



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Ramsey County

Devils Lake, North Dakota

Audit Report for the Year Ended December 31, 2020

Client Code: PS36000



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Office of the
State Auditor

RAMSEY COUNTY

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For the Year Ended December 31, 2020

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RAMSEY COUNTY

County Officials and Audit Personnel
December 31, 2020

COUNTY OFFICIALS

Jeff Frith
Lucas Wakefield
Adam Leiphon
Ed Brown
Blaine Volk

Chairman
Vice Chairman
Commissioner
Commissioner
Commissioner

Kandy Christopherson
Lisa Diseth
Rebecca Nelson
Beverly Bachmeier
Steven Nelson
Beau Cummings
Chris Jaeger

Auditor
Treasurer/Superintendent of Schools
Clerk of Court
Recorder
Sheriff
States Attorney
Emergency Manager

AUDIT PERSONNEL

Heath Erickson, CPA
Mike Scherr

Audit Manager
Audit In-Charge



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Ramsey County
Devils Lake, 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 Ramsey County, North Dakota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Ramsey County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 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 Ramsey County, North Dakota, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021 on our consideration of Ramsey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ramsey County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
August 30, 2021

RAMSEY COUNTY

Statement of Net Position

December 31, 2020

| | Primary Government | Component Unit |
|---------------------------------------|----------------------------|-------------------------------|
| | Governmental Activities | Water Resource District |
| ASSETS | | |
| Cash and Investments | \$ 8,893,384 | \$ 632,815 |
| Intergovernmental Receivable | 363,238 | - |
| Road Receivable | 2,235 | - |
| Taxes Receivable | 102,862 | 3,408 |
| Capital Assets | | |
| Nondepreciable | 189,037 | - |
| Depreciable, Net | 35,867,573 | - |
| Total Assets | \$ 45,418,329 | \$ 636,223 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pensions & OPEB | \$ 9,861,974 | \$ 62,261 |
| LIABILITIES | | |
| Accounts Payable | \$ 100,506 | \$ - |
| Salaries Payable | 432,058 | - |
| Payroll Liabilities | 12,436 | - |
| Retainage Payable | 31,098 | - |
| Grants Received in Advance | 442,338 | - |
| Interest Payable | 3,141 | - |
| Incurred, But Not Reported Claims | 81,800 | - |
| Long-Term Liabilities | | |
| Due Within One Year | | |
| Long-Term Debt | 137,889 | - |
| Compensated Absences Payable | 169,537 | - |
| Due After One Year | | |
| Long-Term Debt | 570,000 | - |
| Compensated Absences Payable | 314,855 | - |
| Net Pension and OPEB Liability | 14,790,910 | 99,921 |
| Total Liabilities | \$ 17,086,568 | \$ 99,921 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions & OPEB | \$ 2,075,574 | \$ 14,859 |
| NET POSITION | | |
| Net Investment in Capital Assets | \$ 35,314,483 | \$ - |
| Restricted for | | |
| Debt Service | 16,203 | - |
| Capital Projects | 14,791 | - |
| Highways and Bridges | 4,587,548 | - |
| Conservation of Natural Resources | 144,184 | 583,704 |
| Emergencies | 77,613 | - |
| Unrestricted | (4,036,661) | - |
| Total Net Position | \$ 36,118,161 | \$ 583,704 |

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

RAMSEY COUNTY

Statement of Activities

For the Year Ended December 31, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|---------------------------------------|---------------|---|--|--|--|-------------------------------|
| | | Fees, Fines, Forfeits and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | Component Unit |
| | | | | | Governmental Activities | Water Resource District |
| Primary Government | | | | | | |
| Governmental Activities | | | | | | |
| General Government | \$ 3,333,433 | \$ 112,978 | \$ 37,002 | \$ - | \$ (3,183,453) | |
| Public Safety | 2,372,791 | 21,141 | 52,696 | - | (2,298,954) | |
| Highways and Bridges | 3,910,640 | 296,434 | 998,128 | 1,051,878 | (1,564,200) | |
| Flood Repair & Mitigation | 21,581 | - | 21,581 | - | - | |
| Health and Welfare | 6,247,703 | 397,675 | 5,290,706 | - | (559,322) | |
| Conservation of Natural Resources | 337,779 | 14,077 | - | - | (323,702) | |
| Emergency | 34,496 | - | - | - | (34,496) | |
| Interest on Long-Term Debt | 27,304 | - | - | - | (27,304) | |
| Total Primary Government | \$ 16,285,727 | \$ 842,305 | \$ 6,400,113 | \$ 1,051,878 | \$ (7,991,431) | |
| Component Unit | | | | | | |
| Water Resource District | \$ 193,521 | \$ - | \$ - | \$ - | \$ - | \$ (193,521) |
| General Revenues | | | | | | |
| Property Taxes | | | | | \$ 4,643,685 | \$ 119,620 |
| Drain Assessments | | | | | - | 255,070 |
| Unrestricted Grants and Contributions | | | | | 1,419,070 | 8,215 |
| Unrestricted Investment Earnings | | | | | 125,403 | 1,275 |
| Gain of Sales of Capital Assets | | | | | 19,893 | - |
| Miscellaneous Revenue | | | | | 295,833 | 24,925 |
| Total General Revenues | | | | | \$ 6,503,884 | \$ 409,105 |
| Change in Net Position | | | | | \$ (1,487,547) | \$ 215,584 |
| Net Position - January 1 | | | | | \$ 37,605,708 | \$ 339,577 |
| Prior Period Adjustments | | | | | \$ - | \$ 28,543 |
| Net Position - January 1, as restated | | | | | \$ 37,605,708 | \$ 368,120 |
| Net Position - December 31 | | | | | \$ 36,118,161 | \$ 583,704 |

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

RAMSEY COUNTY

Balance Sheet – Governmental Funds

December 31, 2020

| | General Fund | Special Revenue Fund | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|----------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 545,172 | \$ 6,899,190 | \$ 28,715 | \$ 7,473,077 |
| Intergovernmental Receivable | 209,818 | 153,167 | 253 | 363,238 |
| Road Receivable | - | 2,235 | - | 2,235 |
| Taxes Receivable | 62,828 | 38,008 | 2,026 | 102,862 |
| Total Assets | <u>\$ 817,818</u> | <u>\$ 7,092,600</u> | <u>\$ 30,994</u> | <u>\$ 7,941,412</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 15,310 | \$ 85,196 | \$ - | \$ 100,506 |
| Salaries Payable | 125,206 | 306,852 | - | 432,058 |
| Grants Received in Advance | - | 442,338 | - | 442,338 |
| Payroll Liabilities | 12,436 | - | - | 12,436 |
| Total Liabilities | <u>\$ 152,952</u> | <u>\$ 834,386</u> | <u>\$ -</u> | <u>\$ 987,338</u> |
| Deferred Inflows of Resources | | | | |
| Road Receivable | \$ - | \$ 2,235 | \$ - | \$ 2,235 |
| Taxes Receivable | 62,828 | 38,008 | 2,026 | 102,862 |
| Total Deferred Inflows of Resources | <u>\$ 62,828</u> | <u>\$ 40,243</u> | <u>\$ 2,026</u> | <u>\$ 105,097</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>\$ 215,780</u> | <u>\$ 874,629</u> | <u>\$ 2,026</u> | <u>\$ 1,092,435</u> |
| Fund Balances | | | | |
| Restricted | | | | |
| Debt Service | \$ - | \$ - | \$ 14,177 | \$ 14,177 |
| Capital Projects | - | - | 14,791 | 14,791 |
| Highways and Bridges | - | 5,210,248 | - | 5,210,248 |
| Health and Welfare | - | 689,554 | - | 689,554 |
| Conservation of Natural Resources | - | 224,202 | - | 224,202 |
| Emergency | - | 150,753 | - | 150,753 |
| Unassigned | 602,038 | (56,786) | - | 545,252 |
| Total Fund Balances | <u>\$ 602,038</u> | <u>\$ 6,217,971</u> | <u>\$ 28,968</u> | <u>\$ 6,848,977</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 817,818</u> | <u>\$ 7,092,600</u> | <u>\$ 30,994</u> | <u>\$ 7,941,412</u> |

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

RAMSEY COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2020

| | |
|--|---------------------|
| Total Fund Balances of Governmental Funds | \$ 6,848,977 |
|--|---------------------|

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

| | |
|--|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 36,056,611 |
|--|------------|

| | |
|--|-----------|
| An internal service fund is used by the county to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | 1,338,506 |
|--|-----------|

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

| | | |
|------------------|--------------|---------|
| Taxes Receivable | \$ 102,862 | |
| Road Receivable | <u>2,235</u> | 105,097 |

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 | \$ 9,861,974 | |
| Deferred Inflows Derived From Pensions and OPEB | <u>(2,075,574)</u> | 7,786,400 |

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

| | | |
|------------------------------|---------------------|---------------------|
| Long-Term Debt | \$ (707,889) | |
| Interest Payable | (3,141) | |
| Retainage Payable | (31,098) | |
| Compensated Absences | (484,392) | |
| Net Pension & OPEB Liability | <u>(14,790,910)</u> | <u>(16,017,430)</u> |

| | |
|--|-----------------------------|
| Total Net Position of Governmental Activities | <u>\$ 36,118,161</u> |
|--|-----------------------------|

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

RAMSEY COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2020

| | General Fund | Special Revenue Fund | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 2,829,932 | \$ 1,743,942 | \$ 78,960 | \$ 4,652,834 |
| Intergovernmental | 1,229,686 | 6,520,328 | 69,169 | 7,819,183 |
| Charges for Services | 525,091 | 318,233 | - | 843,324 |
| Licenses, Permits and Fees | 6,702 | - | - | 6,702 |
| Interest Income | 125,224 | 180 | - | 125,404 |
| Miscellaneous | 118,652 | 177,181 | - | 295,833 |
| Total Revenues | \$ 4,835,287 | \$ 8,759,864 | \$ 148,129 | \$ 13,743,280 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | \$ 2,815,673 | \$ - | \$ 34,760 | \$ 2,850,433 |
| Public Safety | 755,849 | 1,416,168 | - | 2,172,017 |
| Highways and Bridges | - | 3,698,896 | - | 3,698,896 |
| Flood Repair & Mitigation | - | 21,581 | - | 21,581 |
| Health and Welfare | 9,713 | 4,827,352 | - | 4,837,065 |
| Conserv. of Natural Resources | - | 308,555 | - | 308,555 |
| Emergency | - | 7,904 | - | 7,904 |
| Capital Projects | - | - | 65,395 | 65,395 |
| Debt Service | | | | |
| Principal | 81,416 | - | 55,000 | 136,416 |
| Interest and Fiscal Charges | 2,966 | - | 25,591 | 28,557 |
| Total Expenditures | \$ 3,665,617 | \$ 10,280,456 | \$ 180,746 | \$ 14,126,819 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 1,169,670 | \$ (1,520,592) | \$ (32,617) | \$ (383,539) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | \$ 311,470 | \$ 1,229,156 | \$ - | \$ 1,540,626 |
| Sale of Capital Assets | 8,000 | 123,300 | - | 131,300 |
| Transfers Out | (1,052,227) | (488,399) | - | (1,540,626) |
| Total Other Financing Sources and Uses | \$ (732,757) | \$ 864,057 | \$ - | \$ 131,300 |
| Net Change in Fund Balances | \$ 436,913 | \$ (656,535) | \$ (32,617) | \$ (252,239) |
| Fund Balances - January 1 | \$ 165,125 | \$ 6,874,506 | \$ 61,585 | \$ 7,101,216 |
| Fund Balances - December 31 | \$ 602,038 | \$ 6,217,971 | \$ 28,968 | \$ 6,848,977 |

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

RAMSEY COUNTY

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

Net Change in Fund Balances - Total Governmental Funds **\$ (252,239)**

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.

| | | |
|-----------------------|--------------------|-----------|
| Capital Outlay | \$ 1,721,804 | |
| Capital Contributions | 1,051,878 | |
| Depreciation Expense | <u>(1,717,343)</u> | 1,056,339 |

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

| | | |
|---------------------------------------|------------------|-----------|
| Loss on Sales of Capital Assets | \$ 19,893 | |
| Proceeds from Sales of Capital Assets | <u>(131,300)</u> | (111,407) |

Repayment of long-term debt is an expenditure in the governmental funds, but reduced long-term debt in the statement of net position.

136,416

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

| | | |
|------------------------------------|--------------|-----------|
| Net Change in Compensated Absences | \$ (152,209) | |
| Net Change in Retainage Payable | (31,098) | |
| Net Change in Interest Payable | <u>1,254</u> | (182,053) |

The net pension and 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.

| | | |
|--|-----------------|-------------|
| Net Change in Net Pension & OPEB Liability | \$ (10,556,266) | |
| Net Change in Deferred Outflows of Resources | 7,986,426 | |
| Net Change in Deferred Inflows of Resources | <u>23,219</u> | (2,546,621) |

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

| | | |
|--------------------------------|----------------|----------|
| Net Change in Taxes Receivable | \$ (9,149) | |
| Net Change in Road Receivables | <u>(7,722)</u> | (16,871) |

An internal service fund is used by the county's management to charge the cost of health insurance to individual functions. The net operating income of certain activities of internal service funds is reported with governmental activities.

428,889

Change in Net Position of Governmental Activities **\$ (1,487,547)**

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

RAMSEY COUNTY

Statement of Net Position – Proprietary Fund – Health Insurance
December 31, 2020

| | Internal Service Fund |
|----------------------------------|----------------------------|
| CURRENT ASSETS | |
| Cash | <u>\$ 1,420,306</u> |
| CURRENT LIABILITIES | |
| Incurred But Not Reported Claims | <u>\$ 81,800</u> |
| NET POSITION | |
| Restricted | <u><u>\$ 1,338,506</u></u> |

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

RAMSEY COUNTY

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Health Insurance
For the year Ended December 31, 2020

| | |
|--|----------------------------|
| | Internal Service Fund |
| OPERATING REVENUES | |
| Contributions to Self-Insurance | <u>\$ 2,342,854</u> |
| OPERATING EXPENSES | |
| Health Insurance Claims | <u>\$ 1,916,338</u> |
| Operating Income | <u>\$ 426,516</u> |
| Non-operating Revenues (Expenses) | |
| Other Receipts | <u>\$ 2,373</u> |
| Total Non-operating Revenues (Expenses) | <u>2,373</u> |
| Net Income (Loss) | <u>\$ 428,889</u> |
| Net Position - January 1 | <u>\$ 909,617</u> |
| Net Position - December 31 | <u><u>\$ 1,338,506</u></u> |

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

RAMSEY COUNTY

Statement of Cash Flows – Proprietary Fund – Health Insurance
For the year Ended December 31, 2020

| | <u>Internal Service Fund</u> |
|---|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from User Charges | \$ 2,342,854 |
| Payments for Health Insurance Claims | <u>(1,900,078)</u> |
| Net Cash Provided by Operating Activities | <u>\$ 442,776</u> |
| CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Miscellaneous | <u>\$ 2,373</u> |
| Net Cash Provided by Non-capital and Related Financing Activities | <u>\$ 2,373</u> |
| Net Increase in Cash | <u>\$ 445,149</u> |
| Cash - January 1 | <u>\$ 975,157</u> |
| Cash - December 31 | <u><u>\$ 1,420,306</u></u> |
| RECONCILIATION OF OPERATING LOSS TO NET DECREASE IN CASH | |
| Operating Income | <u>\$ 426,516</u> |
| Adjustments to Reconcile Operating Income to Net Increase in Cash | |
| Increase in IBNR Claims Payable | <u>\$ 16,260</u> |
| Net Increase in Cash | <u><u>\$ 442,776</u></u> |

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

RAMSEY COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2020

| | Custodial Funds |
|--|---------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 5,141,179</u> |
| LIABILITIES & DERRERED INFLOWS OF RESOURCES | |
| Liabilities | |
| Funds Held for Other Governmental Units | \$ 170,222 |
| Funds Held for Other Purposes | <u>25,173</u> |
| Total Liabilities | <u>\$ 195,395</u> |
| Deferred Inflows of Resources | |
| Taxes Received in Advance | <u>\$ 4,945,784</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>\$ 5,141,179</u> |

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

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

| | Custodial Funds |
|---|----------------------|
| ADDITIONS | |
| Tax Collections for Other Governments | \$ 16,160,093 |
| Grant Collections for Other Governments | 396,912 |
| Miscellaneous Collections | <u>137,115</u> |
| Total Additions | <u>\$ 16,694,120</u> |
| DEDUCTIONS | |
| Tax Disbursements to Other Governments | \$ 16,160,093 |
| Grant Disbursements to Other Governments | 396,912 |
| Miscellaneous Disbursements | <u>137,115</u> |
| Total Deductions | <u>\$ 16,694,120</u> |
| Net Increase (Decrease) in Fiduciary Net Position | <u>\$ -</u> |
| Net Position - Beginning | <u>\$ -</u> |
| Net Position - Ending | <u>\$ -</u> |

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

RAMSEY COUNTY

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ramsey 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 it is financially accountable and other organizations for which the nature and significance of their relationships with the County such that exclusion would cause its 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, there is one component unit to be included within the County as a reporting entity.

Component Units

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 unit. This unit is reported in a separate column to emphasize that it is legally separate from the County.

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

The financial statements of the discretely presented component unit are presented in the County's basic financial statements. Additional information can be obtained from the Secretary-Treasurer, Ramsey County Water Resource District, 524 4th Avenue, Devils Lake, North Dakota, 58301.

Basis of Presentation

Government-Wide statements. The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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.

RAMSEY 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 and functions. The major sources of revenues are restricted tax levies and state/federal grants/reimbursements.

The County reports the following proprietary fund.

Internal Service Fund. This fund accounts for medical insurance and workers' compensation insurance and unemployment claims provided to other departments on a cost-reimbursement basis.

Additionally, the County reports the following fiduciary fund type.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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 consist of certificates of deposit stated at cost with maturities in excess of three months.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Capital Assets

Capital assets for the primary government 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. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (amounts in years):

| | |
|-----------------------|--------|
| Buildings | 40 |
| Vehicles | 3 - 5 |
| Office Equipment | 3 - 5 |
| Machinery & Equipment | 5 - 15 |
| Infrastructure | 40 |

Compensated Absences

Vacation leave is earned by county employees at the rate of one to two days per month depending on years of service. Up to 30 days of vacation leave may be carried over at each year-end. Sick leave benefits are earned by full-time employees at the rate of one day per month regardless of the years of service. An unlimited number of sick leave hours may be carried over by employees. Employees are paid 1/6 of their accumulated sick leave upon termination of employment. A liability for the vested or accumulated vacation leave is reported in government-wide statement of net position.

Long-Term Obligations

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

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. 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 Balances

Minimum Fund Balance Policy. The County budget committee established a 10-15% general fund carryover balance target to help with financial stability. The 10-15% fund balance range is a part of the budget recommendation adopted by the County each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the County

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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 Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

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

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

Net Position

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the 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 Federal & State grants/reimbursements.

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

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: PRIOR PERIOD ADJUSTMENTS

Beginning net position adjustments were necessary for payroll liabilities for the Water Resource District that were being accrued in error in the clients software.

Adjustments to beginning net position are as follows:

| Water Resource District | Amounts |
|--|------------|
| Beginning Net Position, as Previously Reported | \$ 339,577 |
| Prior Period Adjustment | |
| Payroll Liabilities | 28,543 |
| Net Position January 1, Restated | \$ 368,120 |

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the County would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The County does not have a formal policy regarding deposits that limits the amount they may invest in any one issuer.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

In accordance with North Dakota statutes, 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 December 31, 2020, the County's carrying amount of deposits was \$13,733,262 and the bank balances were \$14,016,376. Of the bank balances, \$1,500,000 was covered by Federal Depository Insurance, while the remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2020, the Water Resource District's carrying amount of deposits was \$632,939 and the bank balance was \$604,227. Of the bank balances, \$250,000 was covered by Federal Depository Insurance, while the remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 4 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 are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

NOTE 5 CAPITAL ASSETS

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

| Primary Government | Balance Jan 1 | Increases | Decreases | Transfers | Balance Dec 31 |
|---|--------------------------|------------------|------------------|------------------|---------------------------|
| Capital Assets Not Being Depreciated | | | | | |
| Land | \$ 30,716 | \$ - | \$ 750 | \$ - | \$ 29,966 |
| Intangibles | 152,176 | - | - | - | 152,176 |
| Construction in Progress | 36,843 | 1,688,398 | - | (1,718,346) | 6,895 |
| Total Capital Assets, Not Being Depreciated | \$ 219,735 | \$ 1,688,398 | \$ 750 | \$ (1,718,346) | \$ 189,037 |
| Capital Assets Being Depreciated | | | | | |
| Buildings | \$ 4,404,482 | \$ 52,201 | \$ 124,874 | \$ - | \$ 4,331,809 |
| Equipment | 3,905,866 | 1,253,082 | 888,174 | - | 4,270,774 |
| Infrastructure | 37,638,094 | - | - | 1,718,346 | 39,356,440 |
| Total Capital Assets, Being Depreciated | \$ 45,948,442 | \$ 1,305,283 | \$ 1,013,048 | \$ 1,718,346 | \$ 47,959,023 |
| Less Accumulated Depreciation | | | | | |
| Buildings | \$ 1,968,081 | \$ 107,275 | \$ 27,227 | \$ - | \$ 2,048,129 |
| Equipment | 2,229,770 | 298,187 | 655,164 | - | 1,872,793 |
| Infrastructure | 6,858,649 | 1,311,881 | - | - | 8,170,530 |
| Total Accumulated Depreciation | \$ 11,056,500 | \$ 1,717,343 | \$ 682,391 | \$ - | \$ 12,091,452 |
| Total Capital Assets Being Depreciated, Net | \$ 34,891,942 | \$ (412,060) | \$ 330,657 | \$ 1,718,346 | \$ 35,867,573 |
| Governmental Capital Assets, Net | \$ 35,111,677 | \$ 1,276,338 | \$ 331,407 | \$ - | \$ 36,056,610 |

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

| | |
|----------------------------|--------------|
| General Government | \$ 113,095 |
| Public Safety | 24,558 |
| Highways and Bridges | 1,537,782 |
| Health and Welfare | 41,908 |
| Total Depreciation Expense | \$ 1,717,343 |

Intangible assets represent rights of way that aren't depreciated.

NOTE 6 LONG-TERM LIABILITIES**Primary Government**

During the year ended December 31, 2020; the following changes occurred in long-term liabilities for the primary government:

| Primary Government | Balance Jan 1 | Increases | Decreases | Balance Dec 31 | Due Within One Year |
|--------------------------------|------------------|--------------|------------|-------------------|------------------------|
| Long-Term Debt | | | | | |
| Loans Payable | \$ 164,305 | \$ - | \$ 81,416 | \$ 82,889 | \$ 82,889 |
| Bonds Payable | 680,000 | - | 55,000 | 625,000 | 55,000 |
| Total Long-Term Debt | \$ 844,305 | \$ - | \$ 136,416 | \$ 707,889 | \$ 137,889 |
| Compensated Absences * | \$ 332,183 | \$ 152,209 | \$ - | \$ 484,392 | \$ 169,537 |
| Net Pension and OPEB Liability | 4,234,644 | 10,556,266 | - | 14,790,910 | - |
| Total Primary Government | \$ 5,411,132 | \$10,708,475 | \$ 136,416 | \$15,983,191 | \$ 307,426 |

* The change in compensated absences is shown as a net change.

The annual requirements to amortize the outstanding long-term liabilities, excluding compensated absences and net pension liability are as follows:

| Year Ending Dec 31 | Loans Payable | | Bonds Payable | |
|-----------------------|---------------|----------|---------------|------------|
| | Principal | Interest | Principal | Interest |
| 2021 | 82,889 | 1,492 | 55,000 | 23,369 |
| 2022 | - | - | 55,000 | 21,513 |
| 2023 | - | - | 55,000 | 19,588 |
| 2024 | - | - | 60,000 | 17,500 |
| 2025 | - | - | 60,000 | 15,250 |
| 2026-2030 | - | - | 340,000 | 36,863 |
| Total | \$ 82,889 | \$ 1,492 | \$ 625,000 | \$ 134,083 |

Discretely Presented Component Unit

During the year ended December 31, 2020, the following changes occurred in the long-term liabilities of the Water Resource District:

| Water Resource District | Balance Jan 1 | Increases | Decreases | Balance Dec 31 | Due Within One Year |
|--------------------------------|------------------|-----------|-----------|-------------------|------------------------|
| Net Pension and OPEB Liability | \$ 39,752 | \$ 60,169 | \$ - | \$ 99,921 | \$ - |
| Total Water Resource District | \$ 39,752 | \$ 60,169 | \$ - | \$ 99,921 | \$ - |

NOTE 7 OPERATING LEASES

The County is engaged in an operating lease with Central Business Systems for six copiers. Total lease payments made during 2020 totaled \$4,905. Future lease payments are as follows:

| Payments | Amounts |
|-----------------|----------------|
| 2021 | 4,068 |
| 2022 | 4,068 |
| 2023 | 4,068 |
| 2024 | 4,068 |
| 2025 | 4,068 |

NOTE 8 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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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 for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. 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, the following net pension liabilities were reported:

| | Net Pension Liability |
|-------------------------|------------------------------|
| Primary Government | \$ 14,436,023 |
| Water Resource District | 97,401 |

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 their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2020 the entities had the following proportions, change in proportions, and pension expense:

| | Proportion | Increase (Decrease) in Proportion from June 30, 2019 Measurement | Pension Expense |
|-------------------------|-------------------|---|------------------------|
| Primary Government | 0.458866% | 0.119264% | \$ 2,891,165 |
| Water Resource District | 0.003096% | -0.000092% | 19,069 |

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

| Primary Government | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 56,180 | \$ 731,487 |
| Changes of Assumptions | 7,738,619 | 1,279,385 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 465,922 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 1,270,563 | 51,200 |
| Employer Contributions Subsequent to the Measurement Date | 181,100 | - |
| Total Primary Government | \$ 9,712,384 | \$ 2,062,072 |

| Water Resource District | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 378 | \$ 4,935 |
| Changes of Assumptions | 52,213 | 8,632 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 3,144 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 3,414 | 1,209 |
| Employer Contributions Subsequent to the Measurement Date | 2,233 | - |
| Total Water Resource District | \$ 61,382 | \$ 14,776 |

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020:

| | |
|-------------------------|------------|
| Primary Government | \$ 181,100 |
| Water Resource District | 2,233 |

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

| | Primary Government | Water Resource District |
|------|-------------------------------|------------------------------------|
| 2021 | \$ 2,185,879 | \$ 14,233 |
| 2022 | 1,933,204 | 11,780 |
| 2023 | 1,606,513 | 8,651 |
| 2024 | 1,743,616 | 9,709 |
| 2025 | - | - |

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 | 2.25% |
| Salary increases | 3.5% to 17.75% including inflation |
| Investment rate of return | 7.00%, net of investment expenses |
| Cost-of-living adjustments | None |

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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 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 Equities | 30% | 6.30% |
| International Equities | 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 Employer's 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:

| Proportionate Share of the Net Pension Liability | 1% Decrease (3.64%) | Current Discount Rate (4.64%) | 1% Increase (5.64%) |
|---|----------------------------|--------------------------------------|----------------------------|
| Primary Government | \$ 18,729,656 | \$ 14,436,023 | \$ 10,922,785 |
| Water Resource District | 126,370 | 97,401 | 73,697 |

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 9 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

RAMSEY 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, the following net OPEB liabilities were reported:

| | Net OPEB Liability |
|-------------------------|---------------------------|
| Primary Government | \$ 354,887 |
| Water Resource District | 2,520 |

The net OPEB 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 OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 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 |
|-------------------------|-------------------|---|-------------------------|
| Primary Government | 0.421883% | 0.105316% | \$ 62,643 |
| Water Resource District | 0.002996% | 0.000025% | 372 |

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

| Primary Government | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 7,880 | \$ 8,508 |
| Changes of Assumptions | 47,584 | - |
| Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments | 12,204 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 54,929 | 4,994 |
| Employer Contributions Subsequent to the Measurement Date | 26,993 | - |
| Total Primary Government | \$ 149,590 | \$ 13,502 |

| Water Resource District | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 55 | \$ 60 |
| Changes of Assumptions | 338 | - |
| Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments | 87 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 42 | 23 |
| Employer Contributions Subsequent to the Measurement Date | 358 | - |
| Total Water Resource District | \$ 880 | \$ 83 |

RAMSEY COUNTY

Notes to the Financial Statements – Continued

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021:

| | |
|-------------------------|-----------|
| Primary Government | \$ 26,993 |
| Water Resource District | 358 |

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

| | Primary Government | Water Resource District |
|------------|--------------------|-------------------------|
| 2021 | \$ 22,992 | \$ 92 |
| 2022 | 26,146 | 115 |
| 2023 | 25,567 | 110 |
| 2024 | 22,270 | 86 |
| 2025 | 11,801 | 33 |
| 2026 | 319 | 3 |
| 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 | 2.25% |
| Salary increases | Not applicable |
| Investment rate of 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% |

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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:

| Proportionate Share of the Net OPEB Liability | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|--|--------------------------------|--|--------------------------------|
| Primary Government | \$ 465,442 | \$ 354,887 | \$ 261,398 |
| Water Resource District | 3,305 | 2,520 | 1,856 |

NOTE 10 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 (NDRF), 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 coverage by NDRF is limited to losses of two million dollars per occurrence for general liability and automobile and \$2,767,492 for mobile equipment and portable property (public assets).

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

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

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

IBNR Payable: Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$81,800. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement.

NOTE 11 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.

NOTE 12 JOINT VENTURES**Lake Region Law Enforcement Center**

Pursuant to an inter-local agreement authorized by state statutes, the County joined the City of Devils Lake to establish and operate the Lake Region Law Enforcement Center. Each government appoints two members of the board of directors for the joint venture. The operating and capital budgets are funded by contributions from each government and from other governments that use the center along with charges for services to governmental units that use the center. The County's share of assets, liabilities and fund equity is 50%.

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

| | Lake Region Law Enforcement |
|------------------------|--|
| Total Assets | \$ 3,374,573 |
| Total Liabilities | 450,128 |
| Total Net Position | \$ 2,924,445 |
| Total Revenues | \$ 4,579,383 |
| Total Expenses | 4,426,776 |
| Change in Net Position | \$ 152,607 |

Additional financial information may be obtained from the Lake Region Law Enforcement Center, Devils Lake, ND 58301.

Lake Region District Health Unit

Under authorization of state statutes, the County joined Benson County, Pierce County, and Eddy County to establish and operate the Lake Region District Health Unit. Each government appoints two members of the directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity is 25%.

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

| | Lake Region District Health |
|----------------------------------|--|
| Total Assets & Def. Outflows | \$ 2,319,179 |
| Total Liabilities & Def. Inflows | 1,703,252 |
| Total Net Position | \$ 615,927 |
| Total Revenues | \$ 2,252,728 |
| Total Expenses | 2,193,699 |
| Change in Net Position | \$ 59,029 |

Additional financial information may be obtained from the Lake Region District Health Unit, Courthouse, Devils Lake, ND 58301.

Devils Lake Basin Joint Water Resource District

Under authorization of state statutes, the Water Resource District joined the water resource districts of Cavalier County, Nelson County, Pierce County, Rolette County, Benson County, Towner County and Walsh County to establish and operate a joint exercise of powers agreement for water management districts located within the Devils Lake basin. The joint agreement created Devils Lake Basin Joint Water Resource Board. The agreement was established for the mutual advantage of the governments. Each government appoints one member of the directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets,

RAMSEY COUNTY

Notes to the Financial Statements – Continued

liabilities, and fund equity cannot be determined due to the lack of provisions being made for this in the joint power's agreement.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2012, which is the most current audited information.

| | Devils Lake Basin Joint WRD |
|----------------------------------|--|
| Total Assets & Def. Outflows | \$ 203,175 |
| Total Liabilities & Def. Inflows | - |
| Total Net Position | \$ 203,175 |
| Total Revenues | \$ 133,439 |
| Total Expenses | 169,563 |
| Change in Net Position | \$ (36,124) |

Additional financial information may be obtained from the Devils Lake Basin Joint Water Resource District, 524, 4th Ave. #27, Devils Lake, ND 58301.

NOTE 13 TAX ABATEMENTS

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

At December 31, 2020, the local governments within the County provided tax abatements to individuals and commercial entities in the form of property tax exemptions under the following criteria.

New Business

Under NDCC §40-57.1-03, a municipality may grant a partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements used in or necessary to the operation of a project for a period not exceeding five years from the date of commencement of project operations. A municipality may also grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements used in or necessary to the operation of a project that produces or manufactures a product from agricultural commodities for all or part of the sixth year through the tenth year from the date of commencement of project operations.

Charitable Organization

Under NDCC §57-02-08(8), buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to NDCC §23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land actually occupied by such institutions not leased or otherwise used with a view to profit may be exempt.

The total reduction in property tax revenue due to tax abatements is as follows:

| Program | Reduction in Property Tax Revenue |
|---|--|
| New Business | \$ 23,935 |
| Charitable Organizations | 53,430 |
| Other Programs | 6,180 |
| Total Reduction in Property Tax Revenue | \$ 83,545 |

RAMSEY COUNTY

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2020

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 2,830,023 | \$ 2,830,023 | \$ 2,829,932 | \$ (91) |
| Intergovernmental | 684,874 | 684,874 | 1,229,686 | 544,812 |
| Charges for Services | 553,979 | 553,979 | 525,091 | (28,888) |
| Licenses, Permits and Fees | 7,200 | 7,200 | 6,702 | (498) |
| Interest Income | 125,224 | 125,224 | 125,224 | - |
| Miscellaneous | 647,663 | 647,663 | 118,652 | (529,011) |
| Total Revenues | \$ 4,848,963 | \$ 4,848,963 | \$ 4,835,287 | \$ (13,676) |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | \$ 3,229,043 | \$ 3,285,897 | \$ 2,815,673 | \$ 470,224 |
| Public Safety | 829,418 | 772,564 | 755,849 | 16,715 |
| Health and Welfare | 16,000 | 16,000 | 9,713 | 6,287 |
| Debt Service | | | | |
| Principal | - | - | 81,416 | (81,416) |
| Interest & Service Charges | - | - | 2,966 | (2,966) |
| Total Expenditures | \$ 4,074,461 | \$ 4,074,461 | \$ 3,665,617 | \$ 408,844 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 774,502 | \$ 774,502 | \$ 1,169,670 | \$ 395,168 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | \$ - | \$ - | \$ 311,470 | \$ 311,470 |
| Sale of Capital Assets | - | - | 8,000 | 8,000 |
| Transfers Out | (740,757) | (740,757) | (1,052,227) | (311,470) |
| Total Other Financing Sources and Uses | \$ (740,757) | \$ (740,757) | \$ (732,757) | \$ 8,000 |
| Net Change in Fund Balance | \$ 33,745 | \$ 33,745 | \$ 436,913 | \$ 403,168 |
| Fund Balance - January 1 | \$ 165,125 | \$ 165,125 | \$ 165,125 | \$ - |
| Fund Balance - December 31 | \$ 198,870 | \$ 198,870 | \$ 602,038 | \$ 403,168 |

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

RAMSEY COUNTY

Budgetary Comparison Schedule – Special Revenue Fund

For the Year Ended December 31, 2020

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|--|---------------------|-----------------------|-----------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 1,981,796 | \$ 1,981,796 | \$ 1,743,942 | \$ (237,854) |
| Intergovernmental | 6,619,583 | 6,619,583 | 6,520,328 | (99,255) |
| Charges for Services | 367,606 | 367,606 | 318,233 | (49,373) |
| Interest Income | 180 | 180 | 180 | - |
| Miscellaneous | 255,174 | 255,174 | 177,181 | (77,993) |
| Total Revenues | \$ 9,224,339 | \$ 9,224,339 | \$ 8,759,864 | \$ (464,475) |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | \$ 1,549,232 | \$ 1,550,579 | \$ 1,416,168 | \$ 134,411 |
| Highways and Bridges | 5,084,582 | 5,084,582 | 3,698,896 | 1,385,686 |
| Flood Repair/Disaster Mitigation | 416,500 | 416,500 | 21,581 | 394,919 |
| Health and Welfare | 87,753 | 5,660,691 | 4,827,352 | 833,339 |
| Conservation of Natural Resources | 336,406 | 345,753 | 308,555 | 37,198 |
| Emergency | 50,000 | 50,000 | 7,904 | 42,096 |
| Total Expenditures | \$ 7,524,473 | \$ 13,108,105 | \$ 10,280,456 | \$ 2,827,649 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 1,699,866 | \$ (3,883,766) | \$ (1,520,592) | \$ 2,363,174 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | \$ - | \$ - | \$ 1,229,156 | \$ 1,229,156 |
| Sale of Capital Assets | - | - | 123,300 | 123,300 |
| Transfers Out | - | - | (488,399) | (488,399) |
| Total Other Financing Sources and Uses | \$ - | \$ - | \$ 864,057 | \$ 864,057 |
| Net Change in Fund Balances | \$ 1,699,866 | \$ (3,883,766) | \$ (656,535) | \$ 3,227,231 |
| Fund Balance - January 1 | \$ 6,874,506 | \$ 6,874,506 | \$ 6,874,506 | \$ - |
| Fund Balance - December 31 | \$ 8,574,372 | \$ 2,990,740 | \$ 6,217,971 | \$ 3,227,231 |

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

RAMSEY COUNTY

Schedule of Employer's Share of Net Pension Liability 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**

| Primary Government | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered-Employee Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---|--|--------------------------|--|--|
| 2020 | 0.458866% | \$ 14,436,023 | \$ 5,061,850 | 285.19% | 48.91% |
| 2019 | 0.339602% | 3,980,381 | 3,532,434 | 112.68% | 71.66% |
| 2018 | 0.343607% | 5,798,743 | 3,529,931 | 164.27% | 62.80% |
| 2017 | 0.336521% | 5,408,997 | 3,435,357 | 157.45% | 61.98% |
| 2016 | 0.364810% | 2,986,956 | 3,088,608 | 96.71% | 70.46% |
| 2015 | 0.323680% | 2,200,969 | 2,883,596 | 76.33% | 77.15% |
| 2014 | 0.322807% | 2,048,925 | 2,719,249 | 75.35% | 77.70% |

| Water Resource District | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered-Employee Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|---|--|--------------------------|--|--|
| 2020 | 0.003096% | \$ 97,401 | \$ 34,152 | 285.20% | 48.91% |
| 2019 | 0.003188% | 37,366 | 33,157 | 112.69% | 71.66% |
| 2018 | 0.003195% | 53,919 | 32,824 | 164.27% | 62.80% |
| 2017 | 0.003025% | 48,622 | 30,880 | 157.45% | 61.98% |
| 2016 | 0.001726% | 16,822 | 17,392 | 96.72% | 70.46% |
| 2015 | 0.001890% | 12,852 | 16,836 | 76.34% | 77.15% |
| 2014 | 0.001822% | 11,565 | 15,355 | 75.32% | 77.70% |

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

RAMSEY COUNTY

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

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

| Primary Government | Statutory Required Contribution | Contributions in Relation to the Statutory Required Contribution | Contribution Deficiency (Excess) | District's Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|---------------------------|---------------------------------|--|----------------------------------|-------------------------------------|---|
| 2020 | \$ 358,423 | \$ 298,422 | \$ 60,001 | \$ 5,107,142 | 5.84% |
| 2019 | 257,181 | 253,294 | 3,887 | 3,532,434 | 7.17% |
| 2018 | 259,995 | 243,168 | 16,827 | 3,529,931 | 6.89% |
| 2017 | 249,105 | 230,080 | 19,025 | 3,326,930 | 6.92% |
| 2016 | 223,610 | 214,195 | 9,415 | 3,095,705 | 6.92% |
| 2015 | 219,032 | 204,185 | 14,847 | 2,874,419 | 7.10% |
| 2014 | 193,611 | 193,611 | - | 2,820,923 | 6.86% |

| Water Resource District | 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 | \$ 2,418 | \$ 2,406 | \$ 12 | \$ 38,897 | 6.19% |
| 2019 | 2,414 | 2,365 | 49 | 33,157 | 7.13% |
| 2018 | 2,418 | 2,150 | 268 | 32,824 | 6.55% |
| 2017 | 2,239 | 2,199 | 40 | 32,335 | 6.80% |
| 2016 | 1,259 | 1,339 | (80) | 23,887 | 5.61% |
| 2015 | 1,279 | 1,199 | 80 | 17,139 | 7.00% |
| 2014 | 1,093 | 1,093 | - | 15,983 | 6.84% |

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

RAMSEY 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**

| Primary Government | Proportion of the Net OPEB Liability (Asset) | Proportionate Share of the Net OPEB (Asset) | Covered-Employee Payroll | Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---------------------------|--|---|--------------------------|---|---|
| 2020 | 0.421883% | \$ 354,887 | \$ 5,061,850 | 7.01% | 63.38% |
| 2019 | 0.316567% | 254,263 | 3,532,434 | 7.20% | 63.13% |
| 2018 | 0.322599% | 254,069 | 3,529,931 | 7.20% | 61.89% |
| 2017 | 0.317547% | 251,183 | 3,435,357 | 7.31% | 59.78% |

| Water Resource District | Proportion of the Net OPEB Liability (Asset) | Proportionate Share of the Net OPEB (Asset) | Covered-Employee Payroll | Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|--------------------------------|--|---|--------------------------|---|---|
| 2020 | 0.002996% | \$ 2,520 | \$ 34,152 | 7.38% | 63.38% |
| 2019 | 0.002971% | 2,386 | 33,157 | 7.20% | 63.13% |
| 2018 | 0.003000% | 2,363 | 32,824 | 7.20% | 61.89% |
| 2017 | 0.002854% | 2,258 | 30,880 | 7.31% | 59.78% |

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

| Primary Government | Statutory Required Contribution | Contributions in Relation to the Statutory Required Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|---------------------------|---------------------------------|--|----------------------------------|--------------------------|---|
| 2020 | \$ 56,500 | \$ 47,282 | \$ 9,218 | \$ 5,107,142 | 0.93% |
| 2019 | 41,082 | 40,556 | 526 | 3,532,434 | 1.15% |
| 2018 | 41,404 | 38,934 | 2,470 | 3,529,931 | 1.10% |
| 2017 | 39,934 | 36,839 | 3,095 | 3,435,357 | 1.07% |

| Water Resource District | Statutory Required Contribution | Contributions in Relation to the Statutory Required Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|--------------------------------|---------------------------------|--|----------------------------------|--------------------------|---|
| 2020 | \$ 401 | \$ 385 | \$ 16 | \$ 38,897 | 0.99% |
| 2019 | 386 | 379 | 7 | 33,157 | 1.14% |
| 2018 | 385 | 344 | 41 | 32,824 | 1.05% |
| 2017 | 359 | 352 | 7 | 30,880 | 1.14% |

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

RAMSEY 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 a basis consistent with accounting principles generally accepted in the United States (GAAP).
- 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, information for those years for which information is available will be presented.

NOTE 3 CHANGES OF BENEFIT TERMS – PENSION AND OPEB

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, 2019.

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

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

- The investment return assumption was lowered from 7.5% to 7.0%
- 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

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

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 2019 as follows:

| | EXPENDITURES | | |
|----------------------|--------------------|--------------|-------------------|
| | Original Budget | Amendment | Amended Budget |
| Major Funds | | | |
| Special Revenue Fund | \$ 7,524,473 | \$ 5,583,632 | \$ 13,108,105 |



**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
Ramsey County
Devils Lake, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ramsey County as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated August 30, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2020-001, 2020-002 that we consider to be material weaknesses.

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

Ramsey County's Response to Findings

Ramsey County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings*. Ramsey 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
August 30, 2021

RAMSEY 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? X Yes None Noted

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

Noncompliance material to financial statements noted? Yes X None Noted

RAMSEY COUNTY

Schedule of Audit Findings

For the Year Ended December 31, 2020

2020-001 LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – MATERIAL WEAKNESS

Condition

The Ramsey County Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations

Effect

The lack of segregation of duties increases the risk of material misstatement to the Ramsey County Water Resource District's financial condition, whether due to error or fraud.

Cause

Management has chosen to allocate economic resources to other functions of the Ramsey County Water Resource District.

Criteria

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the districts.

Prior Recommendation

Yes.

Recommendation

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Ramsey County Water Resource District's Response

Agree. The Ramsey County Water Resource District agrees and will segregate duties as it becomes feasible.

2020-002 PAYROLL LIABILITY ERRORS - COMPONENT UNIT – MATERIAL WEAKNESS

Condition

Material auditor-identified payroll liability adjustments in the clients software were proposed to properly reflect the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Effect

Inadequate internal controls and oversight over recording of transactions in the clients software affected Ramsey County Water Resource District's ability to detect misstatements in amounts that could be material in relation to the financial statements.

Cause

Management of Ramsey County Water Resource District may not have known the software was recording liability amounts in error.

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 reporting of revenues, expenditures, and fund balance, management is responsible for adequate internal controls surrounding the financial reporting process.

Prior Recommendation

No.

Recommendation

We recommend that Ramsey County Water Resource District fully utilize its general ledger software to ensure accurate reporting of revenues, expenditures, and fund balances. We further recommend Ramsey County Water Resource District staff obtain all training needed to utilize its software for future reporting periods.

Ramsey County Water Resource District's Response

Agree. The Ramsey County Water Resource District will seek out software training to help use the software accurately.



GOVERNANCE COMMUNICATION

Board of County Commissioners
Ramsey County
Devils Lake, 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 Ramsey County, North Dakota, for the year ended December 31, 2020 which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated August 30, 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 and by the Uniform Guidance

As stated in our engagement letter dated June 11, 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.

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

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

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Ramsey County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year 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 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 schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

| | Audit Adjustments | |
|---|--------------------------|---------------|
| | Debit | Credit |
| Water Resource District | | |
| <u>To remove payroll liabilities and record PPA</u> | | |
| Cash | 28,543 | - |
| Fund Balanace | - | 28,543 |
| | | |
| Payroll Liabilities | 45,346 | - |
| Payroll Liabilities PPA | - | 45,346 |
| | | |
| Cash | 16,803 | - |
| Expenditures | - | 16,803 |

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 August 30, 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.

RAMSEY COUNTYGovernance Communication - Continued

This information is intended solely for the use of the Board of County Commissioners and management of Ramsey County, and 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 Ramsey 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 Ramsey County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
August 30, 2021



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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