



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Richland County

Wahpeton, North Dakota

Audit Report for the Year Ended December 31, 2020

Client Code: PS39000



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Office of the
State Auditor

RICHLAND COUNTY

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RICHLAND COUNTY

County Officials and Audit Personnel
December 31, 2020

COUNTY OFFICIALS

At December 31, 2020

Chairman	Sid Berg
Vice Chairman	Tim Campbell
Commissioner	Nathan Berseth
Commissioner	Rollie Ehlert
Commissioner	Dan Thompson
County Auditor	Sandy Fossum
County Treasurer	Sarah Erickson
County Recorder	Jackie Babbit
Sheriff	Larry Leshovsky
State's Attorney	Megan Kummer
Water Resource Secretary- Treasurer	Monica Zentgraf

AUDIT PERSONNEL

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

STATE AUDITOR
Joshua C. Gallion



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STATE CAPITOL
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INDEPENDENT AUDITOR'S REPORT

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

Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, North Dakota, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Richland County's basic financial statements. The *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

RICHLAND COUNTYIndependent Auditor's Report – Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2021 on our consideration of Richland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Richland County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richland County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
May 18, 2021

RICHLAND COUNTY

Statement of Net Position

December 31, 2020

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and Investments	\$ 9,935,436	\$ 6,519,204
Intergovernmental Receivable	687,853	14,403
Accounts Receivable	77,707	9,314
Interest Receivable	5,481	-
Unsecured Promissory Note Receivable	56,434	-
Taxes Receivable	200,200	30,692
Loans Receivable	996,491	-
Capital Assets, Net	45,634,400	9,601,179
Total Assets	\$ 57,594,002	\$ 16,174,792
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 11,708,726	\$ 211,350
LIABILITIES		
Accounts Payable	\$ 288,460	\$ 47,536
Salaries Payable	85,110	-
Grants Received In Advance	16,174	-
Retainage Payable	77,859	13,501
Interest Payable	1,790	2,387
Long-Term Liabilities		
Due Within One Year		
Long-Term Debt	171,123	235,000
Compensated Absences	150,266	1,867
Due After One Year		
Long-Term Debt	-	590,000
Compensated Absences	450,797	16,805
Net Pension and OPEB Liability	19,261,774	347,688
Total Liabilities	\$ 20,503,353	\$ 1,254,784
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 2,732,076	\$ 49,316
NET POSITION		
Net Investment in Capital Assets	\$ 45,383,628	\$ 8,760,291
Restricted		
Highways and Bridges	672,483	-
Flood Repair	540	-
Conservation of Natural Resources	206,188	6,321,751
Emergencies	161,960	-
Economic Development	1,511,148	-
Capital Projects	102,935	-
Unrestricted	(1,971,583)	-
Total Net Position	\$ 46,067,299	\$ 15,082,042

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

RICHLAND COUNTY

Statement of Activities

For the Year Ended December 31, 2020

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
					Governmental	Water
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities	Resource District
Primary Government						
Governmental Activities						
General Government	\$ 4,039,872	\$ 171,754	\$ 148,706	\$ -	\$ (3,719,412)	\$ -
Public Safety	4,552,642	751,920	46,166	-	(3,754,556)	-
Highways And Bridges	5,335,314	128,340	1,614,535	45,507	(3,546,932)	-
Flood Repair	349,034	-	431,100	-	82,066	-
Health And Welfare	5,486,041	173,739	3,937,317	-	(1,374,985)	-
Culture And Recreation	62,289	-	-	-	(62,289)	-
Conservation Of Natural Resources	432,051	12,039	-	-	(420,012)	-
Economic Development	127,313	1,865	-	-	(125,448)	-
Emergencies	253	-	-	-	(253)	-
Interest On Long-Term Debt	433	-	-	-	(433)	-
Total Primary Government	<u>\$ 20,385,242</u>	<u>\$ 1,239,657</u>	<u>\$ 6,177,824</u>	<u>\$ 45,507</u>	<u>\$(12,922,254)</u>	<u>\$ -</u>
Component Unit						
Water Resource District	<u>\$ 1,503,891</u>	<u>\$ 13,514</u>	<u>\$ 500,239</u>	<u>\$ 117,900</u>	<u>\$ -</u>	<u>\$ (872,238)</u>
General Revenues						
Property Taxes					\$ 8,969,038	\$ 1,629,551
Non Restricted Grants and Contributions					2,372,753	4,194
Gain on Disposal of Capital Assets					81,410	-
Unrestricted Investment Earnings					98,567	41,323
Unrealized Gain on Investments					46,758	-
Miscellaneous Revenue					926,799	21,548
Total General Revenues					<u>\$ 12,495,325</u>	<u>\$ 1,696,616</u>
Change in Net Position					<u>\$ (426,929)</u>	<u>\$ 824,378</u>
Net Position - January 1					<u>\$ 46,494,228</u>	<u>\$ 14,257,664</u>
Net Position - December 31					\$ 46,067,299	\$ 15,082,042

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

RICHLAND COUNTY

Balance Sheet – Governmental Funds
December 31, 2020

	General	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 5,879,085	\$ 4,056,351	\$ 9,935,436
Intergovernmental Receivable	351,629	336,224	687,853
Accounts Receivable	37,813	39,894	77,707
Interest Receivable	5,481	-	5,481
Unsecured Promissory Note Receivable	56,434	-	56,434
Loans Receivable	-	996,491	996,491
Taxes Receivable	127,309	72,891	200,200
Total Assets	<u>\$ 6,457,751</u>	<u>\$ 5,501,851</u>	<u>\$ 11,959,602</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 177,014	\$ 111,446	\$ 288,460
Salaries Payable	-	85,110	85,110
Grants Received in Advance	-	16,174	16,174
Total Liabilities	<u>\$ 177,014</u>	<u>\$ 212,730</u>	<u>\$ 389,744</u>
Deferred Inflows of Resources			
Taxes Receivable	<u>\$ 127,309</u>	<u>\$ 72,891</u>	<u>\$ 200,200</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 304,323</u>	<u>\$ 285,621</u>	<u>\$ 589,944</u>
Fund Balances			
Nonspendable			
Loan Receivable	\$ -	\$ 996,491	\$ 996,491
Unsecured Promissory Note	56,434	-	56,434
Restricted			
Public Safety	-	97,619	97,619
Highways And Bridges	-	2,170,004	2,170,004
Flood Repair	-	540	540
Health and Welfare	-	847,237	847,237
Conservation of Natural Resources	-	323,094	323,094
Emergency	-	170,458	170,458
Economic Development	-	509,631	509,631
Capital Projects	-	101,156	101,156
Unassigned	<u>6,096,994</u>	<u>-</u>	<u>6,096,994</u>
Total Fund Balances	<u>\$ 6,153,428</u>	<u>\$ 5,216,230</u>	<u>\$ 11,369,658</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,457,751</u>	<u>\$ 5,501,851</u>	<u>\$ 11,959,602</u>

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

RICHLAND COUNTY

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

Total Fund Balances for Governmental Funds	\$ 11,369,658
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	45,634,400
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Property taxes receivable 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 inflows of resources in the funds.	200,200
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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 Related to Pensions and OPEB	\$ 11,708,726	
Deferred Inflows Related to Pensions and OPEB	<u>(2,732,076)</u>	8,976,650

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	\$ (171,123)	
Interest Payable	(1,790)	
Retainage Payable	(77,859)	
Compensated Absences Payable	(601,063)	
Net Pension and OPEB Liability	<u>(19,261,774)</u>	<u>(20,113,609)</u>

Total Net Position of Governmental Activities	<u>\$ 46,067,299</u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Special Revenue Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 5,592,666	\$ 3,341,517	\$ 8,934,183
Intergovernmental	2,674,203	5,876,375	8,550,578
Charges for Services	388,399	849,633	1,238,032
Licenses, Permits and Fees	1,625	-	1,625
Interest Income	98,567	-	98,567
Miscellaneous	524,578	402,221	926,799
Total Revenues	\$ 9,280,038	\$ 10,469,746	\$ 19,749,784
EXPENDITURES			
Current			
General Government	\$ 3,449,927	\$ -	\$ 3,449,927
Public Safety	2,565,020	1,341,738	3,906,758
Highways and Bridges	-	5,044,907	5,044,907
Flood Repair	-	349,034	349,034
Health and Welfare	92,564	4,275,044	4,367,608
Culture and Recreation	62,289	-	62,289
Conserv. of Natural Resources	8,700	383,674	392,374
Economic Development	-	127,313	127,313
Capital Outlay	-	76,421	76,421
Debt Service			
Principal	-	30,429	30,429
Interest and Fees	-	3,329	3,329
Total Expenditures	\$ 6,178,500	\$ 11,631,889	\$ 17,810,389
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,101,538	\$ (1,162,143)	\$ 1,939,395
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	\$ -	\$ 9,620	\$ 9,620
Unrealized Gain on Investments	46,758	-	46,758
Transfers In	60,396	3,483,380	3,543,776
Transfers Out	(1,904,130)	(1,639,646)	(3,543,776)
Total Other Financing Sources and Uses	\$ (1,796,976)	\$ 1,853,354	\$ 56,378
Net Change in Fund Balances	\$ 1,304,562	\$ 691,211	\$ 1,995,773
Fund Balances - January 1	\$ 4,848,866	\$ 4,525,019	\$ 9,373,885
Fund Balances - December 31	\$ 6,153,428	\$ 5,216,230	\$ 11,369,658

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

RICHLAND COUNTY

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

For the Year Ended December 31, 2020

Net Change in *Fund Balances* - Total Governmental Funds

\$ 1,995,773

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	\$ 2,620,676	
Depreciation Expense	<u>(2,072,665)</u>	548,011

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sale of Capital Assets	\$ 81,410	
Proceeds from Sale of Capital Assets	<u>(9,620)</u>	71,790

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

30,429

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 Liability	\$ (118,358)	
Net Change in Interest Payable	2,896	
Net Change in Retainage Payable	<u>(61,088)</u>	(176,550)

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 Liability and OPEB	\$ (12,184,373)	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	8,428,216	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>824,921</u>	(2,931,236)

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

34,854

Change in Net Position of Governmental Activities

\$ (426,929)

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

RICHLAND COUNTY

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	<u>\$ 6,572,777</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	<u>\$ 72,700</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 6,500,077</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,572,777</u>

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

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

	<u>Custodial Funds</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 27,996,632
Payroll Withholding Collections	62,188
Grant Collections for Other Governments	311,236
Miscellaneous Collections	<u>3,045</u>
 Total Additions	 <u><u>\$ 28,373,101</u></u>
 DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 27,996,632
Payroll Withholding Disbursements	62,188
Grant Disbursements to Other Governments	311,236
Miscellaneous Disbursements	<u>3,045</u>
 Total Deductions	 <u><u>\$ 28,373,101</u></u>
 Net Increase (Decrease) in Fiduciary Net Position	 <u><u>\$ -</u></u>
 Net Position - Beginning	 <u><u>\$ -</u></u>
 Net Position - Ending	 <u><u>\$ -</u></u>

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

RICHLAND COUNTY

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Richland County ("County") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. 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 government'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 are 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, the component unit discussed below is included within the County's reporting entity because of the significance of its operational or financial relationship with the County.

Component Units

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

Discretely Presented Component Units: The component unit columns in the government wide financial statements include the financial data of the County's one component unit. This component unit is reported in a separate column to emphasize that it is legally separate from the County.

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

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor (Office of Finance and Administration), Richland County, 418 2nd Ave. N., Wahpeton, ND 58030.

Basis of Presentation

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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.

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

Fiduciary Funds. 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 and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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 as well as municipal bonds that are recorded at fair market value.

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 of the county are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	County	Water Resource District
Buildings	50	-
Building Improvements	15-40	-
Equipment	5-30	-
Vehicles	5-20	7
Infrastructure	20-75	30

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Unused sick leave benefits will be allowed to accumulate to a limit of 100 days. When that limit is reached, employees may trade additional earned sick leave for vacation days at the rate of 6 days sick leave for 1 day of vacation. Any employee hired prior to October 1, 1988, and who has twenty or more consecutive years of employment or who has reached the age of 65 prior to employment termination, will be eligible to receive payment for sick leave at a rate of 50% of the unused balance to a limit of 50 days. A liability for the vested or accumulated vacation and sick 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, and 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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Fund Balances

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.

Nonspendable Fund Balances. Nonspendable fund balances consist of amounts for loan receivables and advance to other governments which cannot be spent.

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 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 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 it may invest in any one issuer.

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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At year ended December 31, 2020, the County's carrying amount of deposits totaled \$16,531,831 and the bank balances totaled \$16,670,760. Of the bank balances, \$13,098,415 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2020, the Water Resource District's carrying amount of deposits totaled \$6,519,204, and the bank balances totaled \$6,523,331. Of the bank balances, \$257,351 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The School District does not have a formal deposit policy that limits maturities as a means of managing exposure to potential fair value losses arising from increasing interest rates.

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

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.
- (e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

At December 31, 2020, the County held investments in the amount of \$507,645, which consists of government backed securities, and are not considered deposits. The market value of the investments and their maturing dates can be seen below:

Investment Type	Total Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	More Than 10 Years
Municipal Bonds	\$ 507,645	\$ 507,645	\$ -	\$ -	\$ -

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2020:

	Quoted Prices In Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Municipal Bonds	-	\$ 507,645	-	\$ 507,645

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

NOTE 5 JOB DEVELOPMENT LOANS RECEIVABLE

The Job Development Authority provides loans to businesses for either startup costs or expansion costs. The Development Authority receives applications from various businesses within the community and either approves or denies the applications based on majority board decision. The Job Development Authority had the following activity in loans outstanding for the year ended December 31, 2020:

	Balance January 1	Additions	Principal Payments	Balance December 31
Loans Receivable	\$ 950,708	\$ 144,222	\$ 98,439	\$ 996,491

NOTE 6 UNSECURED PROMISSORY NOTE RECEIVABLE

In FY2013, the County issued unsecured promissory notes receivable to Duerr Township and Dwight Rural Fire Department to cover contractor costs related to flooding. These promissory notes are at zero percent interest, due in annual installments. The following is a summary of changes in unsecured promissory notes:

	Balance January 1	Additions	Principal Payments	Balance December 31
Unsecured Promissory Notes	\$ 66,831	-	\$ 10,396	\$ 56,435

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 7 CAPITAL ASSETS**Primary Government**

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

Primary Government	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital assets not being depreciated					
Land	\$ 57,840	\$ -	\$ -	\$ -	\$ 57,840
Construction in Progress	4,534,568	1,633,891	-	(3,294,027)	2,874,432
Total Capital Assets, Not Being Depreciated	\$ 4,592,408	\$ 1,633,891	\$ -	\$ (3,294,027)	\$ 2,932,272
Capital assets being depreciated					
Buildings	\$ 5,834,898	\$ -	\$ -	\$ -	\$ 5,834,898
Equipment	4,854,626	630,063	356,900	-	5,127,789
Vehicles	1,991,869	356,722	40,825	-	2,307,766
Infrastructure	44,315,672	-	-	3,294,027	47,609,699
Total Capital Assets, Being Depreciated	\$ 56,997,065	\$ 986,785	\$ 397,725	\$ 3,294,027	\$ 60,880,152
Less accumulated depreciation					
Buildings	\$ 2,925,087	\$ 128,296	\$ -	\$ -	\$ 3,053,383
Equipment	2,981,612	293,747	244,019	-	3,031,340
Vehicles	1,222,083	179,146	40,825	-	1,360,404
Infrastructure	9,280,440	1,452,457	-	-	10,732,897
Total Accumulated Depreciation	\$ 16,409,222	\$ 2,053,646	\$ 284,844	\$ -	\$ 18,178,024
Total Capital Assets Being Depreciated, Net	\$ 40,587,843	\$ (1,066,861)	\$ 112,881	\$ 3,294,027	\$ 42,702,128
Primary Government - Capital Assets, Net	\$ 45,180,251	\$ 567,030	\$ 112,881	\$ -	\$ 45,634,400

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

Primary Government	Amounts
General Government	\$ 84,269
Public Safety	174,605
Highways & Bridges	1,769,177
Health and Welfare	21,967
Conservation of Natural Resources	3,628
Total Depreciation Expense	\$ 2,053,646

RICHLAND COUNTY

Notes to the Financial Statements – Continued

The following is a summary of changes in capital assets for the year ended December 31, 2020 for the Water Resource District:

Water Resource District	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital assets not being depreciated					
Land	\$ 1,107,449	\$ 2,695	\$ -	\$ -	\$ 1,110,144
Construction in Progress	1,699,018	121,240	-	(858,409)	961,849
Total Capital Assets, Not Being Depreciated	\$ 2,806,467	\$ 123,935	\$ -	\$ (858,409)	\$ 2,071,993
Capital assets being depreciated					
Equipment	\$ 11,421	\$ -	\$ -	\$ -	\$ 11,421
Infrastructure	7,996,388	304,394	-	858,409	9,159,191
Total Capital Assets, Being Depreciated	\$ 8,007,809	\$ 304,394	\$ -	\$ 858,409	\$ 9,170,612
Less accumulated depreciation					
Equipment	\$ 7,784	\$ 909	\$ -	\$ -	\$ 8,693
Infrastructure	1,366,187	266,546	-	-	1,632,733
Total Accumulated Depreciation	\$ 1,373,971	\$ 267,455	\$ -	\$ -	\$ 1,641,426
Total Capital Assets Being Depreciated, Net	\$ 6,633,838	\$ 36,939	\$ -	\$ 858,409	\$ 7,529,186
Water Resource District - Capital Assets, Net	\$ 9,440,305	\$ 160,874	\$ -	\$ -	\$ 9,601,179

Depreciation expense was charged to the conservation of natural resources function.

NOTE 8 LONG-TERM LIABILITIES**Primary Government**

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

Primary Government	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Leases Payable	\$ 367,203	\$ -	\$ 196,080	\$ 171,123	\$ 171,123
Total Long-Term Debt	\$ 367,203	\$ -	\$ 196,080	\$ 171,123	\$ 171,123
Compensated Absences *	\$ 482,705	\$ 118,358	\$ -	\$ 601,063	\$ 150,266
Net Pension and OPEB Liability *	7,077,401	12,184,373	-	19,261,774	-
Total Primary Government	\$ 7,927,309	\$ 12,302,731	\$ 196,080	\$ 20,033,960	\$ 321,389

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

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

PRIMARY GOVERNMENT		
Year Ending December 31	Capital Leases	
	Principal	Interest
2021	171,123	3,069
Total	\$ 171,123	\$ 3,069

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Unit

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

Water Resource District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 1,575,000	\$ -	\$ 750,000	\$ 825,000	\$ 235,000
Compensated Absences *	\$ 16,412	\$ 2,260	\$ -	\$ 18,672	\$ 1,867
Net Pension and OPEB Liability *	141,066	206,622	-	347,688	-
Total Water Resource District	\$ 1,732,478	\$ 208,882	\$ 750,000	\$ 1,191,360	\$ 236,867

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

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

WATER RESOURCE DISTRICT		
Year Ending December 31	Bonds Payable	
	Principal	Interest
2021	\$ 235,000	\$ 12,436
2022	230,000	8,649
2023	105,000	5,756
2024	105,000	3,769
2025	105,000	1,781
2026- 2029	45,000	394
Total	\$ 825,000	\$ 32,785

NOTE 9 OPERATING LEASES

The County is engaged in various operating leases Total lease payments made during 2020 totaled \$157,160. Future lease payments are as follows:

	Operating Leases
2021	\$ 157,070
2022	119,409
2023	79,470
2024	41,261

NOTE 10: PENSION PLAN**General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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	\$ 18,783,007
Water Resource District	339,046

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

	Proportion	Increase (Decrease) in Proportion from June 30, 2019 Measurement	Pension Expense
Primary Government	0.597040%	0.029460%	\$ 3,409,500
Water Resource District	0.010777%	(0.000536%)	61,544

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	\$ 73,097	\$ 951,752
Changes of Assumptions	10,068,878	1,664,634
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	606,220	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	463,309	98,357
District Contributions Subsequent to the Measurement Date	322,122	-
Total Primary Government	\$ 11,533,625	\$ 2,714,743

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,319	\$ 17,180
Changes of Assumptions	181,750	30,048
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	10,943	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,363	1,775
District Contributions Subsequent to the Measurement Date	5,815	-
Total Water Resource District	\$ 208,190	\$ 49,003

RICHLAND 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	\$ 322,122
Water Resource District	5,815

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	\$ 2,523,340	\$ 45,548
2022	2,217,698	40,031
2023	1,777,918	32,093
2024	1,977,804	35,701
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	2.50%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	7.00%, Net of Investment Expenses
Cost-of-Living Adjustments	None

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
Cash Equivalents	0%	0.00%

Discount rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

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

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

Proportionate Share of the Net Pension Liability	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
Primary Government	\$ 24,369,541	\$ 18,783,007	\$ 14,211,860
Water Resource District	439,887	339,046	256,534

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 11: OTHER POST EMPLOYMENT BENEFITS (OPEB)

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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

OPEB Benefits

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

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

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

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

At December 31, 2020, the following net OPEB liabilities were reported:

	Net OPEB Liability
Primary Government	\$ 478,767
Water Resource District	8,642

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	0.569149%	0.040067%	\$ 75,982
Water Resource District	0.010274%	(0.000272%)	1,372

RICHLAND 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	\$ 10,631	\$ 11,479
Changes of Assumptions	64,193	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	16,464	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	32,237	5,854
District Contributions Subsequent to the Measurement Date	51,576	-
Total Primary Government	\$ 175,101	\$ 17,333

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 192	\$ 207
Changes of Assumptions	1,159	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	297	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	582	106
District Contributions Subsequent to the Measurement Date	931	-
Total Water Resource District	\$ 3,161	\$ 313

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	\$ 51,576
Water Resource District	931

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

	Primary Government	Water Resource District
2021	\$ 22,487	\$ 406
2022	26,742	483
2023	25,961	469
2024	21,318	385
2025	9,263	167
2026	420	8
Thereafter	-	-

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	Not applicable
Investment rate or return	6.50%, net of investment expenses
Cost of living adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2020 are summarized in the following table:

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

Discount Rate

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

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

The following presents the net OPEB liability of the Plans as of June 30, 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 OPEB Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Primary Government	\$ 627,914	\$ 478,767	\$ 352,644
Water Resource District	11,334	8,642	6,365

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 12 TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2020:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 60,396	\$ 1,904,130
Special Revenue Fund	3,483,380	1,639,646
Total Transfers	\$ 3,543,776	\$ 3,543,776

NOTE 13 RISK MANAGEMENT

The County is exposed to various risks of loss related 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 joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRIF is limited to losses of one million dollars per occurrence for general liability, one million for automobile, and \$5,484,513 for public assets/mobile equipment and portable property.

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two 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 and also pays an annual premium to the Hartford Steam Boiler Inspection and Insurance Company for the County boiler.

NOTE 14 CONSTRUCTION COMMITMENTS

The County had open constructions commitment as of December 31, 2020 as follows:

Primary Government	Contract	Total Completed	Retainage	Remaining Balance	Percent Complete
Bridge 116-34.1	\$ 230,734	\$ 227,636	\$ 4,553	\$ 7,651	98.66%
CH 4-3, 4-4	1,329,406	1,323,570	66,179	72,015	99.56%
CH4-1, 4-2, 81-3	298,043	285,128	7,128	20,043	95.67%
Total Commitments	1,858,183	1,836,334	77,860	99,709	98.82%

The Water Resource District had open constructions commitment as of December 31, 2020 as follows:

Water Resource District	Contract	Total Completed	Retainage	Remaining Balance	Percent Complete
Drain RS #1	\$ 684,653	\$ 675,059	\$ 13,501	\$ 23,095	98.60%
Total Commitments	684,653	675,059	13,501	23,095	98.60%

NOTE 15 CONDUIT DEBT

Conduit debt obligations are defined as certain limited-obligation revenue bonds, certifications of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third part that is not part of the issuer's financial reporting entity. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements.

At December 31, 2020, the County is involved in conduit debt obligations under the following criteria.

Industrial Revenue Bonds

The County is currently involved in a program that had issued Industrial Revenue Bonds. Industrial Revenue Bonds provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans and bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans and bonds, ownership of the acquired facilities transfers to the private-sector entity served by the loan issuance.

As of December 31, 2020, there are four series of Industrial Revenue Bonds with a principal amount outstanding of \$52,680,000. The County is in no way liable to repay the Industrial Revenue Bonds.

NOTE 16 JOINT VENTURE

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

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

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

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

RICHLAND COUNTY

Budgetary Comparison Schedule - General Fund

December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 5,620,000	\$ 5,620,000	\$ 5,592,666	\$ (27,334)
Intergovernmental	1,209,918	1,209,918	2,674,203	1,464,285
Charges for services	366,350	366,350	388,399	22,049
Licenses, permits and fees	3,675	3,675	1,625	(2,050)
Interest income	200,000	200,000	98,567	(101,433)
Miscellaneous	481,120	481,120	524,578	43,458
Total Revenues	\$ 7,881,063	\$ 7,881,063	\$ 9,280,038	\$ 1,398,975
EXPENDITURES				
Current				
General government	\$ 3,479,885	\$ 3,479,885	\$ 3,449,927	\$ 29,958
Public safety	2,679,236	2,679,236	2,565,020	114,216
Health and welfare	152,350	152,350	92,564	59,786
Culture and recreation	67,800	67,800	62,289	5,511
Conservation of natural resources	9,895	9,895	8,700	1,195
Total Expenditures	\$ 6,389,166	\$ 6,389,166	\$ 6,178,500	\$ 210,666
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,491,897	\$ 1,491,897	\$ 3,101,538	\$ 1,609,641
OTHER FINANCING SOURCES (USES)				
Unrealized Gain on Investments	\$ -	\$ -	\$ 46,758	\$ 46,758
Transfers in	34,000	34,000	60,396	26,396
Transfers out	(2,274,500)	(2,274,500)	(1,904,130)	370,370
Total Other Financing Sources and Uses	\$ (2,240,500)	\$ (2,240,500)	\$ (1,796,976)	\$ 443,524
Net Change in Fund Balances	\$ (748,603)	\$ (748,603)	\$ 1,304,562	\$ 2,053,165
Fund Balances - January 1	\$ 4,848,866	\$ 4,848,866	\$ 4,848,866	\$ -
Fund Balances - December 31	<u>\$ 4,100,263</u>	<u>\$ 4,100,263</u>	<u>\$ 6,153,428</u>	<u>\$ 2,053,165</u>

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

RICHLAND COUNTY

Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 3,362,580	\$ 3,362,580	\$ 3,341,517	\$ (21,063)
Intergovernmental	4,908,246	4,908,246	5,876,375	968,129
Charges for services	1,065,670	1,065,670	849,633	(216,037)
Miscellaneous	312,400	312,400	402,221	89,821
Total Revenues	\$ 9,648,896	\$ 9,648,896	\$ 10,469,746	\$ 820,850
EXPENDITURES				
Current				
General Government	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Public Safety	1,482,804	1,515,474	1,341,738	173,736
Highways and Bridges	5,901,585	5,978,795	5,044,907	933,888
Flood Repair	120,000	350,000	349,034	966
Health and Welfare	4,241,914	4,504,315	4,275,044	229,271
Conserv. of Natural Resources	477,742	479,152	383,674	95,478
Economic Development	416,094	416,094	127,313	288,781
Capital Outlay	-	76,500	76,421	79
Debt Service				
Principal	70,757	70,757	30,429	40,328
Interest and Fees	10,000	10,000	3,329	6,671
Total Expenditures	\$ 12,722,896	\$ 13,403,087	\$ 11,631,889	\$ 1,771,198
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,074,000)	\$ (3,754,191)	\$ (1,162,143)	\$ 2,592,048
OTHER FINANCING SOURCES (USES)				
Sale of Capital Asset	\$ -	\$ -	\$ 9,620	\$ 9,620
Transfers in	3,809,000	3,809,000	3,483,380	(325,620)
Transfers out	(1,568,500)	(1,568,500)	(1,639,646)	(71,146)
Total Other Financing Sources and Uses	\$ 2,240,500	\$ 2,240,500	\$ 1,853,354	\$ (387,146)
Net Change in Fund Balances	\$ (833,500)	\$ (1,513,691)	\$ 691,211	\$ 2,204,902
Fund Balances - January 1	\$ 4,525,019	\$ 4,525,019	\$ 4,525,019	\$ -
Fund Balances - December 31	\$ 3,691,519	\$ 3,011,328	\$ 5,216,230	\$ 2,204,902

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

RICHLAND COUNTY

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

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

County	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	0.597040%	\$ 18,783,007	\$ 6,586,067	285.19%	48.04%
2019	0.567580%	6,652,449	5,903,803	112.68%	70.26%
2018	0.575523%	9,712,579	5,912,447	164.27%	61.50%
2017	0.550137%	8,842,502	5,616,029	157.45%	60.63%
2016	0.513519%	5,004,744	5,277,256	94.84%	69.09%
2015	0.552910%	3,759,693	4,925,759	76.33%	75.76%
2014	0.587117%	3,659,597	4,856,874	75.35%	76.30%

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	0.010777%	\$ 339,046	\$ 118,883	285.19%	0.87%
2019	0.011313%	132,596	117,674	112.68%	1.40%
2018	0.012191%	205,736	125,240	164.27%	1.30%
2017	0.012260%	197,063	125,158	157.45%	1.35%
2016	0.010159%	99,013	104,404	94.84%	1.37%
2015	0.010135%	68,915	90,289	76.33%	1.39%
2014	0.010762%	67,080	89,026	75.35%	1.40%

RICHLAND 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**

County	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	\$ 466,351	\$ 458,032	\$ 8,319	\$ 6,586,067	6.83%
2019	429,830	440,295	(10,465)	5,903,803	7.31%
2018	435,477	461,711	(26,234)	5,912,447	7.65%
2017	407,231	396,102	11,129	5,616,029	6.90%
2016	382,065	376,864	5,201	5,277,256	7.00%
2015	380,996	372,472	8,525	4,925,759	7.43%
2014	345,809	345,809	-	4,856,874	6.99%

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	\$ 8,418	\$ 8,268	\$ 150	\$ 118,883	0.12%
2019	8,567	8,776	(209)	117,674	0.15%
2018	9,224	9,780	(556)	125,240	0.16%
2017	9,075	8,827	248	125,158	0.15%
2016	7,559	7,456	103	104,404	0.14%
2015	6,984	6,827	156	90,289	0.14%
2014	6,339	6,339	-	89,026	0.13%

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

RICHLAND 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**

County	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	0.569149%	\$ 478,767	\$ 6,488,134	7.25%	62.26%
2019	0.529082%	424,952	5,903,803	7.06%	61.90%
2018	0.540336%	425,552	5,912,447	7.05%	60.61%
2017	0.519118%	410,628	5,616,029	7.15%	58.48%

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	0.010274%	\$ 8,642	\$ 117,115	0.13%	1.12%
2019	0.010546%	8,470	117,674	0.14%	1.23%
2018	0.011446%	9,014	125,240	0.15%	1.28%
2017	0.011569%	9,151	125,158	0.16%	1.30%

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

County	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	\$ 76,222	\$ 72,962	\$ 3,260	\$ 6,488,134	1.10%
2019	68,661	70,495	(1,833)	5,903,803	1.17%
2018	69,350	73,926	(4,576)	5,912,447	1.22%
2017	65,282	63,422	1,861	5,616,029	1.10%

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	\$ 1,376	\$ 1,317	\$ 59	\$ 117,115	0.02%
2019	1,369	1,405	(37)	117,674	0.02%
2018	1,469	1,566	(97)	125,240	0.03%
2017	1,455	1,413	41	125,158	0.02%

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

RICHLAND COUNTY

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

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2020, final average salary is the higher of the final average salary calculated on December 31, 2020 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, 2020.

OPEB

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

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

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

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

OPEB

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

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

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

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

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

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Major Funds			
Special Revenue Fund	\$ 12,722,896	\$ 680,191	\$ 13,403,087

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

CFDA Number	Program Title	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF THE TREASURY			
21.019	Passed through the North Dakota Office of State Treasurer Coronavirus Relief Fund	N/A	\$ 1,360,625
21.019	Passed through the State Department of Health Coronavirus Relief Fund	HLH0018	292,805
	Total U.S. Department of the Treasury		<u>\$ 1,653,430</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
93.563	Passed through the State Department of Human Services Child Support Enforcement	N/A	65
93.052	National Family Caregiver Support, Title III, Part E	N/A	652
93.788	Opiod STR	N/A	155,455
93.069	Passed through the State Department of Health Public Health Emergency Preparedness	HLH3270	1,877
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	HLH3390	375
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	N/A	40,258
93.217	Family Planning_Services	HLH3110	31,490
93.268	Immunization Cooperative Agreements	HLH4771	23,702
93.247	Advanced Nursing Education Grant Program	N/A	3,259
93.426	Improving the Health of Americans Through Prevention and Management of Diabetes and Heart Disease and Stroke	HLH3960	17,000
93.917	HIV Care Formula Grants	N/A	3,917
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	HLH3210	28,946
93.991	Preventive Health and Health Services Block Grant	HLH3149	6,000
	Total U.S. Department of Health and Human Services		<u>\$ 312,996</u>
U.S. DEPARTMENT OF JUSTICE			
16.738	Passed through the State Attorney General Office Edward Byrne Memorial Justice Assistance Grant Program	N/A	\$ 3,439
	Total National Priority Safety Programs		<u>3,439</u>
	Total U.S. Department of Justice		<u>\$ 3,439</u>
U.S. DEPARTMENT OF AGRICULTURE			
10.557	Passed through the State Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	HLH3150	\$ 61,081
10.578	WIC Grants to States (WGS)	HLH2158	403
	Total U.S. Department of Agriculture		<u>\$ 61,484</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
97.036	Passed through the State Department of Emergency Services Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	\$ 309,366
97.042	Emergency Management Performance Grants	N/A	41,441
	Total U.S. Department of Homeland Security		<u>\$ 350,807</u>
	Total Expenditures of Federal Awards		<u><u>\$ 2,382,156</u></u>
See notes to the Schedule of Expenditures of Federal Awards			

RICHLAND COUNTY

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

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2020. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 PASS-THROUGH GRANT NUMBER

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

NOTE 4 INDIRECT COST RATE

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Board of County Commissioners
Richland County
Wahpeton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County as of and for the years ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Richland County's basic financial statements, and have issued our report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2020-001 and 2020-002 to be significant deficiencies.

RICHLAND 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 Richland 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.

Richland County's Response to Findings

Richland County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings and questioned costs*. Richland 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
May 18, 2021

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

Independent Auditor's Report

Board of County Commissioners
Richland County
Wahpeton, North Dakota

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

RICHLAND COUNTY

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

Report on Internal Control Over Compliance

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

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

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
May 18, 2021

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

Federal AwardsInternal Control Over Major Programs

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

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
CFDA 21.019	Coronavirus Relief Fund

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

RICHLAND COUNTY

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

SECTION I – FINANCIAL STATEMENT FINDINGS

2020-001 – FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition

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

Effect

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

Cause

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

Criteria

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

Repeat Finding

Yes.

Recommendation

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

Richland County's Response

See Corrective Action Plan

2020-002 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – SIGNIFICANT DEFICIENCY

Condition

The Richland 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 Richland 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 Richland 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.

Repeat Finding

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.

Richland County's Response

Agree. The Richland County Water Resource District will segregate duties as it becomes feasible.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

RICHLAND COUNTY ADMINISTRATION

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WAHPETON, ND 58075
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Date: May 13, 2021
To: Joshua C. Gallion, ND State Auditor
FROM: Sandy Fossum, County Auditor
RE: Richland County – 2020 Corrective Action Plan

Contact Person Responsible for Corrective Action Plan: Sandy Fossum, County Auditor

Section I – Financial Statement Findings:

2020-001 – FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition:

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

Corrective Action Plan:

We agree. Richland County will attempt to create a formal fraud risk assessment and have it implemented by the board in 2021.

Anticipated Completion Date:

Fiscal Year 2021

RICHLAND COUNTY

Status of Prior Year Recommendations
For the Year Ended December 31, 2020

RICHLAND COUNTY ADMINISTRATION

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2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition:

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

Recommendation:

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

Current Status of Recommendation:

We prefer the State Auditor's prepare for us, we will consider preparing in the future.

2019-002 FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY

Condition:

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

Recommendation:

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

Current Status of Recommendation:

Not Implemented. We will try to attempt to get this implemented before the next audit.



Sandy Fossum
County Auditor, Richland County

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GOVERNANCE COMMUNICATION

Board of County Commissioners
Richland County
Wahpeton, 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 Richland County, North Dakota, and the respective changes in financial position for the years ended December 31, 2020 which collectively comprise Richland County's basic financial statements, and have issued our report thereon dated May 18, 2021. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated March 9, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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

As part of obtaining reasonable assurance about whether Richland County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Richland County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the purpose of expressing an opinion on the Richland County's compliance with those requirements over the major federal programs. While our audit provides a reasonable basis for our opinion over compliance for the major federal programs, it does not provide a legal determination on the Richland County's compliance with those requirements.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Richland County are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or 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 not corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures that were corrected by management.

	<u>Client Provided Adjustments</u>		<u>Audit Adjustments</u>		<u>Total Adjustment</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
Governmental Fund Adjustments						
<u>To record client provided receivables</u>						
Accounts Receivable	77,707	-	-	-	77,707	-
Interest Receivable	5,481	-	-	-	5,481	-
Intergovernmental Receivable	687,853	-	-	-	687,853	-
Revenue	-	771,041	-	-	-	771,041
<u>To record client provided payables</u>						
Expenditures	373,570	-	-	-	373,570	-
Salaries Payable	-	85,110	-	-	-	85,110
Accounts Payable	-	288,460	-	-	-	288,460
<u>To record unearned revenue</u>						
Revenue	-	-	16,174	-	16,174	-
Unearned Revenue	-	-	-	16,174	-	16,174
<u>To record change in fair market value</u>						
Change in fair market value	-	-	46,758	-	46,758	-
Other Financing Sources	-	-	-	46,758	-	46,758
Water Resource District						
<u>To record client provided receivables</u>						
Intergovernmental Receivable	14,403	-	-	-	14,403	-
Accounts Receivable	9,314	-	-	-	-	-
Revenue	-	23,717	-	-	-	23,717
<u>To record client provided payables</u>						
Expenditures	52,978	-	(5,442)	-	47,536	-
Accounts Payable	-	52,978	-	(5,442)	-	47,536

RICHLAND COUNTYGovernance Communication – Continued

The following schedule summarizes uncorrected financial misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Uncorrected Misstatements	Debit	Credit
<u>To record non major capital projects fund classification</u>		
Special Revenue Funds - Fund Balance	101,156	-
Non Major Fund - Capital Projects - Fund Balance	-	101,156
Special Revenue Funds - Revenue	4,404	-
Non Major Fund - Capital Projects - Revenue	-	4,404
Non Major Fund - Capital Projects - Expenses	76,421	-
Special Revenue Funds - Expenses	-	76,421

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 **MAY 18, 2021**.

Management Consultations with Other Independent Accountants

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

Difficulties Encountered in Performing the Audit

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

Other Audit Findings or Issues

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

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

Thank you and the employees of Richland 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 Richland County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
May 18, 2021



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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