



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

LaMoure County

LaMoure, North Dakota

Audit Report for the Year Ended December 31, 2020

Client Code: PS23000



Photo credit: North Dakota Tourism



Office of the
State Auditor

LAMOURE COUNTY

Table of Contents

For the Years Ended December 31, 2020

County Officials and Audit Personnel	1
Independent Auditor's Report	2
Basic Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Balance Sheet - Governmental Funds.....	7
Reconciliation of Governmental Funds Balance Sheets to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	10
Statement of Fiduciary Net Position – Fiduciary Funds.....	11
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	12
Notes to the Financial Statements.....	13
Required Supplementary Information	
Budgetary Comparison Schedules	26
Schedule of Employer's Share of Net Pension Liability and Employer Contributions	28
Schedule of Employer's Share of Net OPEB Liability and Employer Contributions	29
Notes to the Required Supplementary Information	30
Supplementary Information	
Schedule of Fund Activity	32
Schedule of Expenditures of Federal Awards.....	33
Notes to the Schedule of Expenditures of Federal Awards	34
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	35
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	37
Summary of Auditor's Results.....	39
Schedule of Audit Findings and Questioned Costs	40
Management's Corrective Action Plan.....	47
Schedule of Prior Year Findings.....	50
Governance Communication	53

LAMOURE COUNTY

County Officials and Audit Personnel
December 31, 2020

COUNTY OFFICIALS

At December 31, 2020

Chairman	Keith Heidinger
Vice Chairman	Lee Miller
Commissioner	Jason Weigel
Commissioner	Bruce Klein
Commissioner	Robert Flath
County Auditor	Jan Hamlin
County Treasurer	Cindy Worrel
County Recorder	Laurie Good
Sheriff	Robert Fernandes
State's Attorney	James Shockman

AUDIT PERSONNEL

Audit Manager	Heath Erickson, CPA
Audit In-Charge	Brian Hermanson

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, North Dakota, as of and for the years ended December 31, 2020, and the related notes to the financial statements, which collectively comprise LaMoure 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 LaMoure County, North Dakota, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LaMoure County's basic financial statements. The *schedule of fund activity - cash basis* and the *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*, 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, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

LAMOURE COUNTYIndependent Auditor's Report – Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2021 on our consideration of LaMoure 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 LaMoure 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 Lamoure County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 28, 2021

LAMOURE COUNTY

Statement of Net Position

December 31, 2020

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and Investments	\$ 6,401,487	\$ 48,136
Intergovernmental Receivable	317,674	-
Accounts Receivable	46,950	-
Road Receivables	183,820	-
Taxes Receivable	59,919	330
Capital Assets		
Nondepreciable	39,100	-
Depreciable, Net	19,509,536	-
Total Assets	<u>\$ 26,558,486</u>	<u>\$ 48,466</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 2,981,690</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,540,176</u>	<u>\$ 48,466</u>
LIABILITIES		
Accounts Payable	\$ 204,310	\$ -
Salaries Payable	17,495	-
Grant Received in Advance	155,210	-
Long-Term Liabilities		
Due Within One Year		
Compensated Absences Payable	43,974	-
Due After One Year		
Compensated Absences Payable	65,962	-
Net Pension and OPEB Liability	5,048,080	-
Total Liabilities	<u>\$ 5,535,031</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 879,670</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,414,701</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	\$ 19,548,636	\$ -
Restricted		
Debt Service	516	-
Flood Repair	352,746	-
Health and Welfare	3,856	-
Culture and Recreation	190,028	-
Conservation of Natural Resources	221,254	48,466
Emergencies	231,771	-
Unrestricted	2,576,668	-
Total Net Position	<u>\$ 23,125,475</u>	<u>\$ 48,466</u>

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

LAMOURE COUNTY

Statement of Activities

For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit	
					Governmental Activities	Water Resource District	
Primary Government							
General Government	\$ 2,108,328	\$ 68,132	\$ 494,674	\$ -	\$ (1,545,522)		
Public Safety	942,539	78,030	82,093	-	(782,416)		
Highways	3,414,274	531,126	579,152	-	(2,303,996)		
Flood Repair	283,325	-	391,608	5,500	113,783		
Health and Welfare	532,028	475,537	13,321	-	(43,170)		
Culture and Recreation	205,794	51,462	403	-	(153,929)		
Conservation of Natural Resources	195,724	11,655	-	-	(184,069)		
Economic Development	12,310	-	-	-	(12,310)		
Total Primary Government	<u>\$ 7,694,322</u>	<u>\$ 1,215,942</u>	<u>\$ 1,561,251</u>	<u>\$ 5,500</u>	<u>\$ (4,911,629)</u>		
Component Unit							
Water Resource District	<u>\$ 13,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (13,483)</u>	
General Revenues							
Property Taxes					\$ 3,235,764	\$ 18,034	
Grants and Contributions Not Restricted to Specific Programs					556,684	-	
Gain on Sale of Assets					12,936	-	
Interest Revenue					94,347	74	
Miscellaneous Revenue					343,556	1,042	
Total General Revenues					<u>\$ 4,243,287</u>	<u>\$ 19,150</u>	
Change in Net Position					<u>\$ (668,342)</u>	<u>\$ 5,667</u>	
Net Position - January 1					<u>\$ 23,793,817</u>	<u>\$ 42,799</u>	
Net Position - December 31					<u>\$ 23,125,475</u>	<u>\$ 48,466</u>	

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

LAMOURE COUNTY

Balance Sheet – Governmental Funds

December 31, 2020

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 4,604,614	\$ 1,796,357	\$ 516	\$ 6,401,487
Intergovernmental Receivable	29,495	288,179	-	317,674
Accounts Receivable	-	46,950	-	46,950
Road Receivables	-	183,820	-	183,820
Taxes Receivable	39,741	20,178	-	59,919
Total Assets	<u>\$ 4,673,850</u>	<u>\$ 2,335,484</u>	<u>\$ 516</u>	<u>\$ 7,009,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 8,288	\$ 196,022	\$ -	\$ 204,310
Salaries Payable	1,105	16,390	-	17,495
Grants Received in Advance	-	155,210	-	155,210
Total Liabilities	<u>\$ 9,393</u>	<u>\$ 367,622</u>	<u>\$ -</u>	<u>\$ 377,015</u>
Deferred Inflows of Resources				
Taxes Receivable	\$ 39,741	\$ 20,178	\$ -	\$ 59,919
Road Receivables	-	183,820	-	183,820
Total Deferred Inflows of Resources	<u>\$ 39,741</u>	<u>\$ 203,998</u>	<u>\$ -</u>	<u>\$ 243,739</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 49,134</u>	<u>\$ 571,620</u>	<u>\$ -</u>	<u>\$ 620,754</u>
Fund Balances				
Restricted				
Debt Service	\$ -	\$ -	\$ 516	\$ 516
Public Safety	-	64,646	-	64,646
Highways	-	202,685	-	202,685
Flood Repair	-	352,746	-	352,746
Health and Welfare	-	278,436	-	278,436
Culture and Recreation	-	190,028	-	190,028
Conservation of Natural Resources	-	243,533	-	243,533
Emergency	-	231,771	-	231,771
General Government	-	200,019	-	200,019
Unassigned	4,624,716	-	-	4,624,716
Total Fund Balances	<u>\$ 4,624,716</u>	<u>\$ 1,763,864</u>	<u>\$ 516</u>	<u>\$ 6,389,096</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,673,850</u>	<u>\$ 2,335,484</u>	<u>\$ 516</u>	<u>\$ 7,009,850</u>

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

LAMOURE COUNTY

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

Total Fund Balances for Governmental Funds	\$ 6,389,096
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	19,548,636
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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	\$ 59,919	
Road receivables	<u>183,820</u>	243,739

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

Deferred outflows derived from pensions and OPEB	\$ 2,981,690	
Deferred inflows derived from pensions and OPEB	<u>(879,670)</u>	2,102,020

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.

Compensated absences	\$ (109,936)	
Net pension and OPEB liability	<u>(5,048,080)</u>	<u>(5,158,016)</u>

Total Net Position of Governmental Activities	<u><u>\$ 23,125,475</u></u>
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The notes to the financial statements are an integral part of this statement.

LAMOURE COUNTY

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

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,182,657	\$ 1,060,971	\$ 2	\$ 3,243,630
Intergovernmental	605,668	1,517,766	-	2,123,434
Charges for Services	75,761	1,090,157	-	1,165,918
Licenses, Permits and Fees	54,782	-	-	54,782
Interest Income	94,347	-	-	94,347
Miscellaneous	83,762	259,794	-	343,556
Total Revenues	\$ 3,096,977	\$ 3,928,688	\$ 2	\$ 7,025,667
EXPENDITURES				
Current				
General Government	\$ 1,785,487	\$ 16,022	\$ -	\$ 1,801,509
Public Safety	557,642	287,385	-	845,027
Highways	-	2,725,915	-	2,725,915
Flood Repair	-	283,325	-	283,325
Health and Welfare	-	473,467	-	473,467
Culture and Recreation	201,341	-	-	201,341
Conser. of Natural Resources	-	168,927	-	168,927
Emergency	-	12,310	-	12,310
Total Expenditures	\$ 2,544,470	\$ 3,967,351	\$ -	\$ 6,511,821
Excess (Deficiency) of Revenues Over Expenditures	\$ 552,507	\$ (38,663)	\$ 2	\$ 513,846
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 8	\$ 606,967	\$ -	\$ 606,975
Transfers Out	(76,500)	(530,475)	-	(606,975)
Total Other Financing Sources and Uses	\$ (76,492)	\$ 76,492	\$ -	\$ -
Net Change in Fund Balances	\$ 476,015	\$ 37,829	\$ 2	\$ 513,846
Fund Balance - January 1	\$ 4,148,701	\$ 1,726,035	\$ 514	\$ 5,875,250
Fund Balance - December 31	\$ 4,624,716	\$ 1,763,864	\$ 516	\$ 6,389,096

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

LAMOURE COUNTY

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

For the Year Ended December 31, 2020

Net Change in <i>Fund Balances</i> - Total Governmental Funds	\$ 513,846
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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	\$ 491,295	
Current year depreciation	<u>(872,854)</u>	(376,059)

In the statement of activities, only the 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 on Sale of Capital Assets	12,936
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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	(1,162)
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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.

Decrease in Taxes Receivable	\$ (7,865)	
Decrease in Road Receivable	<u>(4,758)</u>	(12,623)

The Net Pension & OPEB 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 & OPEB Liability	\$ (3,001,860)	
Increase in Deferred Outflows of Resources	1,958,618	
Decrease in Deferred Inflows of Resources	<u>237,962</u>	<u>(805,280)</u>

Change in <i>Net Position</i> of Governmental Activities	<u>\$ (668,342)</u>
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The notes to the financial statements are an integral part of this statement.

LAMOURE COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds
For the Year Ended December 31, 2020

	Custodial Funds
ASSETS	
Cash and cash equivalents	<u>\$ 2,834,920</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	\$ 137,884
Funds Held for Other Purposes	<u>12,449</u>
Total Liabilities	<u>\$ 150,333</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 2,684,587</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,834,920</u>

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

LAMOURE COUNTYStatement of Changes in Fiduciary Net Position – Fiduciary Funds
December 31, 2020

	<u>Custodial Funds</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 8,630,628
Grant Collections for Other Governments	3,844
Miscellaneous Collections	<u>20,455</u>
Total Additions	<u><u>\$ 8,654,927</u></u>
DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 8,630,628
Grant Disbursements to Other Governments	3,844
Miscellaneous Disbursements	<u>20,455</u>
Total Deductions	<u><u>\$ 8,654,927</u></u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u><u>\$ -</u></u>

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

LAMOURE COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LaMoure 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 component unit discussed below is 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 unit have been included in the financial reporting entity as a discretely presented component unit.

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

LaMoure County Water Resource District. The LaMoure County Water Resource District ("Water Resource District") governing board is appointed by the County's governing body. The County's governing body has the authority to disapprove, amend, or approve the Water Resource District budget.

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.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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 fiduciary funds:

Custodial Funds. These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The custodial funds are mostly 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.

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, 2020 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.

LAMOURE COUNTYNotes to the Financial Statements – Continued

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

Assets	Years
Buildings	50
Equipment	5 - 10
Vehicles	5
Infrastructure	50

Compensated Absences

Full time employees, except for social services employees, earn vacation benefits from eight to fourteen hours per month, depending on tenure with the County. Social services employees earn vacation benefits from eight to sixteen hours per month, depending on tenure with the County. Employees, except social services employees, can carry over a maximum of 240 hours of vacation at December 31 of each year. Social services employees can carry over a maximum of 240 hours at April 30, of each year.

Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of 240 hours, based on their current rate of pay. Vested or accumulated vacation leave is reported in the general long-term debt account group. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

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.

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).

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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.

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 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, 2020, the County's carrying amount of deposits totaled \$9,233,668, and the bank balances totaled \$8,245,380. Of the bank balances, \$2,262,346 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, 2020, the Water Resource District's carrying amount of deposits totaled \$48,136, and the bank balances totaled \$48,710, all of which were covered by Federal Depository Insurance.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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.

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2020:

Primary Government	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 33,600	\$ -	\$ -	\$ -	\$ 33,600
Construction in Progress	-	5,500	-	-	5,500
Total capital assets not being depreciated	\$ 33,600	\$ 5,500	\$ -	\$ -	\$ 39,100
<i>Capital assets, being depreciated</i>					
Vehicles	\$ 1,176,693	\$ 59,285	\$ (28,600)	\$ -	\$ 1,207,378
Equipment	4,837,385	566,979	(343,609)	-	5,060,755
Buildings	731,794	-	-	-	731,794
Infrastructure	18,650,202	-	-	-	18,650,202
Total capital assets, being depreciated	\$ 25,396,074	\$ 626,264	\$ (372,209)	\$ -	\$ 25,650,129
<i>Less accumulated depreciation for</i>					
Vehicles	\$ 456,195	\$ 111,356	\$ (15,920)	\$ -	\$ 551,631
Equipment	2,645,288	380,491	(234,255)	-	2,791,524
Buildings	512,869	8,002	-	-	520,871
Infrastructure	1,903,563	373,004	-	-	2,276,567
Total accumulated depreciation	\$ 5,517,915	\$ 872,853	\$ (250,175)	\$ -	\$ 6,140,593
Total capital assets being depreciated, net	\$ 19,878,159	\$ (246,589)	\$ (122,034)	\$ -	\$ 19,509,536
Total capital assets, net	\$ 19,911,759	\$ (241,089)	\$ (122,034)	\$ -	\$ 19,548,636

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

Primary Government	
General Government	\$ 18,206
Public Safety	28,818
Highways	807,315
Health and Welfare	242
Culture and Recreation	4,453
Conservation of Natural Resources	13,819
Total Depreciation Expense	\$ 872,853

NOTE 5: LONG-TERM LIABILITIES

During the years ended December 31, 2020, the following changes occurred in long-term liabilities:

Primary Government	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 108,774	\$ 1,162	\$ -	\$ 109,936	\$ 43,974
Net Pension and OPEB Liability	2,046,220	3,001,860	-	5,048,080	-
Total Long Term Liabilities	\$ 2,154,994	\$ 3,003,022	\$ -	\$ 5,158,016	\$ 43,974

* The change in compensated absences is shown as a net change due to changes in salary prohibit exact calculations.

NOTE 6: TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs. Transfers were also made to close out funds and to finance various projects.

NOTE 7: 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 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, 2020, for its respective share of the proportionate share of the net pension liability, the following net pension liabilities were reported.

	Net Pension Liability
County	\$ 4,935,195

The net pension liability was measured as of June 30, 2020, 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 pension liability was based on its 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, 2020, the entities had the following proportions, change in proportions, and pension expense:

LAMOURE COUNTY

Notes to the Financial Statements – Continued

	Proportion	Increase (Decrease) in Proportion from June 30, 2019 Measurement	Pension Expense
County	0.156871%	-0.007268%	\$ 879,037

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 19,206	\$ 250,071
Changes in Assumptions	2,645,576	437,379
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	159,283	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	55,407	173,352
Contributions - Employer	67,284	-
Total Deferred Outflow and Inflow of Resources	\$ 2,946,756	\$ 860,802

\$67,284 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

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

2021	\$ 612,716
2022	522,590
2023	404,080
2024	479,284
2025	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
Proportionate Share of the Net Pension Liability	\$ 6,403,045	\$ 4,935,195	\$ 3,734,136

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 8: 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.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2020, for its respective proportionate share of the net pension liability, the following net OPEB liabilities were reported:

	Net OPEB Liability
County	\$ 112,885

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on the its share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2019 Measurement	OPEB Expense
County	0.134196%	-0.018809%	\$ 13,793

At December 31, 2020, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,506	\$ (2,706)
Changes of Assumptions	15,136	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	3,882	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,636	(16,162)
Contributions - Employer	10,773	-
Total Deferred Outflow and Inflow of Resources	\$ 34,933	\$ (18,868)

\$10,773 for the County was 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 OPEB liability in the year ended December 31, 2020.

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

2021	1,182
2022	2,185
2023	2,001
2024	902
2025	(845)
2026	(133)
Thereafter	-

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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	6.50%, net of investment expenses
Cost of living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
International Equities	21%	6.45%
Domestic Fixed Income	40%	1.15%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. 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, 2020, calculated using the discount rate of 6.50%, 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Proportionate Share of the OPEB Liability	\$ 148,052	\$ 112,885	\$ 83,148

NOTE 9: 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 \$1,000,000 per occurrence for general liability and for automobile, and \$4,585,434 for public assets (mobile equipment and portable property).

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 \$1,838,036 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.

LAMOURE COUNTY

Budgetary Comparison Schedule - General Fund

December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,210,729	\$ 2,210,729	\$ 2,182,657	\$ (28,072)
Intergovernmental	84,739	84,739	605,668	520,929
Charges for Services	60,200	60,200	75,761	15,561
Licenses, Permits and Fees	31,100	31,100	54,782	23,682
Interest Income	45,000	45,000	94,347	49,347
Miscellaneous	21,500	21,500	83,762	62,262
Total Revenues	<u>\$ 2,453,268</u>	<u>\$ 2,453,268</u>	<u>\$ 3,096,977</u>	<u>\$ 643,709</u>
EXPENDITURES				
Current				
General Government	\$ 1,840,833	\$ 1,866,108	\$ 1,785,487	\$ 80,621
Public Safety	715,392	715,392	557,642	157,750
Culture & Recreation	120,248	120,248	201,341	(81,093)
Total Expenditures	<u>\$ 2,676,473</u>	<u>\$ 2,701,748</u>	<u>\$ 2,544,470</u>	<u>\$ 157,278</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (223,205)</u>	<u>\$ (248,480)</u>	<u>\$ 552,507</u>	<u>\$ 800,987</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 8	\$ 8
Transfers Out	-	-	(76,500)	(76,500)
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,492)</u>	<u>\$ (76,492)</u>
Net Change in Fund Balance	<u>\$ (223,205)</u>	<u>\$ (248,480)</u>	<u>\$ 476,015</u>	<u>\$ 724,495</u>
Fund Balance - January 1	<u>\$ 4,148,701</u>	<u>\$ 4,148,701</u>	<u>\$ 4,148,701</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 3,925,496</u></u>	<u><u>\$ 3,900,221</u></u>	<u><u>\$ 4,624,716</u></u>	<u><u>\$ 724,495</u></u>

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

LAMOURE COUNTYBudgetary Comparison Schedule - Special Revenue Fund
December 31, 2020

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,096,886	\$ 1,096,886	\$ 1,060,971	\$ (35,915)
Intergovernmental	2,776,798	2,776,798	1,517,766	(1,259,032)
Charges for Services	1,015,623	1,015,623	1,090,157	74,534
Miscellaneous	49,700	49,700	259,794	210,094
Total Revenues	\$ 4,939,007	\$ 4,939,007	\$ 3,928,688	\$ (1,010,319)
EXPENDITURES				
Current				
General Government	\$ 19,500	\$ 19,500	\$ 16,022	\$ 3,478
Public Safety	116,869	296,200	287,385	8,815
Highways	4,100,792	4,311,030	2,725,915	1,585,115
Flood Repair	300,000	300,000	283,325	16,675
Health and Welfare	497,018	671,875	473,467	198,408
Conser. of Natural Resources	212,904	212,939	168,927	44,012
Emergency	-	12,310	12,310	-
Total Expenditures	\$ 5,247,083	\$ 5,823,854	\$ 3,967,351	\$ 1,856,503
Excess (Deficiency) of Revenues Over Expenditures	\$ (308,076)	\$ (884,847)	\$ (38,663)	\$ 846,184
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 16,929	\$ 16,929	\$ 606,967	\$ 590,038
Transfers Out	(602,736)	(602,736)	(530,475)	72,261
Total Other Financing Sources and Uses	\$ (585,807)	\$ (585,807)	\$ 76,492	\$ 662,299
Net Change in Fund Balances	\$ (893,883)	\$ (1,470,654)	\$ 37,829	\$ 1,508,483
Fund Balance - January 1 Restated	\$ 1,726,035	\$ 1,726,035	\$ 1,726,035	\$ -
Fund Balance - December 31	\$ 832,152	\$ 255,381	\$ 1,763,864	\$ 1,508,483

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

LAMOURE COUNTY

Schedule of Employer's Share of Net Pension and Employer Contributions
For the Year Ended December 31, 2020

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

	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
2020	0.156871%	\$ 4,935,195	\$ 1,730,479	285.19%	48.91%
2019	0.164139%	1,923,828	1,707,321	112.68%	71.66%
2018	0.179026%	3,021,259	1,839,167	164.27%	62.80%
2017	0.170663%	2,743,114	1,742,201	157.45%	61.98%
2016	0.160028%	1,559,629	1,612,702	96.71%	70.46%
2015	0.163428%	1,111,282	1,455,944	76.33%	77.70%
2014	0.142199%	1,043,902	1,197,858	87.15%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 122,533	\$ 130,263	\$ (7,730)	\$ 1,730,479	7.53%
2019	124,303	135,484	(11,181)	\$ 1,707,321	7.94%
2018	135,462	129,102	6,360	1,839,167	7.02%
2017	126,331	123,987	2,344	1,742,201	7.12%
2016	116,757	116,625	132	1,612,702	7.23%
2015	110,591	101,693	8,898	1,455,944	6.98%
2014	105,740	105,740	-	1,197,858	8.83%

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

LAMOURE COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
For the Year Ended December 31, 2020

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

	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
2020	0.134196%	\$ 112,885	\$ 1,529,793	7.38%	63.38%
2019	0.153005%	122,392	1,707,321	7.17%	63.13%
2018	0.168081%	132,375	1,839,167	7.20%	62.80%
2017	0.161040%	127,384	1,742,201	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 17,972	\$ 20,035	\$ (2,063)	\$ 1,529,793	1.31%
2019	19,856	21,693	(1,837)	1,707,321	1.27%
2018	21,572	20,671	901	1,839,167	1.12%
2017	20,252	19,852	400	1,742,201	1.14%

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

LAMOURE COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- The County commission adopts an “appropriated budget” on the modified accrual basis of accounting.
- The County auditor prepares an annual budget for the general fund and each special revenue fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them.
- The 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 7.00 percent to 6.50 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, 2019.

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.

LAMOURE COUNTYNotes to the Required Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB**Pension**

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.50% to 7.00%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation.
- Mortality table updates were made for the July 1, 2020 valuation.

OPEB

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

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

The board of County commissioners amended the County budget for 2020:

	Original Budget	Amendment	Amended Budget
EXPENDITURES/TRANSFERS OUT			
General Fund	\$ 2,676,473	\$ 25,275	\$ 2,701,748
Special Revenue Fund	5,849,819	576,771	6,426,590

LAMOURE COUNTY
Fund Activity - Cash Basis
For the Year Ended December 31, 2020

	Balance Jan 1	Receipts	Transfers In	Financing Sources	Transfers Out	Disbursements	Balance Dec 31
Governmental Funds							
General Fund							
General Fund	\$ 3,700,227.84	\$ 3,153,443.33	\$ 8.26		\$ 76,500.00	\$ 2,628,078.50	\$ 4,149,100.93
Memorial Park	50,663.11	-	-		-	-	50,663.11
Oasis Health Insurance	179,109.02	1.68	-		-	-	179,110.70
Oasis and Social Security	45,916.83	4.90	-		-	-	45,921.73
Technology Fund	21,045.77	1.23	-		-	-	21,047.00
Advertising Fund	1.43	-	-		-	-	1.43
Insurance Reserve	140,672.07	1.29	-		-	-	140,673.36
Comp. Health Insurance	18,092.46	3.35	-		-	-	18,095.81
Total General Fund	\$ 4,155,728.53	\$ 3,153,455.78	\$ 8.26	\$ -	\$ 76,500.00	\$ 2,628,078.50	\$ 4,604,614.07
Special Revenue Fund							
County Road and Bridge	\$ 5,302.35	\$ 1,648,831.32	\$ 469,506.33		\$ -	\$ 2,123,640.00	\$ -
Farm to Market Road	-	415,634.90	-		21,840.09	393,794.81	-
Social Welfare	174,856.74	-	-		-	174,856.74	-
Veterans Service Officer	9,758.72	10,812.36	-		-	9,304.42	11,266.66
County Agent	-	84,223.90	-		-	75,852.56	8,371.34
Weed Control	272,948.24	20,007.30	-		-	104,209.85	188,745.69
Correctional Center	37,013.23	1,514.51	15,856.26		-	54,384.00	-
FEMA 2011	4,522.05	-	-		-	-	4,522.05
FEMA 2019	-	251,464.45	-		-	87,303.51	164,160.94
FEMA DR4553 SPRING 2020	-	81,282.91	-		-	-	81,282.91
FEMA	348,224.53	-	-		-	-	348,224.53
Ambulance	1,734.01	136,743.16	-		-	137,959.80	517.37
Emergency Fund	231,770.73	12,310.64	-		-	12,310.22	231,771.15
Camp Fund	54,204.86	-	-		-	-	54,204.86
JR Backway Fund	38,108.16	-	-		-	550.00	37,558.16
State Aid Distribution	-	508,626.90	-		508,626.90	-	-
Document Preservation Fund	32,203.77	8,426.10	-		-	-	40,629.87
Human Services	-	8.26	-		8.26	-	-
Wireless E911	68,527.28	78,389.08	-		-	94,387.99	52,528.37
24/7 Sobriety Program	5,566.93	6,394.00	-		-	5,868.50	6,092.43
LaMoire County Health Dept	135,964.39	485,092.99	76,500.00		-	464,975.64	232,581.74
District Court	5.00	-	-		-	-	5.00
Grants (State & Federal)	17,728.75	40,067.20	-		-	15,472.07	42,323.88
Bond Repayment Fund	-	-	-		-	-	-
Weaver Trust	85,834.34	31,533.57	-		-	-	117,367.91
County Extension	-	-	-		-	-	-
4-H Building	5,059.84	1,050.00	-		-	323.31	5,786.53
Special Project/Vehicle	231.50	-	-		-	-	231.50
Hazardous Chemical	10,684.21	4,153.46	-		-	3,237.69	11,599.98
Equipment Purchase	27,252.90	-	-		-	-	27,252.90
Culvert Purchase & Resale	-	166,394.29	45,104.40		-	255,237.85	(43,739.16)
Bridge Replacement	174,422.67	-	-		-	1,352.00	173,070.67
Total Special Revenue Fund	\$ 1,741,925.20	\$ 3,992,961.30	\$ 606,966.99	\$ -	\$ 530,475.25	\$ 4,015,020.96	\$ 1,796,357.28
Debt Service Fund							
Special Assessments on Co. Property	\$ 194.22	\$ -	\$ -		\$ -	\$ -	\$ 194.22
County Loan Fund	319.84	1.52	-		-	-	321.36
Total Debt Service Fund	\$ 514.06	\$ 1.52	\$ -	\$ -	\$ -	\$ -	\$ 515.58
Total Governmental Funds	\$ 5,898,167.79	\$ 7,146,418.60	\$ 606,975.25	\$ -	\$ 606,975.25	\$ 6,643,099.46	\$ 6,401,486.93
Fiduciary Funds							
Tax Collection Funds							
Historical Society (Museum)	\$ 100.89	\$ 10,534.26	\$ -		\$ -	\$ 10,421.96	\$ 213.19
Senior Citizens	534.00	120,375.15	-		-	83,958.70	36,950.45
Airport Authority	0.02	-	-		-	-	0.02
County Airport-2 mill	1,034.02	76,671.43	-		-	77,409.52	295.93
State Revenue	238.89	41,645.67	-		-	41,727.82	156.74
Garrison Diversion	242.89	45,808.61	-		-	45,895.19	156.31
Estimate Tax	-	20.00	-		-	-	20.00
Soil Conservation District	238.91	41,752.76	-		-	41,834.95	156.72
Jud Rural Fire	254.78	19,150.42	-		-	19,286.92	118.28
Gackle Fire District	-	1,046.25	-		-	1,046.25	-
Water Resource Fund	115.37	18,032.65	-		-	18,070.69	77.33
Library	332.29	57,348.73	-		-	57,457.07	223.95
CDLF Loan Fund	8,521.38	-	-		-	-	8,521.38
Undistributed Taxes	2,506,340.93	2,684,586.65	-		-	2,506,340.93	2,684,586.65
Total Cities	10,631.51	977,966.67	-		-	978,660.14	9,938.04
Total Parks	(106.23)	3,160.57	-		-	3,469.70	(415.36)
Total Schools	87,886.18	3,675,293.03	-		-	3,684,481.50	78,697.71
Total Townships	3,522.79	861,078.89	-		-	861,828.03	2,773.65
Total Tax Collection Funds	2,619,888.62	8,634,471.74	-		-	8,431,889.37	2,822,470.99
County/Other Funds							
Criminal Court Administrative Fund	355.00	-	-		-	-	355.00
Civil Filing Fees	35.00	350.00	-		-	315.00	70.00
State Fines & Forfeits	8,706.72	-	-		-	-	8,706.72
Court Trust	540.50	-	-		-	-	540.50
Restitutions	356.15	-	-		-	-	356.15
Game and Fish Licenses	(5,218.40)	-	-		-	-	(5,218.40)
Payroll Deduction	6,066.23	82.82	-		-	-	6,149.05
Southeast Crime Conference	2,049.97	-	-		-	560.00	1,489.97
Christmas Fund	-	20,021.93	-		-	20,021.93	-
Total County/Other Funds	12,891.17	20,454.75	-		-	20,896.93	12,448.99
Total Agency Funds	\$ 2,632,779.79	\$ 8,654,926.49	\$ -	\$ -	\$ -	\$ 8,452,786.30	\$ 2,834,919.98
Total Primary Government	\$ 8,530,947.58	\$ 15,801,345.09	\$ 606,975.25	\$ -	\$ 606,975.25	\$ 15,095,885.76	\$ 9,236,406.91

LAMOURE COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

CFDA Number	Program Title	Pass-Through Grantor's Number	Expenditures
US DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed Through State Department of Human Services			
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	\$ 88,763
93.778	Medical Assistance Program	N/A	2,703
93.788	Opioid STR	10.11549(19-21)	28,227
93.959	Block Grants for Preventive and Treatment of Substance Abuse	N/A	<u>5,000</u>
Passed Through State Department of Health			
21.019	Coronavirus Relief Fund	G19.751A	\$ 113,552
93.069	Public Health Emergency Preparedness	ER19.014(19-21)	10,214
93.298	Advanced Nursing Education Grant Program	G19.163(19-20)	1,639
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	G19.008(19-20) & G19.814(20-21)	<u>1,365</u>
Total Department of Health and Human Services			<u>\$ 251,463</u>
US DEPARTMENT OF THE TREASURY			
Passed through State Department of the Treasurer			
21.019	Coronavirus Relief Fund	G19.751A	<u>\$ 275,043</u>
Total U.S. Department of Justice			<u>\$ 275,043</u>
US DEPARTMENT OF HOMELAND SECURITY:			
Passed through the State Department Emergency Management:			
97.042	Emergency Management Performance Grants	5,10	\$ 25,358
97.047	Pre-Disaster Mitigation	16.00	25,515
97.067	Homeland Security Grant Programs	18,31	14,077
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	4444, 4475, 4509, 4553	<u>548,106</u>
Total U.S. Department of Homeland Security			<u>\$ 613,056</u>
Total Expenditures of Federal Awards			<u>\$ 1,139,562</u>
See notes to the Schedule of Expenditures of Federal Awards			

LAMOURE COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified cash basis of accounting. For certain programs shown on the schedule of expenditures of federal awards, federal reimbursements are not based upon specific expenditures, the amounts reported here represent cash received rather than federal expenditures. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The County received federal awards both directly and indirectly through pass-through entities. The County has not provided any federal financial assistance to subrecipients.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Governmental fund types account for the County's federal grant activity. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

NOTE 3 PASS-THROUGH GRANT NUMBER

For federal programs marked "N/A", the County was unable to obtain a pass-through grant number.

NOTE 4 INDIRECT COST RATE

The County does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate



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
LaMoure County
LaMoure, 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 unit, each major fund, and the aggregate remaining fund information of LaMoure County as of and for the years ended December 31, 2020, and the related notes to the financial statements, which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated April 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaMoure 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 LaMoure County's internal control. Accordingly, we do not express an opinion on the effectiveness of LaMoure 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 and questioned costs*, 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 and questioned costs* as items 2020-001, 2020-002, 2020-003, 2020-004 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 and questioned costs* as items 2020-005, 2020-006, 2020-007 and 2020-008 to be significant deficiencies.

LAMOURE 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 LaMoure 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *schedule of audit findings and questioned costs* as 2020-002, 2020-003, and 2020-004.

LaMoure County's Response to Findings

LaMoure County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings and questioned costs*. LaMoure 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
April 28, 2021

STATE AUDITOR
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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

Report on Compliance for Each Major Federal Program

We have audited LaMoure County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on LaMoure County's major federal program for the year ended December 31, 2020. LaMoure County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, LaMoure County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

LAMOURE COUNTY

Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards - Continued

Report on Internal Control Over Compliance

Management of LaMoure County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LaMoure County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 LaMoure County's internal control over compliance.

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 28, 2021

LAMOURE COUNTY

Summary of Auditor's Results

For the Year Ended December 31, 2020

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Discretely Presented Component Unit	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> X </u> Yes	<u> </u> None	Noted

Federal AwardsInternal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None	noted
Reportable conditions identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None	noted
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	<u> </u> Yes	<u> X </u> None	noted

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
CFDA 97.036	Disaster Grants – Publicly Declared (Presidentially Declared Disaster)

Dollar threshold used to distinguish between Type A and B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

LAMOURE COUNTY

Schedule of Audit Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I – FINANCIAL STATEMENT FINDINGS

2020-001 – FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition

LaMoure 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 LaMoure 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 LaMoure 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.

LaMoure County's Response

See Corrective Action Plan

LAMOURE COUNTYSchedule of Audit Findings and Questioned Costs - Continued

2020-002 – IMPROPER BIDDING OF ROAD EQUIPMENT – MATERIAL WEAKNESS – MATERIAL NONCOMPLIANCE**Condition**

LaMoure County purchased a motor grader at a cost of \$397,238 under an out of state procurement agreement.

Criteria

N.D.C.C. §24-05-04(2) states “Except as provided in N.D.C.C. § 54-44.4-13, a purchase of county road machinery and any rental contract or agreement for the use of road machinery and other articles, except necessary repairs for road machinery, which exceeds the sum of one hundred thousand dollars must be advertised by publishing an advertisement for bids at least once each week for two consecutive weeks in the official newspaper of the county and in any other newspapers as the board deems advisable.”

Cause

Lamoure County believed that the out of state procurement agreement would satisfy the requirements stated in N.D.C.C. §24-05-04(2).

Effect

Lamoure County is not in compliance with N.D.C.C. §24-05-04(2).

Repeat Finding

No.

Recommendation

We recommend Lamoure County carefully review upcoming road machinery purchases to ensure compliance with N.D.C.C. §24-05-04(2) and resolve current circumstances if deemed appropriate by management.

LaMoure County’s Response

See Corrective Action Plan

LAMOURE COUNTYSchedule of Audit Findings and Questioned Costs - Continued

2020-003 – STATE AID DEPOSITED IN WRONG FUND – MATERIAL WEAKNESS - MATERIAL NONCOMPLIANCE**Condition**

LaMoure County budgeted and deposited state aid payments received from the Office of the State Treasurer in the amount of \$588,505 in a special revenue fund instead of the General Fund.

Criteria

N.D.C.C. §57-39.2-26.1(1b) states, "Thirty-six percent of the amount must be allocated among all counties, excluding the seventeen counties with the greatest population, in the following manner: (1) Forty percent of the amount must be allocated equally among the counties; and (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties. A county shall deposit all revenues received under this subsection in the county general fund."

Cause

LaMoure County was not aware of N.D.C.C. §57-39.2-26.1(1b)

Effect

LaMoure County is not in compliance with N.D.C.C. §57-39.2-26.1(1b). Additionally, improperly budgeting for the state aid payments received from the Office of the State Treasurer in the incorrect fund could cause an improper calculation of the General Fund tax levy.

Repeat Finding

No.

Recommendation

We recommend LaMoure County budget and deposit state aid payments received from the Office of the State Treasurer in the General Fund to ensure compliance with N.D.C.C. §57-39.2-26.1(1b).

LaMoure County's Response

See Corrective Action Plan

LAMOURE COUNTYSchedule of Audit Findings and Questioned Costs - Continued

2020-004 – COUNTY BUDGET- MATERIAL WEAKNESS – MATERIAL NONCOMPLIANCE**Condition**

LaMoure County did not prepare a budget in compliance with all attributes of N.D.C.C. §11-23-02.

Criteria

N.D.C.C. §11-23-02 states, " The county auditor shall prepare an annual budget for the general fund, each special revenue fund, and each debt service fund of the county in the form prescribed by the state auditor. The budget must set forth specifically:

1. The detailed breakdown of the estimated revenues and appropriations requested for each fund for the ensuing year.
2. The detailed breakdown of the revenues and expenditures for each fund for the preceding year.
3. The detailed breakdown of estimated revenues and expenditures for each fund for the current year.
4. The transfers in or out for each fund for the preceding year and the estimated transfers in or out for the current year and the ensuing year.
5. The beginning and ending balance of each fund or estimates of the balances for the preceding year, current year, and ensuing year.
6. The tax levy request for any funds levying taxes for the ensuing year.
7. The certificate of levy showing the amount levied for each fund and the total amount levied.
8. The budget must be prepared on the same basis of accounting used by the county for its annual financial reports.
9. The amount of cash reserve for the general fund and each special revenue fund, not to exceed seventy-five percent of the appropriation for the fund.

Cause

LaMoure County may not have been aware of all the compliance requirements of N.D.C.C. §11-23-02.

Effect

The attributes identified in N.D.C.C. §11-23-02 are key components in the tax levy calculation in any budget year. Thus, LaMoure County may have improperly calculated the tax levies.

Repeat Finding

No.

Recommendation

We recommend that LaMoure County ensure its compliance with all aspects of N.D.C.C. §11-23-02 and resolve any current circumstances if deemed appropriate by management.

LaMoure County's Response

See Corrective Action Plan

LAMOURE COUNTYSchedule of Audit Findings and Questioned Costs - Continued

2020-005 - FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY**Condition**

LaMoure 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

Management chose not to allocate County resources for preparation of a fraud risk assessment.

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 the LaMoure 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.

LaMoure County's Response

See Corrective Action Plan

LAMOURE COUNTYSchedule of Audit Findings and Questioned Costs - Continued

2020-006 – CONTROLS OVER FEMA FUNDS – SIGNIFICANT DEFICIENCY**Condition**

LaMoure County had \$348,225 and \$4,522 in unused FEMA grant money in the FEMA special revenue fund for projects that have been finished in prior years.

Criteria

LaMoure County received letters in prior years from the North Dakota Department of Emergency Services (DES) stating that the County needed to spend the excess funds on upgrading roads that are not FAS (Federal Aid Secondary Highway Systems), involved in a current disaster recovery, or hazard mitigation within one year from the date of the letter. Any unused funds from projects prior to DR-1829 did not have any restrictions and needs to be transferred to the general fund.

Cause

The County has not yet decided the best course of action regarding the balance in the prior FEMA funds.

Effect

The County has had idle funds in its possession that could have been used to benefit the County and its taxpayers in prior years.

Repeat Finding

Yes.

Recommendation

We recommend LaMoure County review guidance from DES for instruction as to the use of the unused funds that are currently idle in its FEMA fund. We further recommend implementing procedures to ensure that leftover grant funds are handled appropriately.

LaMoure County's Response

See Corrective Action Plan

LAMOURE COUNTYSchedule of Audit Findings and Questioned Costs - Continued

2020-007 – BANK RECONCILIATION – SIGNIFICANT DEFICIENCY**Condition**

LaMoure County's bank reconciliation included a difference of \$34,680 in comparison to the daily cash sheet as of December 31, 2020.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the bank reconciliations, management is responsible for adequate internal controls to ensure they are timely and free from errors.

Cause

The bank reconciliation incurred errors that were not addressed by the preparer or the reviewer of this bank reconciliation.

Effect

LaMoure County's financial statements could be materially misstated in any given month whether due to error or fraud if bank reconciliation differences are not corrected.

Repeat Finding

Yes.

Recommendation

We recommend LaMoure County resolve its bank reconciliation and daily cash sheet differences and ensure accurate reconciling on a monthly basis. We further recommend LaMoure County evaluate and update, if deemed necessary by management, its review procedures regarding the bank reconciliation and daily cash sheet.

LaMoure County's Response

See Corrective Action Plan

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

LaMoure County Auditor

202 4th Ave NE
PO Box 128
LaMoure, ND 58458
(701)883-6040

Date: April 28, 2021
To: Joshua C. Gallion, ND State Auditor
FROM: Jan Hamlin, County Auditor
RE: LaMoure County – 2020 Corrective Action Plan

Contact Person Responsible for Corrective Action Plan: Jan Hamlin, County Auditor

Section I – Financial Statement Findings:

2020-001 – FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition:

LaMoure 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.

Corrective Action Plan:

We agree. LaMoure County is currently going to choose the option for the State Auditor's Office to prepare the financials.

Anticipated Completion Date:

Unknown

2020-002 – IMPROPER BIDDING OF ROAD EQUIPMENT – MATERIAL WEAKNESS – MATERIAL NONCOMPLIANCE

Condition:

LaMoure County purchased a motor grader at a cost of \$397,238 under an out of state procurement agreement.

Corrective Action Plan:

We agree. LaMoure County will review future road equipment purchases to ensure they comply with NDCC 24-05-04.

Anticipated Completion Date:

Fiscal Year 2021

LAMOURE COUNTY**Management's Corrective Action Plan - Continued**

2020-003 – STATE AID DEPOSITED IN WRONG FUND – MATERIAL WEAKNESS - MATERIAL NONCOMPLIANCE**Condition:**

LaMoure County budgeted and deposited state aid payments received from the Office of the State Treasurer in the amount of \$588,505 in a special revenue fund instead of the General Fund.

Corrective Action Plan:

We agree. LaMoure County will budget and deposit State Aid payments into the County General Fund in accordance with NDCC 57-39.2-26(1b).

Anticipated Completion Date:

Fiscal Year 2021

2020-004 – COUNTY BUDGET- MATERIAL WEAKNESS – MATERIAL NONCOMPLIANCE**Condition:**

LaMoure County did not prepare a budget in compliance with all attributes of N.D.C.C. §11-23-02.

Corrective Action Plan:

We agree. LaMoure County is working on preparing a budget in compliance with NDCC 11-23-02.

Anticipated Completion Date:

Fiscal Year 2021

2020-005 – FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY**Condition:**

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

Corrective Action Plan:

We agree. LaMoure County approved a fraud risk fraud prevention and investigation to the employee handbook at the April 6, 2021 commission meeting.

Anticipated Completion Date:

Fiscal Year 2021

LAMOURE COUNTY**Management's Corrective Action Plan - Continued**

2020-006 – CONTROLS OVER FEMA FUNDS – SIGNIFICANT DEFICIENCY**Condition:**

LaMoure County had \$348,225 and \$4,522 in unused FEMA grant money in the FEMA special revenue fund for projects that have been finished in prior years.

Corrective Action Plan:

We agree. LaMoure County is working on giving each township a \$2,000 blading credit for the 2021 season and using \$60,000 to purchase culverts.

Anticipated Completion Date:

Fiscal Year 2021

2020-007 – CASH RECON ERROR – SIGNIFICANT DEFICIENCY**Condition:**

The County included some outstanding items as cleared items on their bank reconciliation for December 2020, which caused an understatement of \$34,680 on their daily cash sheet for 12/31/2020.

Corrective Action Plan:

We agree. LaMoure County is working on closing out the business day early on December 31 to balance before the day ends.

Anticipated Completion Date:

Fiscal Year 2021

LaMoure County Auditor

202 4th Ave NE
PO Box 128
LaMoure, ND 58458
(701)883-6040

2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition:

LaMoure 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.

Recommendation:

We recommend LaMoure 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.

Current Status of Recommendation:

We have not implemented. We prefer the State Auditor's prepare for us.

2019-002 ADJUSTING JOURNAL ENTRIES – RECEIVABLE SCHEDULE PREPARATION – MATERIAL WEAKNESS

Condition:

Material auditor-identified intergovernmental and accounts receivable adjusting entries to the financial statements totaling \$330,167 were proposed to properly reflect the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Recommendation:

We recommend LaMoure County prepare a receivable schedule at year end for financial statement inclusion in order to present the financial statements in compliance with GAAP.

Current Status of Recommendation:

We have not implemented. We prefer the State Auditor's prepare for us.

2019-003 LACK OF TIME SHEETS – SHERIFF'S DEPARTMENT

Condition:

The LaMoure County Sheriff's Department did not provide adequate documentation of deputy hours worked to the County Auditor. The sheriff's department only provides a schedule of time that deputies are scheduled to work, but no documentation of actual hours worked that is reviewed by management is provided to the County Auditor.

Recommendation:

We recommend the LaMoire County Sheriff's Department provide the County Auditor adequate documentation of sheriff department personnel's actual hours worked. This documentation should be reviewed by management.

Current Status of Recommendation:

The Sheriff will not provide.

2019-004 FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition:

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

Recommendation:

We recommend the LaMoire 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.

Current Status of Recommendation:

A Fraud Risk Assessment has been approved at the April 6, 2021 commissioner meeting.

2019-005 CONTROLS OVER FEMA FUNDS – SIGNIFICANT DEFICIENCY

Condition:

LaMoire County had \$352,747 in unused FEMA grant money in the FEMA special revenue fund for projects that have been finished in prior years.

Recommendation:

We recommend LaMoire County review guidance from DES for instruction as to the use of the unused funds that are currently idle in its FEMA fund. We further recommend implementing procedures to ensure that leftover grant funds are handled appropriately.

Current Status of Recommendation:

LaMoire County approved each township to received \$2,000.00 blading credit for the 2021 season and \$60,000.00 be used on culverts for the 2021 season.

2019-006 CASH RECON ERROR – SIGNIFICANT DEFICIENCY

Condition:

One of the County's December 31, 2018 bank reconciliations did not agree to the December 31, 2018 daily cash sheet. An additional amount of \$127,937 that was recorded in the general ledger in 2019, was recorded on both the outstanding deposits and on the County's reconciled cash balance. However, the County's financial records were properly showing the correct cash amount, so no financial statement adjustment was necessary.

LAMOURE COUNTY

Status of Prior Year Recommendations

Recommendation:

We recommend that the County implement controls surrounding the bank reconciliation process to ensure accuracy and decrease the chance of material financial statement misstatements whether due to error or fraud.

Current Status of Recommendation:

We plan to cut off the business day early on December 31 to make sure we are balanced.



Jan Hamlin

County Auditor, LaMoure County

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

ndsao@nd.gov

GOVERNANCE COMMUNICATION

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of LaMoure County, North Dakota, and the respective changes in financial position for the years ended December 31, 2020 which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated April 28, 2021. 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 March 9, 2021, 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 LaMoure 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 LaMoure 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. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the LaMoure County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the purpose of expressing an opinion on the LaMoure County's compliance with those requirements over the major federal programs. While our audit provides a reasonable basis for our opinion over compliance for the major federal programs, it does not provide a legal determination on the LaMoure County's compliance with those requirements.

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 LaMoure County are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or

LAMOURE COUNTY

Governance Communication – Continued

consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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.

2020 Adjustments	Client Provided Adjustments		Audit Adjustments		Total Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
Governmental Activities						
<u>To record audit found receivables</u>						
Intergovernmental Receivable	-	-	317,674	-	317,674	-
Accounts Receivable	-	-	46,950	-	46,950	-
Revenue	-	-	-	364,624	-	364,624
<u>To record client and audit found payables</u>						
Expenditures	15,698	-	204,310	-	220,008	-
Salaries Payable	-	15,698	-	1,798	-	17,496
Accounts Payable	-	-	-	204,310	-	204,310
<u>To record grants received in advance</u>						
Revenue	-	-	155,210	-	155,210	-
Grants Received in Advance	-	-	-	155,210	-	155,210

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 April 28, 2021.

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 LaMoure 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 LaMoure 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 LaMoure County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
April 28, 2021



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505