36	295,682.07	1,259,047.92	2,988,713.93
Accounts Receivable			7,074.89		7,074.89
Taxes Receivable	23,661.72		3,131.63	14,582.37	41,375.72
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Total Assets	501,856.30	955,789.36	305,888.59	1,273,630.29	3,037,164.54
<hr/>					
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Deferred Inflows of Resources:					
Unavailable Revenue	244,640.69		59,692.04	110,894.22	415,226.95
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Fund Balances:					
Restricted for:					
Building Improvements				141,116.67	141,116.67
Public Safety				226,503.22	226,503.22
Highways and Public Improvement		955,789.36	246,196.55	61,009.54	1,262,995.45
Health and Welfare				118,444.71	118,444.71
Culture and Recreation				316,075.10	316,075.10
Conservation and Economic Development				171,313.83	171,313.83
Emergency Services				102,595.59	102,595.59
Other				25,677.41	25,677.41
Unassigned	257,215.61				257,215.61
<hr/>					
Total Fund Balances	257,215.61	955,789.36	246,196.55	1,162,736.07	2,621,937.59
<hr/>					
Total Deferred Inflows of Resources and Fund Balances	501,856.30	955,789.36	305,888.59	1,273,630.29	3,037,164.54
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The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2020

Total Fund Balances for Governmental Funds 2,614,381.47

Total net position reported for government activities in the statement of net position is different because:

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

Cost of Capital Assets	2,441,300.00	
Less Accumulated Depreciation	(1,412,544.00)	
Net Capital Assets		1,028,756.00

Property taxes 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 unavailable revenue in the funds. 48,346.17

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2020 are:

Compensated Absences Payable	(24,743.86)
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Total Net Position of Governmental Activities	3,666,739.78
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The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

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

Total Fund Balances for Governmental Funds		2,621,937.59
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	2,309,800.00	
Less Accumulated Depreciation	(1,218,860.00)	
Net Capital Assets	1,090,940.00	1,090,940.00
<p>Property taxes 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 unavailable revenue in the funds.</p>		
		41,375.72
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2019 are:</p>		
Certificate of Indebtedness Payable	(16,650.53)	
Compensated Absences Payable	(34,952.67)	
Total Long-Term Liabilities	(51,603.20)	(51,603.20)
Total Net Position of Governmental Activities		3,702,650.11

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	Major Funds						Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Emergency	FEMA 2019	Other Governmental Funds	
Revenues:							
Taxes	834,464.94		205,065.88	47,442.60		297,702.13	1,384,675.55
Licenses, Permits and Fees	490.00						490.00
Intergovernmental	333,234.86	331,150.63	80,970.43	907,337.21	176,129.28	173,878.71	2,002,701.12
Charges for Services	26,575.45		62,140.60				88,716.05
Miscellaneous	110,003.89		214,560.58	3,624.83		82,600.47	410,789.77
Total Revenues	1,304,769.14	331,150.63	562,737.49	958,404.64	176,129.28	554,181.31	3,887,372.49
Expenditures:							
Current:							
General Government	835,532.98						835,532.98
Public Safety	217,695.78					59,580.22	277,276.00
Highways and Public Improve.		563,343.22	465,407.94	1,042,122.54	75,157.00	85,916.08	2,231,946.78
Health and Welfare						118,773.19	118,773.19
Culture and Recreation	26,316.05					65,874.48	92,190.53
Conser. and Economic Dvlpmnt.						120,390.32	120,390.32
Other	2,856.32					67,248.24	70,104.56
Capital Outlay			10,000.00			121,500.00	131,500.00
Debt Service:							
Principal	16,650.53						16,650.53
Interest	563.72						563.72
Total Expenditures	1,099,615.38	563,343.22	475,407.94	1,042,122.54	75,157.00	639,282.53	3,894,928.61
Excess (Deficiency) of Revenues Over Expenditures	205,153.76	(232,192.59)	87,329.55	(83,717.90)	100,972.28	(85,101.22)	(7,556.12)

<u>Other Financing Sources (Uses):</u>						
Transfers In		88,669.38		88,140.10		176,809.48
Transfers Out	(175,151.98)			(1,657.50)		(176,809.48)
Total Other Financing Sources (Uses)	(175,151.98)	88,669.38		86,482.60		
Net Change in Fund Balances	30,001.78	(232,192.59)	175,998.93	(83,717.90)	100,972.28	1,381.38
Fund Balance - January 1	257,215.61	955,789.36	246,196.55	102,595.59	1,060,140.48	2,621,937.59
Fund Balance - December 31	287,217.39	723,596.77	422,195.48	18,877.69	100,972.28	1,061,521.86
						2,614,381.47

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

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

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
Revenues:					
Taxes	737,596.03		194,676.49	322,361.09	1,254,633.61
Licenses, Permits and Fees	1,175.00			70.00	1,245.00
Intergovernmental	181,941.76	485,256.69	84,772.11	443,906.24	1,195,876.80
Charges for Services	5,276.00		120,094.70	15,379.80	140,750.50
Miscellaneous	90,295.25		119,461.37	68,031.74	277,788.36
Total Revenues	1,016,284.04	485,256.69	519,004.67	849,748.87	2,870,294.27
Expenditures:					
Current:					
General Government	722,381.28				722,381.28
Public Safety	216,799.99			61,239.27	278,039.26
Highways and Public Improve.		576,279.27	491,885.46	35,085.83	1,103,250.56
Health and Welfare				253,145.35	253,145.35
Culture and Recreation	23,967.00			41,911.62	65,878.62
Conser. and Economic Dvlpmnt.	737.56			132,927.56	133,665.12
Other	59,829.32			162,822.87	222,652.19
Capital Outlay	31,450.00		457,764.00		489,214.00
Debt Service:					
Principal	14,799.47				14,799.47
Interest	1,200.53				1,200.53
Total Expenditures	1,071,165.15	576,279.27	949,649.46	687,132.50	3,284,226.38
Excess (Deficiency) of Revenues Over Expenditures	(54,881.11)	(91,022.58)	(430,644.79)	162,616.37	(413,932.11)
Other Financing Sources (Uses):					
Transfers In	13,972.29		14,512.50	41,867.70	70,352.49
Transfers Out	(52,995.20)			(17,357.29)	(70,352.49)
Proceeds from Bank Loan	31,450.00				31,450.00
Total Other Financing Sources (Uses)	(7,572.91)		14,512.50	24,510.41	31,450.00
Net Change in Fund Balances	(62,454.02)	(91,022.58)	(416,132.29)	187,126.78	(382,482.11)
Fund Balance - January 1	319,669.63	1,046,811.94	662,328.84	975,609.29	3,004,419.70
Fund Balance - December 31	257,215.61	955,789.36	246,196.55	1,162,736.07	2,621,937.59

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds (7,556.12)

The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	131,500.00	
Current Year Depreciation Expense	(193,684.00)	(62,184.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the 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. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	0.00	
Repayment of Debt	16,650.53	16,650.53

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.

Net Decrease in Compensated Absences Payable		10,208.81
--	--	-----------

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.

Net Increase in Taxes Receivable		6,970.45

Change in Net Position of Governmental Activities		(35,910.33)

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds (382,482.11)

The change in net position reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	489,214.00	
Current Year Depreciation Expense	(200,654.00)	288,560.00

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the 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. This is the amount by which debt proceeds exceeded repayment of debt.

Debt Proceeds	(31,450.00)	
Repayment of Debt	14,799.47	(16,650.53)

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.

Net Increase in Compensated Absences Payable		(1,211.09)
--	--	------------

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.

Net Increase in Taxes Receivable		1,985.17
----------------------------------	--	----------

In the statement of activities, only the gain on the trade-in/disposal of capital assets is reported, whereas in the governmental funds, this transaction has no effect on financial resources. Thus the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.		110,960.00

Change in Net Position of Governmental Activities		1,161.44

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2020

	Agency Funds
<u>Assets:</u>	
Cash and Investments	760,914.52 =====
<u>Liabilities:</u>	
Due to Other Governments	760,914.52 =====

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2019

	Agency Funds
<u>Assets:</u>	
Cash and Investments	706,243.04 =====
<u>Liabilities:</u>	
Due to Other Governments	706,243.04 =====

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2020

	Custodial Funds
<u>Additions:</u>	
Property tax collections for other governments	2,867,609.48
State medical levy collections	20,127.98
Other	52,681.48
Total Additions	2,940,418.94
<u>Deductions:</u>	
Payments of property tax to other governments	2,814,005.49
Collections remitted to ND State Treasurer	19,154.14
Other	52,587.83
Total Deductions	2,885,747.46
Net Change in Assets and Liabilities	54,671.48
Assets and Liabilities - January 1	706,243.04
Assets and Liabilities - December 31	760,914.52

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2019

	Custodial Funds
<u>Additions:</u>	
Property tax collections for other governments	2,857,672.10
State medical levy collections	17,793.48
Other	70,315.42
Total Additions	2,945,781.00
<u>Deductions:</u>	
Payments of property tax to other governments	2,905,016.37
Collections remitted to ND State Treasurer	18,055.65
Other	70,037.91
Total Deductions	2,993,109.93
 Net Change in Assets and Liabilities	 (47,328.93)
 Assets and Liabilities - January 1	 753,571.97
 Assets and Liabilities - December 31	 706,243.04 =====

The accompanying notes are an integral part of these financial statements.

KIDDER COUNTY
Steele, North Dakota

Notes to the Financial Statements
December 31, 2020 and 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Kidder County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial 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 are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Government 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 Kidder County.

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

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the county's two component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

Kidder County Water Management District: The Kidder County Water Management District's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the water management district budget. The water management district has the authority to issue its own debt.

Kidder County District Health Unit: The Kidder County District Health Unit's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the district health unit budget. The district health unit has the authority to issue its own debt.

The financial statements of each of the two discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Kidder County Auditor, 120 East Broadway, Steele, ND 58482.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Kidder County and its component units. 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 nonexchange 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 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, 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.

Highway Tax Distribution. This fund accounts for the highway tax distribution from the State of North Dakota to be used for the maintenance and repair of roads within the county.

Kidder Road. This is the county's primary road maintenance fund. It accounts for a special levy and all financial resources related to highway maintenance, except those required to be accounted for in another fund.

Emergency. This fund accounts for a special levy and expenses related to emergency expenditures. It also includes expenditures for emergency road repairs and reimbursements received from the Department of Transportation during 2020.

FEMA 2019. This fund accounts for road repairs made and reimbursements received from the Department of Emergency Services due to flood damage to roads during 2019.

The county reports the following type of fiduciary fund:

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

C. 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. These 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. Nonexchange 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-reimbursements 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.

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the county as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phase of capital assets is not capitalized.

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

Buildings	75 years
Machinery and Vehicles	5 to 10 years

F. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. The county allows employees to accumulate a maximum of 30 days of vacation leave. Upon termination of employment, employees will be paid for unused vacation benefits that have accumulated through the last day of work. Compensated absences represents the liability of the county for these employee benefits.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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

H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the county is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the county or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the county commission through the adoption of a resolution. The county commission also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The county reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the county's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the county's policy to use fund balance in the following order:

- * Committed
- * Assigned
- * Unassigned

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the county has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

I. 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.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

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

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investments 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 any other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or other securities approved by the banking board.

At December 31, 2020 the county's carrying amount of deposits was \$4,515,707 and the bank balance was \$4,561,792. Of the bank balance, \$610,000 was covered by Federal Depository Insurance. The remaining balance of \$3,951,792 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2019 the county's carrying amount of deposits was \$3,694,599 and the bank balance was \$3,740,416. Of the bank balance, \$610,000 was covered by Federal Depository Insurance. The remaining balance of \$3,130,416 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2020 the county held certificates of deposit in the amount of \$1,168,594, which are all considered deposits.

At December 31, 2019 the county held certificates of deposit in the amount of \$1,167,442, which are all considered deposits.

Concentration of Credit Risk

The county does not have a limit on the amount the county may invest in any one issuer.

Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due the highway department for roadwork performed for cities, townships, etc. No allowance has been established for estimated uncollectible accounts receivable.

Note 4 TAXES RECEIVABLE

Taxes receivable represent the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes and special assessment receivables.

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

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

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

Note 5 DUE FROM STATE GOVERNMENT

The amount due from state government consists of the December 2020 Coronavirus Relief Fund reimbursement due at December 31, 2020, but received subsequent to that date.

Note 6 CAPITAL ASSETS

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

	<u>2020</u>			
	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
Capital assets				
being depreciated:				
Buildings	344,600	121,500		466,100
Machinery & Vehicles	1,965,200	10,000		1,975,200
Total	2,309,800	131,500		2,441,300
Less accumulated depreciation for:				
Buildings	209,780	3,897		213,677
Machinery & Vehicles	1,009,080	189,787		1,198,867
Total	1,218,860	193,684		1,412,544
Governmental Activities				
Capital Assets, Net	1,090,940	(62,184)	-0-	1,028,756
	=====	=====	=====	=====

2019

	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
Capital assets				
<i>being depreciated:</i>				
Buildings	344,600			344,600
Machinery & Vehicles	1,815,474	649,214	499,488	1,965,200
Total	2,160,074	649,214	499,488	2,309,800
<i>Less accumulated depreciation for:</i>				
Buildings	205,883	3,897		209,780
Machinery & Vehicles	1,262,771	196,757	450,448	1,009,080
Total	1,468,654	200,654	450,448	1,218,860
Governmental Activities				
Capital Assets, Net	691,420	448,560	49,040	1,090,940
	691,420	448,560	49,040	1,090,940

Depreciation expense was charged to functions/programs of the county as follows for the years ended December 31:

	2020	2019
General Government	2,631	2,631
Public Safety	15,984	23,104
Highways and Public Improve.	175,069	174,919
Total Depreciation Expense	193,684	200,654

Note 7 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivable and prepaid property taxes.

Unavailable revenue on the government-wide financial statements consists of prepaid property taxes; and for the year ending 12-31-2020, \$682,135.12 of FEMA funding received from the Department of Emergency Services due to flood damage to roads during 2019 but not yet spent on repairs.

Note 8 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2020 and 2019, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2020</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Bank Loan Payable	16,651		16,651		
Compensated Absences *	34,953		10,209	24,744	
Total	<u>51,604</u>	<u>-0-</u>	<u>26,860</u>	<u>24,744</u>	<u>-0-</u>

	<u>2019</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Bank Loan Payable		31,450	14,799	16,651	16,651
Compensated Absences *	33,742	1,211		34,953	
Total	<u>33,742</u>	<u>32,661</u>	<u>14,799</u>	<u>51,604</u>	<u>16,651</u>

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of increases and decreases.

Note 9 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended December 31:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2020</u>		
Kidder Road	1,657.50	
Unorganized Roads		1,657.50
Building Improvement	10,000.00	
Kidder Road	87,011.88	
Human Services Zone	2.10	
County Agent	34,138.00	
Hazard Mitigation	38,000.00	
County SIRM	6,000.00	
General		175,151.98

To subsidize expenditures.

December 31, 2019

General	13,972.29	
Human Services Zone		13,972.29
To transfer excess funds.		
Kidder Road	3,385.00	
Unorganized Roads		3,385.00
Kidder Road	11,127.50	
County Agent	36,267.70	
Weed Control	600.00	
County SIRN	5,000.00	
General		52,995.20
To subsidize expenditures.		

Note 10 RELATED ORGANIZATION

The county is also responsible for levying a property tax for the Kidder County Senior Citizens. However, the county's accountability for this entity does not extend beyond levying the tax. In 2020 and 2019, the county remitted \$53,346.83 and \$49,414.23, respectively, to the Senior Citizens.

Note 11 RISK MANAGEMENT

Kidder 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 public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$1,792,531 for public assets.

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 a blanket fidelity bond coverage in the amount of \$586,253 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The county has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

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

Note 12 PENSION PLAN

The county provides benefits for all of its full-time employees through a defined contribution plan with Nationwide Retirement Solutions, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. For the years ending December 31, 2020 and 2019, the county contributed \$29,845 and \$29,386, respectively.

Note 13 TAX ABATEMENTS

The county has not entered into any tax abatement agreements that would reduce the county's tax revenues for the years ended December 31, 2020 or 2019.

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	816,542.00	816,542.00	834,464.94	17,922.94
Licenses, Permits and Fees	925.00	925.00	490.00	(435.00)
Intergovernmental	319,206.00	319,206.00	333,234.86	14,028.86
Charges for Services	60,100.00	60,100.00	26,575.45	(33,524.55)
Miscellaneous	12,900.00	12,900.00	110,003.89	97,103.89
Total Revenues	1,209,673.00	1,209,673.00	1,304,769.14	95,096.14
<u>Expenditures:</u>				
Current:				
General Government	967,521.00	967,521.00	835,532.98	131,988.02
Public Safety	259,957.00	259,957.00	217,695.78	42,261.22
Health and Welfare	30,000.00	30,000.00		30,000.00
Culture and Recreation	12,000.00	12,000.00	26,316.05	(14,316.05)
Conser. and Economic Dvlpmnt.	23,925.00	23,925.00		23,925.00
Other	6,000.00	6,000.00	2,856.32	3,143.68
Debt Service:				
Principal			16,650.53	(16,650.53)
Interest			563.72	(563.72)
Total Expenditures	1,299,403.00	1,299,403.00	1,099,615.38	199,787.62
Excess (Deficiency) of Revenues Over Expenditures	(89,730.00)	(89,730.00)	205,153.76	294,883.76
<u>Other Financing (Uses):</u>				
Transfers Out			(175,151.98)	(175,151.98)
Net Change in Fund Balances	(89,730.00)	(89,730.00)	30,001.78	119,731.78
Fund Balance - January 1	257,215.61	257,215.61	257,215.61	
Fund Balance - December 31	167,485.61	167,485.61	287,217.39	119,731.78

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	825,400.00	825,400.00	737,596.03	(87,803.97)
Licenses, Permits and Fees	290.00	290.00	1,175.00	885.00
Intergovernmental	256,509.00	256,509.00	181,941.76	(74,567.24)
Charges for Services	70,000.00	70,000.00	5,276.00	(64,724.00)
Miscellaneous	1,200.00	1,200.00	90,295.25	89,095.25
Total Revenues	1,153,399.00	1,153,399.00	1,016,284.04	(137,114.96)
<u>Expenditures:</u>				
Current:				
General Government	1,016,728.00	1,016,728.00	722,381.28	294,346.72
Public Safety	258,696.00	258,696.00	216,799.99	41,896.01
Culture and Recreation	12,000.00	12,000.00	23,967.00	(11,967.00)
Conser. and Economic Dvlpmnt.	22,900.00	22,900.00	737.56	22,162.44
Other	63,000.00	63,000.00	59,829.32	3,170.68
Capital Outlay			31,450.00	(31,450.00)
Debt Service:				
Principal			14,799.47	(14,799.47)
Interest			1,200.53	(1,200.53)
Total Expenditures	1,373,324.00	1,373,324.00	1,071,165.15	302,158.85
Excess (Deficiency) of Revenues Over Expenditures	(219,925.00)	(219,925.00)	(54,881.11)	165,043.89
<u>Other Financing Sources (Uses):</u>				
Transfers In			13,972.29	13,972.29
Transfers Out			(52,995.20)	(52,995.20)
Proceeds from Bank Loan			31,450.00	31,450.00
Total Other Financing Sources (Uses)			(7,572.91)	(7,572.91)
Net Change in Fund Balances	(219,925.00)	(219,925.00)	(62,454.02)	157,470.98
Fund Balance - January 1	319,669.63	319,669.63	319,669.63	
Fund Balance - December 31	99,744.63	99,744.63	257,215.61	157,470.98

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	371,315.00	371,315.00	331,150.63	(40,164.37)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	1,339,500.00	1,339,500.00	563,343.22	776,156.78
Net Change in Fund Balances	(968,185.00)	(968,185.00)	(232,192.59)	735,992.41
Fund Balance - January 1	955,789.36	955,789.36	955,789.36	
Fund Balance - December 31	(12,395.64)	(12,395.64)	723,596.77	735,992.41

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	350,000.00	350,000.00	485,256.69	135,256.69
Charges for Services	1,500.00	1,500.00		(1,500.00)
Miscellaneous	150.00	150.00		(150.00)
Total Revenues	351,650.00	351,650.00	485,256.69	133,606.69
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	917,500.00	917,500.00	576,279.27	341,220.73
Net Change in Fund Balances	(565,850.00)	(565,850.00)	(91,022.58)	474,827.42
Fund Balance - January 1	1,046,811.94	1,046,811.94	1,046,811.94	
Fund Balance - December 31	480,961.94	480,961.94	955,789.36	474,827.42

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
Kidder Road Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	209,132.00	209,132.00	205,065.88	(4,066.12)
Intergovernmental	6,500.00	6,500.00	80,970.43	74,470.43
Charges for Services	20,500.00	20,500.00	62,140.60	41,640.60
Miscellaneous	5,100.00	5,100.00	214,560.58	209,460.58
Total Revenues	241,232.00	241,232.00	562,737.49	321,505.49
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	365,500.00	365,500.00	465,407.94	(99,907.94)
Capital Outlay			10,000.00	(10,000.00)
Total Expenditures	365,500.00	365,500.00	475,407.94	(109,907.94)
Excess (Deficiency) of Revenues Over Expenditures	(124,268.00)	(124,268.00)	87,329.55	211,597.55
<u>Other Financing Sources:</u>				
Transfers In			88,669.38	88,669.38
Net Change in Fund Balances	(124,268.00)	(124,268.00)	175,998.93	300,266.93
Fund Balance - January 1	246,196.55	246,196.55	246,196.55	
Fund Balance - December 31	121,928.55	121,928.55	422,195.48	300,266.93

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
Kidder Road Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	197,641.00	197,641.00	194,676.49	(2,964.51)
Intergovernmental	77,200.00	77,200.00	84,772.11	7,572.11
Charges for Services	44,500.00	44,500.00	120,094.70	75,594.70
Miscellaneous	9,000.00	9,000.00	119,461.37	110,461.37
Total Revenues	328,341.00	328,341.00	519,004.67	190,663.67
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	361,000.00	361,000.00	491,885.46	(130,885.46)
Capital Outlay	50,000.00	50,000.00	457,764.00	(407,764.00)
Total Expenditures	411,000.00	411,000.00	949,649.46	(538,649.46)
Excess (Deficiency) of Revenues Over Expenditures	(82,659.00)	(82,659.00)	(430,644.79)	(347,985.79)
<u>Other Financing Sources:</u>				
Transfers In			14,512.50	14,512.50
Net Change in Fund Balances	(82,659.00)	(82,659.00)	(416,132.29)	(333,473.29)
Fund Balance - January 1	662,328.84	662,328.84	662,328.84	
Fund Balance - December 31	579,669.84	579,669.84	246,196.55	(333,473.29)

KIDDER COUNTY
Steele, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2020 and 2019

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Annually, the board of county commissioners provides each office a department budget. The departments complete their budget and file it with the county auditor. Based upon the departmental budget requests and other financial information, the county auditor prepares the preliminary county budget. The budget is prepared for the general and special revenue funds on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The board of county commissioners holds a public hearing where any taxpayer may testify in favor or against any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before the October meeting, the board adopts the final budget and shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. No expenditure shall be made or liability incurred in excess of the total appropriation by fund, except for transfers as authorized by the North Dakota Century Code Section 11-23-07. However, the board of county commissioners may amend the budget, except for property taxes, during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the budgets during the years ended December 31, 2020 and 2019.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following fund for the years ending December 31:

	<u>2020</u>	<u>2019</u>
<u>Major Special Revenue Fund</u>		
Kidder Road	109,907.94	538,649.46

A budget was not adopted for the emergency fund or the FEMA 2019 fund for the year ending December 31, 2020.

No remedial action is anticipated or required by the county regarding these excess expenditures.

KIDDER COUNTY
Steele, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020

	Balance 1-1-20	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-20
<u>Major Governmental Funds</u>						
General Fund	478,194.58	1,336,537.61		175,151.98	1,099,615.38	539,964.83
Highway Tax Distribution	955,789.36	331,150.63			563,343.22	723,596.77
Kidder Road	295,682.07	599,469.90	88,669.38		475,407.94	508,413.41
Emergency Fund	115,748.99	970,177.73			1,042,122.54	43,804.18
FEMA 2019		858,264.40			75,157.00	783,107.40
Total Major Governmental Funds	1,845,415.00	4,095,600.27	88,669.38	175,151.98	3,255,646.08	2,598,886.59
<u>Non-Major Governmental Funds</u>						
Building Improvement	141,116.67	132,127.57	10,000.00		144,807.58	138,436.66
Unorganized Roads	64,667.77	13,204.08		1,657.50	45,989.71	30,224.64
County Jail	117,266.45	47,658.23			10,584.98	154,339.70
Human Services Zone	118,444.71	326.38	2.10		118,773.19	0.00
County Library	337,120.87	96,906.54			65,874.48	368,152.93
24/7 Sheriff	2,067.00	478.00			195.00	2,350.00
Drug Education	6,352.23	1,500.84			851.45	7,001.62
Sheriff Equipment Reserve	700.00					700.00
Veterans Service Officer	14,127.48	12,892.69			9,626.73	17,393.44
County Agent	48,599.87	40,422.26	34,138.00		46,383.47	76,776.66
Pesticide & Publication	4,703.66	1,290.00			1,721.76	4,271.90
Weed Control	149,578.96	93,049.43			72,285.09	170,343.30
FEMA 2011		16,618.79			16,618.79	
Emergency 911	97,669.49	48,205.54			39,772.26	106,102.77
Hazardous Chemical	7,001.45	550.00			176.53	7,374.92
Hazard Mitigation			38,000.00		8,000.00	30,000.00
Document Preservation	14,751.68	5,646.55			4,274.68	16,123.55
County SIRM	8,600.00		6,000.00			14,600.00
Senior Citizens	10,530.64	54,746.77			53,346.83	11,930.58
Total Non-Major Governmental Funds	1,143,298.93	565,623.67	88,140.10	1,657.50	639,282.53	1,156,122.67
Total Governmental Funds	2,988,713.93	4,661,223.94	176,809.48	176,809.48	3,894,928.61	3,755,009.26
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
State Medical Center	5,421.36	20,127.98			19,154.14	6,395.20
Soil Conservation	5,421.36	24,649.21			23,675.37	6,395.20
Health District	27,022.41	101,050.05			96,195.99	31,876.47
Water Management District	1,027.27	3,715.62			3,656.35	1,086.54
Treasurers Clearing		40,563.97			40,563.97	
Estimated Tax		1,277.89			1,260.52	17.37
Mobile Homes	385.28	10,839.62			10,763.34	461.56
State SIRM-Statewide	1,227.91	15,167.96			15,184.92	1,210.95
Total Cities	68,887.61	324,473.13			313,617.30	79,743.44
Total School Districts	479,313.50	1,761,132.83			1,748,172.90	492,273.43

(continued)

KIDDER COUNTY
Steele, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020
(continued)

	Balance 1-1-20	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-20
<u>Custodial Funds (continued)</u>						
Total Townships	39,161.97	301,119.38			290,550.72	49,730.63
Total Rural Fire Districts	24,094.07	88,889.56			85,376.60	27,607.03
Irrigation District	130.00	682.70			642.70	170.00
Total Ambulance Districts	54,150.30	246,729.04			236,932.64	63,946.70
Total Agency Funds	706,243.04	2,940,418.94			2,885,747.46	760,914.52
Total Primary Government	3,694,956.97	7,601,642.88	176,809.48	176,809.48	6,780,676.07	4,515,923.78
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Management District	14,127.81	3,672.84				17,800.65
District Health Unit	351,492.62	229,968.24			189,989.23	391,471.63
Total Discretely Presented Component Units	365,620.43	233,641.08			189,989.23	409,272.28
Total Reporting Entity	4,060,577.40	7,835,283.96	176,809.48	176,809.48	6,970,665.30	4,925,196.06

KIDDER COUNTY
Steele, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2019

	Balance 1-1-19	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-19
Major Governmental Funds						
General Fund	538,643.11	1,049,739.53	13,972.29	52,995.20	1,071,165.15	478,194.58
Highway Tax Distribution	1,046,811.94	485,256.69			576,279.27	955,789.36
Kidder Road	720,876.77	509,942.26	14,512.50		949,649.46	295,682.07
Total Major Governmental Funds	2,306,331.82	2,044,938.48	28,484.79	52,995.20	2,597,093.88	1,729,666.01
Non-Major Governmental Funds						
Building Improvement		156,064.38			14,947.71	141,116.67
Unorganized Roads	57,094.96	21,660.97		3,385.00	10,703.16	64,667.77
County Jail	93,395.19	50,973.60			27,102.34	117,266.45
Human Services Zone	161,667.93	223,894.42		13,972.29	253,145.35	118,444.71
County Library	287,749.31	91,283.18			41,911.62	337,120.87
24/7 Sheriff	1,971.00	1,861.00			1,765.00	2,067.00
Drug Education	5,100.00	1,645.52			393.29	6,352.23
Sheriff Equipment Reserve		700.00				700.00
Emergency Fund	179,005.60	38,438.19			101,694.80	115,748.99
Veterans Service Officer	14,048.85	11,792.47			11,713.84	14,127.48
County Agent	22,648.20	35,807.57	36,267.70		46,123.60	48,599.87
Pesticide & Publication	3,207.24	5,426.99			3,930.57	4,703.66
Weed Control	133,510.28	98,342.07	600.00		82,873.39	149,578.96
FEMA 2013	9,434.96				9,434.96	
Emergency 911	82,605.46	46,877.68			31,813.65	97,669.49
Hazardous Chemical	6,666.44	500.00			164.99	7,001.45
Homeland Security	(8,354.00)	8,354.00				
Document Preservation	10,082.58	4,669.10				14,751.68
County SIRN	3,600.00		5,000.00			8,600.00
Senior Citizens	10,769.21	49,175.66			49,414.23	10,530.64
Total Non-Major Governmental Funds	1,074,203.21	847,466.80	41,867.70	17,357.29	687,132.50	1,259,047.92
Total Governmental Funds	3,380,535.03	2,892,405.28	70,352.49	70,352.49	3,284,226.38	2,988,713.93
Fiduciary Fund						
Custodial Funds						
State Medical Center	5,683.53	17,793.48			18,055.65	5,421.36
Soil Conservation	5,683.53	22,891.83			23,154.00	5,421.36
Health District	28,380.17	89,513.26			90,871.02	27,022.41
Water Management District	1,078.74	3,404.32			3,455.79	1,027.27
Treasurers Clearing	10.00	58,690.90			58,700.90	
Estimated Tax	2.95				2.95	
Mobile Home	94.82	11,624.52			11,334.06	385.28
State SIRN-Statewide	1,262.77	16,161.01			16,195.87	1,227.91
Total Cities	59,284.03	297,539.19			287,935.61	68,887.61
Total School Districts	526,632.21	1,615,784.17			1,663,102.88	479,313.50

(continued)

KIDDER COUNTY
Steele, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2019
(continued)

	Balance 1-1-19	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-19
<u>Custodial Funds (continued)</u>						
Total Townships	42,698.05	501,421.93			504,958.01	39,161.97
Total Rural Fire Districts	25,943.51	81,834.82			83,684.26	24,094.07
Irrigation District	160.00	641.00			671.00	130.00
Total Ambulance Districts	56,657.66	228,480.57			230,987.93	54,150.30
Total Agency Funds	753,571.97	2,945,781.00			2,993,109.93	706,243.04
Total Primary Government	4,134,107.00	5,838,186.28	70,352.49	70,352.49	6,277,336.31	3,694,956.97
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Management District	10,659.79	3,468.02				14,127.81
District Health Unit	344,614.52	185,950.09			179,071.99	351,492.62
Total Discretely Presented Component Units	355,274.31	189,418.11			179,071.99	365,620.43
Total Reporting Entity	4,489,381.31	6,027,604.39	70,352.49	70,352.49	6,456,408.30	4,060,577.40

KIDDER COUNTY
Steele, North Dakota

Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2020 and 2019

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	
			2020	2019
<u>U.S. Department of the Interior</u>				
Direct Program:				
Payments in Lieu of Taxes (PILT)	15.226		6,108.00	5,978.00
Passed Through ND State Game and Fish:				
Wildlife Restoration and Basic Hunter Education	15.611		9,045.39	8,383.89
Total U.S. Department of the Interior			15,153.39	14,361.89
<u>U.S. Department of Transportation</u>				
Passed Through State Department of Transportation:				
Highway Planning and Construction	20.205		906,927.52	
<u>U.S. Department of Treasury</u>				
Passed Through North Dakota State Treasurer:				
Coronavirus Relief Fund	21.019		145,741.79	
Passed Through State Department of Health:				
Coronavirus Relief Fund	21.019		36,334.07	
Total U.S. Department of Treasury			182,075.86	
<u>U.S. Department of Health and Human Services</u>				
Passed Through State Department of Health:				
Public Health Emergency Preparedness	93.069		11,726.30	11,314.58
Child Immunization Grant	93.268		5,804.29	251.13
Total U.S. Department of Health and Human Services			17,530.59	11,565.71
<u>U.S. Department of Homeland Security</u>				
Passed Through State Department of Emergency Services:				
Disaster Grants - Public Assistance	97.036		88,905.80	101,061.69
Emergency Management Performance Grants	97.042		9,661.22	8,773.00
Homeland Security Grant Program	97.067			8,354.00
Total U.S. Department of Homeland Security			98,567.02	118,188.69
Total Expenditures of Federal Awards			1,220,254.38	144,116.29
			=====	=====

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

The de minimis indirect cost rate was not used.

Rath & Mehrer, P.C.

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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

Governing Board
Kidder County
Steele, 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 Kidder County, Steele, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated June 11, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

County's Response to Findings

The county's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Responses*. The 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 county's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

June 11, 2021

Rath & Mehrer, P.C.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Kidder County
Steele, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Kidder County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the county's major federal programs for the years ended December 31, 2020 and 2019. The county's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audits do not provide a legal determination of the county's compliance.

Opinion on Each Major Federal Program

In our opinion, the county complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2020 and 2019.

Report on Internal Control Over Compliance

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

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

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

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

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

June 11, 2021

KIDDER COUNTY
Steele, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2020 and 2019

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified
Discretely Presented Component Units	Unmodified
Major Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

* Material weakness(es) identified? Yes X No

* Significant deficiency(ies) identified? X Yes None Reported

Noncompliance Material to financial statements noted? Yes X No

Federal Awards

Internal control over major program(s):

* Material weakness(es) identified? Yes X No

* Significant deficiency(ies) identified? Yes X None Reported

Type of auditor's report issued on compliance for major program(s):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

 Yes X No

Identification of major program(s):

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS:

Significant Deficiency

1. 2020-001 Financial Statement Preparation

Criteria: A good system of internal controls requires the county to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the county must maintain knowledge of current accounting principles and required financial statement disclosures.

Condition: The county's financial statements, including the accompanying note disclosures, are prepared by the county's external auditors.

Cause: The county feels it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

Effect: Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation: We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to distribution.

Views of Responsible Officials: The county will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.

SECTION III - FEDERAL AWARD FINDINGS AND RESPONSES

No matters were reported.



Kidder County

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Commissioners

Dan P. Mittleider Chairman, David Schultz, Timothy C. Dronen

Jean Schoenhard, Auditor Renae Emter, Deputy Auditor



KIDDER COUNTY
Steele, North Dakota

Corrective Action Plan
For the Years Ended December 31, 2020 and 2019

1. Finding No. 2020-001: Financial Statement Preparation

Contact Person: Jean Schoenhard, County Auditor

Corrective Action Plan: The county feels it is more cost effective to have their external auditors prepare the financial statements and note disclosures.

Completion Date: Kidder County will implement when it becomes cost effective.