



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Trail County

Hillsboro, North Dakota

Audit Report for the Year Ended December 31, 2020

Client Code: PS49000



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Office of the
State Auditor

TRAILL COUNTY

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TRAILL COUNTY

County Officials and Audit Personnel
December 31, 2020

COUNTY OFFICIALS

At December 31, 2020

Kurt Elliott	Chairperson
Ken Nesvig	Vice Chairperson
Thomas Eblen	Commissioner
Larry Young	Commissioner
Les Amb	Commissioner
Glenda Haugen	County Auditor
Carla Swanson	County Treasurer
Marlene Eblen	County Recorder
Steven Hunt	Sheriff
Charlie Stock	State's Attorney

AUDIT PERSONNEL

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

STATE AUDITOR
Joshua C. Gallion



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Board of County Commissioners
Traill County
Hillsboro, North Dakota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County, North Dakota, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the 2020 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trail 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.

TRAILL COUNTY

Independent Auditor's Report – Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021 on our consideration of Traill County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Traill County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Traill County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 16, 2021

TRAILL COUNTY

Statement of Net Position

December 31, 2020

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 5,950,614	\$ 8,668,211	\$ 187,395	\$ 271,831
Intergovernmental Receivable	356,477	-	-	-
Accounts Receivable	47,850	-	-	2,103
Road Receivables	1,454	-	-	-
Taxes Receivable	96,312	10,279	3,199	4,457
Special Assessments Receivable	-	3,606,136	-	-
Economic Development Loans Receivable	-	-	-	38,624
Capital Assets				
Nondepreciable	3,574,972	2,154,578	-	-
Depreciable, Net	28,595,945	8,141,802	76,952	205
Total Assets	\$ 38,623,624	\$ 22,581,006	\$ 267,546	\$ 317,220
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	\$ 5,585,521	\$ 98,712	\$ 321,963	\$ 172,201
LIABILITIES				
Accounts Payable	\$ 42,837	\$ 93,630	\$ -	\$ 7,201
Salaries Payable	59,449	-	-	-
Other Liability	-	192	3,224	-
Unearned Revenue	-	20,000	-	-
Grants Received in Advance	139,682	-	-	-
Interest Payable	80	-	-	-
Retainages Payable	37,638	-	-	-
Long-Term Liabilities				
Due Within One Year				
Long-Term Debt	11,042	1,035,195	-	-
Compensated Absences Payable	16,606	-	1,937	418
Due After One Year				
Long-Term Debt	-	7,917,794	-	-
Compensated Absences Payable	149,452	-	17,438	3,762
Net Pension Liability	9,288,333	167,117	526,715	286,369
Total Liabilities	\$ 9,745,119	\$ 9,233,928	\$ 549,314	\$ 297,750
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	\$ 1,544,681	\$ 37,834	\$ 78,544	\$ 47,624
NET POSITION				
Net Investment In Capital Assets	\$ 32,122,157	\$ 1,343,391	\$ 76,952	\$ 205
Restricted				
Capital Projects	951,879	-	-	-
Highways and Bridges	743,996	-	-	-
Health and Welfare	-	-	(115,301)	-
Conservation of Natural Resources	100,032	-	-	-
Emergencies	419,188	-	-	-
Economic Development	-	-	-	143,842
Maintenance and Construction Projects	-	12,137,163	-	-
Unrestricted	(1,417,907)	(72,598)	-	-
Total Net Position	\$ 32,919,345	\$ 13,407,956	\$ (38,349)	\$ 144,047

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

TRAILL COUNTY

Statement of Activities

For the Year Ended December 31, 2020

						Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government	Component Units			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Water Resource District	Health Unit	Job Development Authority	
Primary Government									
Governmental Activities									
General Government	\$ 2,398,685	\$ 59,924	\$ 109,572	\$ -	\$ (2,229,189)				
Public Safety	1,804,108	673,647	76,694	-	(1,053,767)				
Highways and Bridges	3,820,491	160,691	815,674	2,279,496	(564,630)				
Flood Repair	130,309	-	75,319	54,991	1				
Emergencies	147,045	-	-	-	(147,045)				
Health and Welfare	1,901,968	119,783	1,362,224	-	(419,961)				
Culture and Recreation	945	-	-	-	(945)				
Conserv. of Natural Resources	197,736	1,104	13,571	-	(183,061)				
Total Governmental Activities	<u>\$ 10,401,287</u>	<u>\$ 1,015,149</u>	<u>\$ 2,453,054</u>	<u>\$ 2,334,487</u>	<u>\$ (4,598,597)</u>				
Component Units									
Water Resource District	\$ 1,483,496	\$ 1,164,122	\$ -	\$ 290,875		\$ (28,499)	\$ -	\$ -	
District Health Unit	442,768	18,196	52,852	78,318		-	(293,402)	-	
Job Development Authority	249,918	-	625	-		-	-	(249,293)	
Total Component Units	<u>\$ 2,176,182</u>	<u>\$ 1,182,318</u>	<u>\$ 53,477</u>	<u>\$ 369,193</u>		<u>\$ (28,499)</u>	<u>\$ (293,402)</u>	<u>\$ (249,293)</u>	
General Revenues									
Property Taxes					\$ 4,825,557	\$ 1,306,921	\$ 164,768	\$ 248,442	
Non Restricted Grants and Contributions					1,452,014	-	77,702	16,800	
Other General Revenues					-	21,919	-	-	
Interest Income					-	27,226	-	-	
Loss on Sale of Capital Asset					(7,030)	-	-	-	
Unrestricted Investment Earnings					91,748	-	-	-	
Miscellaneous Revenue					126,074	-	818	1,602	
Total General Revenues					<u>\$ 6,488,363</u>	<u>\$ 1,356,066</u>	<u>\$ 243,288</u>	<u>\$ 266,844</u>	
Change in Net Position					<u>\$ 1,889,766</u>	<u>\$ 1,327,567</u>	<u>\$ (50,114)</u>	<u>\$ 17,551</u>	
Net Position - January 1					<u>\$ 30,805,156</u>	<u>\$ 12,080,389</u>	<u>\$ 11,765</u>	<u>\$ 126,496</u>	
Prior Period Adjustments					<u>\$ 224,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Net Position - January 1, as restated					<u>\$ 31,029,579</u>	<u>\$ 12,080,389</u>	<u>\$ 11,765</u>	<u>\$ 126,496</u>	
Net Position - December 31					<u>\$ 32,919,345</u>	<u>\$ 13,407,956</u>	<u>\$ (38,349)</u>	<u>\$ 144,047</u>	

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

TRAILL COUNTY

Balance Sheet – Governmental Funds
December 31, 2020

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 989,270	\$ 4,012,477	\$ 948,867	\$ 5,950,614
Intergovernmental Receivable	91,355	265,122	-	356,477
Accounts Receivable	14,262	33,588	-	47,850
Road Receivables	-	1,454	-	1,454
Taxes Receivable	43,991	49,309	3,012	96,312
Total Assets	<u>\$ 1,138,878</u>	<u>\$ 4,361,950</u>	<u>\$ 951,879</u>	<u>\$ 6,452,707</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 8,385	\$ 34,452	\$ -	\$ 42,837
Salaries Payable	10,833	48,616	-	59,449
Grants Received In Advance	-	139,682	-	139,682
Total Liabilities	<u>\$ 19,218</u>	<u>\$ 222,750</u>	<u>\$ -</u>	<u>\$ 241,968</u>
Deferred Inflows of Resources				
Road Receivable	\$ -	\$ 1,454	\$ -	\$ 1,454
Taxes Receivable	43,991	49,309	3,012	96,312
Total Deferred Inflows of Resources	<u>\$ 43,991</u>	<u>\$ 50,763</u>	<u>\$ 3,012</u>	<u>\$ 97,766</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 63,209</u>	<u>\$ 273,513</u>	<u>\$ 3,012</u>	<u>\$ 339,734</u>
Fund Balances				
Restricted				
Capital Projects	\$ -	\$ -	\$ 948,867	\$ 948,867
Public Safety	-	373,564	-	373,564
Highways and Bridges	-	1,892,563	-	1,892,563
Health and Welfare	-	416,894	-	416,894
Conservation of Natural Resources	-	197,017	-	197,017
Emergencies	-	488,549	-	488,549
General Government	-	719,850	-	719,850
Unassigned	1,075,669	-	-	1,075,669
Total Fund Balances	<u>\$ 1,075,669</u>	<u>\$ 4,088,437</u>	<u>\$ 948,867</u>	<u>\$ 6,112,973</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,138,878</u>	<u>\$ 4,361,950</u>	<u>\$ 951,879</u>	<u>\$ 6,452,707</u>

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

TRAILL COUNTY

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

Total Fund Balances for Governmental Funds	\$ 6,112,973
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	32,170,917
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Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Taxes Receivable	\$ 96,312	
Road Receivables	<u>1,454</u>	97,766

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

Deferred Outflows Derived From Pensions and OPEB	\$ 5,585,521	
Deferred Inflows Derived From Pensions and OPEB	<u>(1,544,681)</u>	4,040,840

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	\$ (11,042)	
Interest Payable	(80)	
Compensated Absences	(166,058)	
Retainage Payable	(37,638)	
Net Pension Liability	<u>(9,288,333)</u>	<u>(9,503,151)</u>

Total Net Position of Governmental Activities	<u>\$ 32,919,345</u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 2,254,193	\$ 2,444,592	\$ 167,656	\$ 4,866,441
Intergovernmental	547,265	3,411,195	1,599	3,960,059
Charges For Services	732,470	288,821	-	1,021,291
Licenses, Permits and Fees	1,215	-	-	1,215
Interest Income	20,390	19,716	51,642	91,748
Miscellaneous	57,600	68,475	-	126,075
Total Revenues	\$ 3,613,133	\$ 6,232,799	\$ 220,897	\$ 10,066,829
EXPENDITURES				
Current				
General Government	\$ 1,912,073	\$ 7,333	\$ -	\$ 1,919,406
Public Safety	1,277,793	199,823	-	1,477,616
Highways and Bridges	-	4,432,547	-	4,432,547
Flood Repairs And Maintenance	-	130,310	-	130,310
Emergencies	-	127,876	-	127,876
Health and Welfare	130,373	1,370,792	-	1,501,165
Conserv. of Natural Resources	-	171,099	-	171,099
Capital Outlay	-	-	106,784	106,784
Debt Service				
Principal	68,958	-	-	68,958
Interest and Fees	1,042	-	-	1,042
Total Expenditures	\$ 3,390,239	\$ 6,439,780	\$ 106,784	\$ 9,936,803
Excess (Deficiency) of Revenues Over Expenditures	\$ 222,894	\$ (206,981)	\$ 114,113	\$ 130,026
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 24,233	\$ 621,982	\$ 589,433	\$ 1,235,648
Sale of Capital Assets	-	18,256	-	18,256
Transfers Out	(35,964)	(1,199,684)	-	(1,235,648)
Total Other Financing Sources and Uses	\$ (11,731)	\$ (559,446)	\$ 589,433	\$ 18,256
Net Change in Fund Balances	\$ 211,163	\$ (766,427)	\$ 703,546	\$ 148,282
Fund Balances - January 1	\$ 864,506	\$ 4,850,354	\$ 245,321	\$ 5,960,181
Prior Period Adjustments	\$ -	\$ 4,510		\$ 4,510
Fund Balances - Jan. 1 as restated	\$ 864,506	\$ 4,854,864	\$ 245,321	\$ 5,964,691
Fund Balances - December 31	\$ 1,075,669	\$ 4,088,437	\$ 948,867	\$ 6,112,973

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

TRAILL COUNTY

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

For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	148,282
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The change in *net position* reported for governmental activities in the statement of activities is different because:

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

Current Year Capital Outlay	\$	2,090,441	
Capital Contribution		2,279,496	
Current Year Depreciation		<u>(1,109,036)</u>	3,260,901

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

Debt Repayment			68,958
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Increase in Compensated Absences	\$	(38,944)	
Decrease in Interest Payable		2,292	
Increase in Retainage Payable		<u>(37,638)</u>	(74,290)

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

Decrease in Taxes Receivable		(40,884)	
Decrease in Road Department Receivables		<u>(7,357)</u>	(48,241)

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

Increase in Net Pension and OPEB Liability	\$	(5,387,853)	
Increase in Deferred Outflows of Resources Derived from Pension and OPEB		3,613,352	
Decrease in Deferred Inflows of Resources Derived from Pension and OPEB		<u>333,943</u>	(1,440,558)

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

Proceeds from Sale of Capital Assets		(18,256)	
Loss on Disposals of Capital Assets		<u>(7,030)</u>	<u>(25,286)</u>

Change in Net Position of Governmental Activities	\$	<u>1,889,766</u>
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The notes to the financial statements are an integral part of this statement.

TRAILL COUNTY

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	<u>\$ 6,321,258</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	<u>\$ 92,337</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 6,228,921</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,321,258</u>

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

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

	Custodial Funds
ADDITIONS	
Tax Collections for Other Governments	\$ 17,828,287
Grant Collections for Other Governments	553,800
	<hr/>
Total Additions	<u><u>\$ 18,382,087</u></u>
DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 17,828,287
Grant Disbursements to Other Governments	553,800
	<hr/>
Total Deductions	<u><u>\$ 18,382,087</u></u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u><u>\$ -</u></u>

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

TRAILL COUNTY

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The accompanying financial statements present the activities of the County. The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

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

Component Unit

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

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

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

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

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

Basis of Presentation

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

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

The County reports the following major governmental funds:

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

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

Capital Project Fund – This fund accounts for the costs associated with a jail project and capital improvements. The major sources of revenue are a restricted tax levy and interest income

Additionally, the County reports the following fiduciary fund type:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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.

TRAIL COUNTY

Notes to the Financial Statements – Continued

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County during the years ended December 31, 2020 consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets**Primary Government**

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

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

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

Compensated Absences

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

Long-Term Liabilities

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

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balance

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

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

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

TRAILL COUNTY

Notes to the Financial Statements – Continued

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Beginning net position adjustments were necessary for restating net capital assets. Additionally, Traill County adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities during 2020. The result increased beginning net position for the County and beginning fund balance for the Special Revenue fund.

Adjustments to beginning net position and fund balance are as follows:

Primary Government	Amounts
Beginning Net Position, as previously reported	\$ 30,805,156
Adjustments to restate the January 1, 2020 Net Position	
Increase in Net Capital Assets	219,913
Reclassification of Funds	4,510
Net Position January 1, as restated	\$ 31,029,579

Primary Government - Special Revenue Fund	Amounts
Beginning Fund Balance, as previously reported	\$ 4,850,354
Adjustments to restate the January 1, 2020 Fund Balance	
Reclassification of Funds	4,510
Fund Balance January 1, as restated	\$ 4,854,864

NOTE 3 DEPOSITS**Custodial Credit Risk**

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

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

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

At year ended December 31, 2020, the County's carrying amount of deposits totaled \$11,833,320 and the bank balances totaled \$12,030,978. Of the bank balances, \$6,176,553 was held at the Bank of North Dakota and \$1,528,382 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 deposits were in excess of FDIC Insurance, however all excess was covered by pledges collateral.

At year ended December 31, 2020, the Health Unit's carrying amount of deposits totaled \$187,395 and the bank balances totaled \$256,350, all of which was covered by Federal Depository Insurance.

At year ended December 31, 2020, The Job Development Authority's carrying amount of deposits totaled \$277,102, and the bank balances totaled \$279,369, all of which was covered by the Federal Depository Insurance.

TRAILL COUNTY

Notes to the Financial Statements – Continued

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 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and for automobile, and \$3,254,544 for public assets (mobile equipment and portable property).

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

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

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

NOTE 6 CONSTRUCTION COMMITMENTS

The County had several open construction commitments as of December 31, 2020 as follows:

Projects - 2020	Total Contract	Total Completed	Retainage	Remaining Balance	Percent Completed
Bridge 366 Box Culvert	\$ 277,379	\$ 246,908	\$ 27,434	\$ 57,905	89.01%
County Road 11 & County Road 17 Overlay	617,661	499,992	10,204	127,873	80.95%
Total	\$ 895,040	\$ 746,900	\$ 37,638	\$ 185,778	83.45%

The Traill County Water Resource District is currently performing work on two major drains. The total amount of future commitments related to this project at December 31, 2020 is approximately \$480,000.

NOTE 7 CONDUIT DEBT

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

As of December 31, 2020, there are Industrial Revenue Bonds to the South Dakota Health and Educational Facilities Authority with an amount outstanding totaling \$159,560,000.

TRAILL COUNTY

Notes to the Financial Statements – Continued

NOTE 8 CAPITAL ASSETS

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

Primary Government - 2020	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction Progress	236,312	3,493,768	-	(170,930)	3,559,150
Total Capital Assets, not being depreciated	\$ 252,134	\$ 3,493,768	\$ -	\$ (170,930)	\$ 3,574,972
<i>Capital assets being depreciated</i>					
Machinery and Equipment	\$ 3,557,583	\$ 416,999	\$ 287,397	\$ -	\$ 3,687,185
Office Equipment	252,894	-	20,392	-	232,502
Vehicles	1,135,773	343,081	91,985	-	1,386,869
Buildings	2,972,829	-	-	-	2,972,829
Infrastructure	28,989,219	209,088	-	170,930	29,369,237
Total Capital Assets, Being Depreciated	\$ 36,908,298	\$ 969,168	\$ 399,774	\$ 170,930	\$ 37,648,622
<i>Less Accumulated Depreciation for</i>					
Machinery and Equipment	\$ 1,969,838	\$ 218,784	\$ 192,197	\$ -	\$ 1,996,425
Office Equipment	252,894	-	20,392	-	232,502
Vehicles	924,196	88,895	68,899	-	944,192
Buildings	767,697	67,125	-	-	834,822
Infrastructure	4,310,505	734,231	-	-	5,044,736
Total Accumulated Depreciation	\$ 8,225,130	\$ 1,109,035	\$ 281,488	\$ -	\$ 9,052,677
Total Capital Assets Being Depreciated, Net	\$ 28,683,168	\$ (139,867)	\$ 118,286	\$ 170,930	\$ 28,595,945
Total Capital Assets, Net	\$ 28,935,302	\$ 3,353,901	\$ 118,286	\$ -	\$ 32,170,917

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

Primary Government	2020
General Government	\$ 32,976
Public Safety	94,519
Highways and Bridges	954,463
Health and Welfare	26,133
Culture and Recreation	944
Total Depreciation Expense	\$1,109,035

Discretely Presented Component Units

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 - 2020	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 1,674,995	\$ -	\$ -	\$ -	\$ 1,674,995
Construction Progress	76,025	479,583	76,025	-	479,583
Total Capital Assets, not being depreciated	\$ 1,751,020	\$ 479,583	\$ 76,025	\$ -	\$ 2,154,578
<i>Capital assets being depreciated</i>					
Equipment	\$ 84,559	\$ -	\$ -	\$ -	\$ 84,559
Infrastructure	9,260,406	227,870	-	-	9,488,276
Total Capital Assets, Being Depreciated	\$ 9,344,965	\$ 227,870	\$ -	\$ -	\$ 9,572,835
<i>Less Accumulated Depreciation for</i>					
Equipment	\$ 79,512	\$ 1,484	\$ -	\$ -	\$ 80,996
Infrastructure	1,163,127	186,910	-	-	1,350,037
Total Accumulated Depreciation	\$ 1,242,639	\$ 188,394	\$ -	\$ -	\$ 1,431,033
Total Capital Assets Being Depreciated, Net	\$ 8,102,326	\$ 39,476	\$ -	\$ -	\$ 8,141,802
Total Capital Assets, Net	\$ 9,853,346	\$ 519,059	\$ 76,025	\$ -	\$ 10,296,380

TRAIL 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 Health Unit:

Health Unit - 2020	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Vehicles	\$ 25,498	\$ 37,318	\$ -	\$ -	\$ 62,816
Equipment	-	41,000	-	-	41,000
Total Capital Assets, Being Depreciated	\$ 25,498	\$ 78,318	\$ -	\$ -	\$ 103,816
<i>Less Accumulated Depreciation for</i>					
Vehicles	\$ 17,849	\$ 6,282	\$ -	\$ -	\$ 24,131
Equipment	-	2,733	-	-	2,733
Total Accumulated Depreciation	\$ 17,849	\$ 9,015	\$ -	\$ -	\$ 26,864
Total Capital Assets, Net	\$ 7,649	\$ 69,303	\$ -	\$ -	\$ 76,952

The following is a summary of changes in capital assets for the year ended December 31, 2020 for the Job Development Authority.

Job Development Authority - 2020	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
<i>Less Accumulated Depreciation for</i>					
Office Equipment	\$ 12,549	\$ 4,101	\$ -	\$ -	\$ 16,650
Total Capital Assets, Net	\$ 4,306	\$ (4,101)	\$ -	\$ -	\$ 205

NOTE 9 LONG-TERM LIABILITIES

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

Primary Government - 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ 80,000	\$ -	\$ 68,958	\$ 11,042	\$ 11,042
Compensated Absences *	\$ 127,114	\$ 38,944	\$ -	\$ 166,058	\$ 16,606
Net Pension Liability	3,900,480	5,387,853	-	9,288,333	-
Total Primary Government	\$ 4,107,594	\$ 5,426,797	\$ 68,958	\$ 9,465,433	\$ 27,648

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

Year Ending Dec 31	Loans Payable	
	Principal	Interest
2021	\$ 11,042	\$ 187
Total	\$ 11,042	\$ 187

TRAIL COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Units

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

Water Resource District - 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 5,002,945	\$ 4,773,000	\$ 788,984	\$ 8,986,961	\$ 1,035,195
Bond Discounts	(28,071)	(9,836)	3,935	(33,972)	-
Total Long-Term Debt	\$ 4,974,874	\$ 4,763,164	\$ 792,919	\$ 8,952,989	\$ 1,035,195
Net Pension Liability	\$ 64,909	\$ 102,208	\$ -	\$ 167,117	\$ -
Total Water Resource District	\$ 5,039,783	\$ 4,865,372	\$ 792,919	\$ 9,120,106	\$ 1,035,195

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

Year Ending Dec 31	Bonds Payable	
	Principal	Interest
2021	\$ 1,035,195	\$ 195,573
2022	871,498	185,697
2023	902,406	167,075
2024	483,326	152,624
2025	484,283	142,578
2026 - 2030	2,110,253	552,207
2031 - 2035	1,690,000	326,365
2036 - 2040	1,410,000	108,463
Total	\$ 8,986,961	\$ 1,830,582

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

Health Unit - 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 13,184	\$ 6,191	\$ -	\$ 19,375	\$ 1,937
Net Pension Liability	209,536	317,179	-	526,715	-
Total Health Unit	\$ 222,720	\$ 323,370	\$ -	\$ 546,090	\$ 1,937

During the year ended December 31, 2020, the following changes occurred in governmental long-term liabilities of the Job Development Authority:

Job Development Authority - 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ -	\$ 4,180	\$ -	\$ 4,180	\$ 418
Net Pension Liability	118,368	168,001	-	286,369	-
Total Governmental Activities	\$ 118,368	\$ 172,181	\$ -	\$ 290,549	\$ 418

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

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

Refunds of Member Account Balance

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the County reported a liability of \$9,058,670 for its proportionate share of net pension liability. At December 31, 2020, the discretely presented component units reported a liability of \$959,836 for its proportionate share of net pension liability. 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 County's proportion of the net pension liability was based on the County's share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2020, the entities had the following proportions, change in proportions, and pension expense:

2020	Proportion	Increase (Decrease) in Proportion from June 30, 2019 Measurement	Pension Expense
Primary Government	0.287941%	-0.024863%	\$ 1,608,216
Discretely Presented Component Units			
Water Resource District	0.005300%	-0.000200%	20,964
Health Unit	0.016320%	-0.000484%	89,127
Economic Development Commission	0.008877%	-0.000615%	49,583

At December 31, 2020, the County and Discretely Presented Component Unit's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 35,253	\$ 459,011
Changes in Assumptions	4,856,019	802,820
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	292,368	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	211,514	265,601
Employer Contributions Subsequent to the Measurement Date	117,621	-
Total Primary Government	\$ 5,512,775	\$ 1,527,433

TRAIL COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Units - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,736	\$ 31,700
Changes in Assumptions	425,979	55,700
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	115,170	(14,811)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	15,736	14,879
Employer Contributions Subsequent to the Measurement Date	24,306	-
Total Discretely Presented Component Units	\$ 584,927	\$ 87,467

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	\$ 117,621
Water Resource District	2,051
Health Unit	18,661
Economic Development Commission	3,594

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

	Primary Government	Water Resource District	Health Unit	Economic Development Commission
2021	\$ 1,165,317	\$ 13,114	\$ 64,724	\$ 35,928
2022	1,012,760	14,708	57,262	31,224
2023	810,249	14,541	46,039	24,981
2024	879,395	16,464	51,388	27,113
Thereafter	-	-	-	-

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	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.

TRAIL COUNTY

Notes to the Financial Statements – Continued

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 County and Discretely Presented Component Unit's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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	\$ 11,752,944	\$ 9,058,670	\$ 6,854,097
Discretely Presented Component Units			
Water Resource District	216,821	167,117	126,446
Health Unit	666,138	513,431	388,479
Economic Development Commission	362,355	279,288	211,319

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

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

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

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

OPEB Benefits

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

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

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

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

At December 31, 2020, the County reported a liability of \$229,663 for its proportionate share of the net OPEB liability. At December 31, 2020, the discretely presented component unit's reported a liability of \$24,690 for its proportionate share of the net OPEB liability.

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

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:

2020	Proportion	Increase (Decrease) in Proportion from June 30, 2019 Measurement	OPEB Expense
Primary Government	0.273020%	-0.018567%	\$ 33,216
Discretely Presented Component Units			
Water Resource District	0.514100%	-0.508938%	666
Health Unit	0.015792%	0.000128%	1,971
Economic Development Commission	0.008417%	-0.000431%	1,024

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

Primary Government - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,101	\$ 5,506
Changes in Assumptions	30,794	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	7,898	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	11,128	11,742
Employer Contributions Subsequent to the Measurement Date	17,827	-
Total Primary Government	\$ 72,747	\$ 17,248

Discretely Presented Component Units - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 549	\$ 849
Changes in Assumptions	3,310	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	849	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	698	618
Employer Contributions Subsequent to the Measurement Date	3,563	-
Total Discretely Presented Component Units	\$ 8,971	\$ 1,467

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	\$ 17,827
Water Resource District	-
Health Unit	2,988
Economic Development Commission	576

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

	Primary Government	Water Resource District	Health Unit	Economic Development Commission
2021	\$ 7,556	\$ 184	\$ 488	\$ 233
2022	9,598	222	606	296
2023	9,224	215	586	284
2024	7,060	152	458	218
2025	3,533	49	201	109
Thereafter	700	2	18	22

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%
International Equities	21%	6.45%
Domestic Fixed Income	40%	1.15%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TRAILL COUNTY

Notes to the Financial Statements – Continued

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

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Primary Government	\$ 301,208	\$ 229,663	\$ 169,163
Discretely Presented Component Units			
Water Resource District	5,672	4,325	3,185
Health Unit	17,423	13,284	9,785
Economic Development Commission	9,287	7,081	5,215

NOTE 12 JOINT VENTURE

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

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2020, which is the most current audited information available:

Governmental Activities	Red River Joint Joint WRD
Total Assets	\$ 15,159,408
Total Liabilities	190,456
Net Position	\$ 14,968,952
Revenues	\$ 2,760,071
Expenses	1,168,138
Change in Net Position	\$ 1,591,933

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.

TRAILL COUNTY

Budgetary Comparison Schedule - General Fund
December 31, 2020

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 421,200	\$ 421,200	\$ 2,254,193	\$ 1,832,993
Intergovernmental	1,948,611	1,948,611	547,265	(1,401,346)
Charges for Services	47,190	47,190	732,470	685,280
Licenses, Permits and Fees	260	260	1,215	955
Interest Income	6,000	6,000	20,390	14,390
Miscellaneous	7,000	7,000	57,600	50,600
Total Revenues	\$ 2,430,261	\$ 2,430,261	\$ 3,613,133	\$ 1,182,872
EXPENDITURES				
Current				
General Government	\$ 2,112,835	\$ 2,112,835	\$ 1,912,073	\$ 200,762
Public Safety	1,435,120	1,435,120	1,277,793	157,327
Health & Welfare	156,753	156,753	130,373	26,380
Debt service				
Principal	70,000	70,000	68,958	1,042
Interest	-	-	1,042	(1,042)
Total Expenditures	\$ 3,774,708	\$ 3,774,708	\$ 3,390,239	\$ 384,469
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,344,447)	\$ (1,344,447)	\$ 222,894	\$ 1,567,341
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 24,233	\$ 24,233
Transfers Out	-	-	(35,964)	(35,964)
Net Change in Fund Balances	\$ (1,344,447)	\$ (1,344,447)	\$ 211,163	\$ 1,555,610
Fund Balances - January 1	\$ 864,506	\$ 864,506	\$ 864,506	\$ -
Fund Balances - December 31	\$ (479,941)	\$ (479,941)	\$ 1,075,669	\$ 1,555,610

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

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

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,900,855	\$ 2,900,855	\$ 2,444,592	\$ (456,263)
Intergovernmental	2,754,818	2,754,818	3,411,195	656,377
Charges for Services	383,458	383,458	288,821	(94,637)
Interest Income	100	100	19,716	19,616
Miscellaneous	32,000	32,000	68,475	36,475
Total Revenues	\$ 6,071,231	\$ 6,071,231	\$ 6,232,799	\$ 161,568
EXPENDITURES				
Current				
General Government	\$ -	\$ -	\$ 7,333	\$ (7,333)
Public Safety	130,178	130,178	199,823	(69,645)
Highways and Bridges	5,320,039	5,320,039	4,432,547	887,492
Flood Repairs And Maintenance	-	-	130,310	(130,310)
Emergencies	110,000	110,000	127,876	(17,876)
Health and Welfare	3,097,949	3,097,949	1,370,792	1,727,157
Conservation of Natural Resources	216,847	216,847	171,099	45,748
Total Expenditures	\$ 8,875,013	\$ 8,875,013	\$ 6,439,780	\$ 2,435,233
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,803,782)	\$ (2,803,782)	\$ (206,981)	\$ 2,596,801
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 621,982	\$ 621,982
Sale of Capital Assets	-	-	18,256	18,256
Transfers Out	-	-	(1,199,684)	(1,199,684)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (559,446)	\$ (559,446)
Net Change in Fund Balances	\$ (2,803,782)	\$ (2,803,782)	\$ (766,427)	\$ 2,037,355
Fund Balances - January 1	\$ 4,850,354	\$ 4,850,354	\$ 4,850,354	\$ -
Prior Period Adjustments	\$ -	\$ -	\$ 4,510	\$ -
Fund Balances - Jan. 1 as restated	\$ 4,850,354	\$ 4,850,354	\$ 4,854,864	\$ -
Fund Balances - December 31	\$ 2,046,572	\$ 2,046,572	\$ 4,088,437	\$ 2,037,355

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

TRAILL COUNTY

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

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

Primary Government	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.287941%	\$ (9,058,670)	\$ 3,274,257	-276.66%	48.91%
2019	0.312803%	3,666,282	3,352,422	109.36%	71.66%
2018	0.312803%	(3,666,282)	3,061,477	-119.76%	62.80%
2017	0.290388%	4,667,488	2,964,411	157.45%	61.98%
2016	0.270400%	2,635,310	2,724,995	96.71%	70.46%
2015	0.282479%	1,920,808	2,516,548	76.33%	77.15%
2014	0.282392%	2,073,075	2,378,805	87.15%	77.70%

Economic Development Commission	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.008877%	\$ (279,288)	\$ 96,591	-289.15%	48.91%
2019	0.009493%	111,260	98,896	112.50%	71.66%
2018	0.009493%	(111,260)	97,049	-114.64%	62.80%
2017	0.009005%	145,546	92,439	157.45%	61.98%
2016	0.008778%	85,552	88,463	96.71%	70.46%
2015	0.008872%	60,329	79,040	76.33%	77.15%
2014	0.008869%	65,111	74,714	87.15%	77.70%

Health District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.016320%	\$ (513,431)	\$ 180,024	-285.20%	48.91%
2019	0.016804%	196,955	174,786	112.68%	71.66%
2018	0.016804%	(196,955)	169,692	-116.07%	62.80%
2017	0.016138%	259,391	164,748	157.45%	61.98%
2016	0.015868%	154,649	159,912	96.71%	70.46%
2015	0.017423%	118,473	155,214	76.33%	77.15%
2014	0.017792%	112,930	149,880	75.35%	77.70%

TRAILL COUNTY

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

Water Resource District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.005300%	\$ 167,117	\$ 58,602	285.17%	48.91%
2019	0.005500%	64,909	57,600	112.69%	71.66%
2018	0.005600%	94,624	57,600	164.28%	62.80%
2017	0.005400%	86,008	54,630	157.44%	61.98%
2016	0.010400%	101,426	104,874	96.71%	70.46%
2015	0.011400%	77,674	103,878	74.77%	77.70%

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

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2020	\$ 231,846	\$ 236,351	\$ (4,505)	\$ 3,225,919	7.33%
2019	244,076	232,778	11,298	3,352,422	6.94%
2018	225,491	215,586	9,905	3,061,477	7.04%
2017	214,956	204,605	10,351	2,964,411	6.90%
2016	197,285	194,989	2,296	2,724,995	7.16%
2015	190,956	187,607	3,349	2,516,548	7.45%
2014	169,371	169,371	-	2,378,805	7.12%

Economic Development Commission	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2020	\$ 6,839	\$ 6,972	\$ (133)	\$ 100,966	6.91%
2019	7,200	6,867	333	98,896	6.94%
2018	7,148	6,834	314	97,049	7.04%
2017	6,703	6,380	323	92,439	6.90%
2016	6,405	6,330	75	88,463	7.16%
2015	6,004	5,898	106	79,040	7.46%
2014	5,320	5,320	-	74,714	7.12%

TRAILL COUNTY

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

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 12,748	\$ 12,786	\$ (38)	\$ 182,684	7.00%
2019	12,726	12,414	312	174,786	7.10%
2018	12,499	12,052	447	169,692	7.10%
2017	11,946	11,701	245	164,748	7.10%
2016	11,577	11,357	220	159,912	7.10%
2015	11,790	11,051	739	155,214	7.12%
2014	10,671	10,671	-	149,880	7.12%

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	\$ 4,172	\$ 4,172	\$ -	\$ 58,602	7.12%
2019	4,101	4,101	-	57,600	7.12%
2018	4,101	4,101	-	57,600	7.12%
2017	3,890	3,890	-	54,630	7.12%
2016	7,467	7,467	-	104,874	7.12%
2015	7,396	7,396	-	103,878	7.12%

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

TRAILL COUNTY

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

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

Primary Government	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.273020%	\$ (229,663)	\$ 3,208,300	-7.16%	63.38%
2019	0.291586%	234,199	3,352,422	6.99%	63.13%
2018	0.291586%	(234,199)	3,061,477	-7.65%	61.89%
2017	0.274015%	216,749	2,964,411	7.31%	59.78%

Economic Development Commission	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.008417%	\$ (7,081)	\$ 94,645	-7.48%	63.38%
2019	0.008849%	7,107	98,896	7.19%	63.13%
2018	0.008849%	(7,107)	97,049	-7.32%	61.89%
2017	0.009055%	145,546	92,439	157.45%	59.78%

Health District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.015792%	\$ (13,284)	\$ 182,684	-7.27%	63.38%
2019	0.015664%	12,581	174,786	7.20%	63.13%
2018	0.015664%	(12,581)	169,692	-7.41%	61.89%
2017	0.015228%	12,046	164,748	7.31%	59.78%

Water Resource District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.005141%	\$ 4,325	\$ 58,602	7.38%	63.38%
2019	0.005162%	4,146	57,600	7.20%	63.13%
2018	0.005264%	4,146	57,600	7.20%	61.89%
2017	0.005050%	3,995	54,630	7.31%	59.78%

TRAILL COUNTY

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

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

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 37,691	\$ 37,454	\$ 237	\$ 3,225,919	1.16%
2019	38,989	37,271	1,718	3,352,422	1.11%
2018	35,909	34,518	1,391	3,061,477	1.13%
2017	34,459	32,760	1,699	2,964,411	1.11%

Economic Development Commission	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 1,112	\$ 1,105	\$ 7	\$ 100,966	1.09%
2019	1,150	1,099	51	98,896	1.11%
2018	1,138	1,094	44	97,049	1.13%
2017	1,075	1,022	53	92,439	1.11%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 2,115	\$ 2,047	\$ 68	\$ 182,684	1.12%
2019	2,033	1,988	45	174,786	1.14%
2018	1,990	1,930	60	169,692	1.14%
2017	1,915	1,874	41	164,748	1.14%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 688	\$ 666	\$ 22	\$ 58,602	1.14%
2019	670	657	13	57,600	1.14%
2018	676	657	19	57,600	1.14%
2017	635	879	(244)	54,630	1.61%

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

TRAILL COUNTY

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

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

NOTE 4: 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 2.50% to 2.25% for the July 1, 2020 valuation.
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation.
- Mortality table updates were made for the July 1, 2020 valuation.

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

OPEB

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

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

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

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

Assistance Listing Number	Program Title	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
	Passed Through State's Office of Attorney General		
16.576	Crime Victim Compensation	N/A	\$ 10,990
	Total U.S. Department of Justice		\$ 10,990
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed Through State Department of Human Services		
93.563	Child Support Enforcement	N/A	\$ 46
93.778	Medical Assistance Program	N/A	21,192
	Total U.S. Department of Health and Human Services		\$ 21,238
U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed Through State Department of Emergency Services		
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4444, DR4475, & DR4509	\$ 111,737
97.042	Emergency Management Performance Grants	EMPG2020	3,548
	Total U.S. Department of Homeland Security		\$ 115,285
U.S. DEPARTMENT OF TRANSPORTATION			
	Passed Through State Highway Department		
20.600	State & Highway Community Safety	N/A	\$ 1,285
20.616	National Priority Safety Programs	N/A	6,329
	Total U.S. Department of Transportation		\$ 7,614
U.S. DEPARTMENT OF TREASURER			
	Passed Through State Treasurer		
21.019	COVID-19 - Coronavirus Relief Fund	N/A	\$ 628,415
	Total Expenditures of Federal Awards		\$ 783,542

See notes to the Schedule of Expenditures of Federal Awards

TRAILL 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the *Uniform Guidance*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

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 has not elected to use the 10-percent de minimis cost rate as allowed under Uniform Guidance

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

Independent Auditor's Report

Board of County Commissioners
Traill County
Hillsboro, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County as of and for the years ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Traill County's basic financial statements, and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Traill County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Traill County's internal control. Accordingly, we do not express an opinion on the effectiveness of Traill County's internal control.

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

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

TRAILL COUNTY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Compliance and Other Matters

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

Traill County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 16, 2021

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

Independent Auditor's Report

Board of County Commissioners
Traill County
Hillsboro, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Traill County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Traill County's major federal program for the year ended December 31, 2020. Traill 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 Traill 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 Traill 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 Traill County's compliance.

Opinion on Each Major Federal Program

In our opinion, Traill 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.

TRAILL COUNTY

Report on Compliance for Each Major Federal Programs; and Report on Internal Control Over Compliance - Continued

Report on Internal Control Over Compliance

Management of Traill 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 Traill 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 Traill 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
December 16, 2021

TRAILL COUNTY

Summary of Auditor's Results
For the Years Ended December 31, 2020

Financial Statements

Type of Report Issued:

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

Internal control over financial reporting

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

Federal Awards

Internal Control Over Major Programs

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

Identification of Major Programs

Assistance Listing Number	Name of Federal Program or Cluster
CFDA 21.019	COVID-19 - Coronavirus Relief Fund

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

TRAILL COUNTY

Schedule of Audit Findings

For the Years Ended December 31, 2020

2020-001 FRAUD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition

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

Criteria

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

Cause

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

Effect

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

Repeat Finding

Yes

Recommendation

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

Traill County's Response

See Corrective Action Plan

.....

TRAILL COUNTY
Glenda Haugen, County Auditor
PO Box 429 Hillsboro ND 58045
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Email: glenda.haugen@co.trail.nd.us

TRAILL COUNTY AUDITOR

Date: December 13, 2021
To: Joshua C. Gallion, ND State Auditor
FROM: Glenda Haugen, County Auditor
RE: Traill County 2020 Corrective Action Plan

Contact Person Responsible for Corrective Action Plan: Glenda Haugen, County Auditor

Section I – Financial Statement Findings:

2020-001 FRAUD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition:

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

Corrective Action Plan:

To update Traill County's Internal Control Policy to include a fraud risk assessment policy, required of the State Auditor's Department.

Anticipated Completion Date:

March 1, 2022

Sincerely,


Glenda Haugen
Traill County Auditor

Traill County places significant importance on the safety and well-being of its employees and the public it serves.

.....

TRAILL COUNTY
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TRAILL COUNTY AUDITOR

Date: December 13, 2021
To: Joshua C. Gallion, ND State Auditor
FROM: Glenda Haugen, County Auditor
RE: Traill County– FY2020 Schedule of Prior Year Findings

2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition

Traill County currently does not prepare the financial statements, including various off book 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 Traill County consider the additional risk of having the auditor assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

Current Status

I have received the updated financial statement program we reviewed at the Auditor's convention and plan on using the program to complete my 2021 financials.

2019-002 FRUAD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition

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

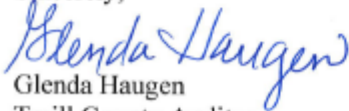
Recommendation

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

Current Status

Traill County will add the fraud risk assessment to our Internal Control Policy. This should be completed by March 1, 2022.

Sincerely,


Glenda Haugen
Traill County Auditor

Traill County places significant importance on the safety and well-being of its employees and the public it serves.

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GOVERNANCE COMMUNICATION

Board of County Commissioners
Traill County
Hillsboro, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County, North Dakota, for the year ended December 31, 2020 which collectively comprise Traill County's basic financial statements, and have issued our report thereon dated December 16, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance

As stated in our engagement letter dated October 14, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

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

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

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Traill County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

TRAIL COUNTY

Governance Communication – Continued

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

Corrected and Uncorrected Misstatements

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

2020 Adjustments

	General Fund		Special Revenue Fund		Total	
Fund Level Adjustments						
<u>To record payables adjustment</u>						
Accounts Payable	52,642	-	200	-	52,842	-
Expenditures	-	52,642	-	200	-	52,842
Government Wide Statements						
<u>To record compensated absences payable adjustment</u>						
Expenditures	-	-			67,713	-
Compensated Absences Payable	-	-			-	67,713
<u>To record payables adjustment</u>						
Accounts Payable	-	-	-	-	52,842	-
Expenditures	-	-	-	-	-	52,842

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 December 16, 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.

TRAILL COUNTY

Governance Communication – Continued

Other Audit Findings or Issues

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

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 16, 2021



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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