



Financial Statements  
December 31, 2020

# Williams County, North Dakota

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Steve Kemp  
Cory Hanson  
Beau Anderson  
David Montgomery  
Barry Ramberg

Beth M. Innis  
Patti Ogurchak  
Verlan Kvande  
Jaakan Williams

Commissioner – Chairman  
Commissioner – Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Auditor  
Treasurer and Recorder  
Sheriff  
State's Attorney



## Independent Auditor's Report

Board of County Commissioners  
Williams County  
Williston, North Dakota

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1 to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 modified cash basis financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, ND, as of December 31, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1 to the financial statements.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting used in the preparation of the financial statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

**Emphasis of Matter**

As discussed in Notes 1 and 14 to the financial statements, the County has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of January 1, 2020. Our opinions are not modified with respect to this matter.

**Other Matters****Other Information**

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Williams County North Dakota's financial statements. The County Officials listing, Schedules of Employer's Share of Net Pension Liability and Employer's Contributions – Pension, Schedules of Employer's Share of Net OPEB Liability and Employer's Contributions – OPEB, Combining Schedule of Net Position – Discretely Presented Component Units, and Combining Schedule of Activities – Discretely Presented Component Units are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements

The Schedules of Employer's Share of Net Pension Liability and Employer's Contributions – Pension, Schedules of Employer's Share of Net OPEB Liability and Employer's Contributions – OPEB, Combining Schedule of Net Position – Discretely Presented Component Units, Combining Schedule of Activities – Discretely Presented Component Units, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 Schedules of Employer's Share of Net Pension Liability and Employer's Contributions – Pension, Schedules of Employer's Share of Net OPEB Liability Employer's Contributions – OPEB, Combining Schedule of Net Position – Discretely Presented Component Units, and Combining Schedule of Activities – Discretely Presented Component Units and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The County Officials listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2021, on our consideration of Williams County, ND's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Williams County, ND'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 Williams County's internal control over financial reporting and compliance.



Bismarck, North Dakota  
August 2, 2021

Williams County, North Dakota  
Statement of Net Position – Modified Cash Basis  
December 31, 2020

	Primary Governmental Activities	Component Units
<b>Assets</b>		
Cash and investments	\$ 94,093,648	\$ 5,796,281
Capital assets not being depreciated		
Land	1,174,651	11,000
Construction in progress	28,737,135	98,507
Capital assets (net of accumulated depreciation)		
Land improvements	72,395	913,135
Infrastructure	59,809,793	-
Buildings	39,475,800	-
Building improvements	49,981,192	-
Machinery, furniture and equipment	10,671,170	156,339
Software	193,990	-
Total capital assets, net	<u>190,116,126</u>	<u>1,178,981</u>
Total assets	<u>284,209,774</u>	<u>6,975,262</u>
<b>Liabilities</b>		
Long-term liabilities		
Due within one year		
Bonds payable	197,808	-
Due after one year		
Bonds payable	2,201,834	-
Total liabilities	<u>2,399,642</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	187,716,484	1,178,981
Restricted for		
General government	125,000	-
Public safety	6,904,771	-
Debt service	94,862	-
Conservation of natural resources	-	5,796,281
Highways	2,759,729	-
Unrestricted	<u>84,209,286</u>	<u>-</u>
Total net position	<u>\$ 281,810,132</u>	<u>\$ 6,975,262</u>

Williams County, North Dakota  
Statement of Activities – Modified Cash Basis  
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
					Governmental Activities	Component Units
<b>Primary government</b>						
Governmental activities						
General government	\$ 22,885,915	\$ 7,728,536	\$ 1,207,684	\$ -	\$ (13,949,695)	\$ -
Public safety	31,519,182	1,017,901	4,237,205	-	(26,264,076)	-
Highways	21,817,614	-	19,898	7,131,756	(14,665,960)	-
Health and welfare	1,500,984	-	27,011	-	(1,473,973)	-
Culture and recreation	352,060	5,860	120,445	-	(225,755)	-
Conservation of natural resources	-	-	356	-	356	-
Other	401,094	-	-	-	(401,094)	-
Interest and service charges	52,515	-	-	-	(52,515)	-
Total primary government	<u>\$ 78,529,364</u>	<u>\$ 8,752,297</u>	<u>\$ 5,612,599</u>	<u>\$ 7,131,756</u>	<u>(57,032,712)</u>	<u>-</u>
<b>Component units</b>						
Water resource district	\$ 472,851	\$ 91,419	\$ -	\$ -	-	(381,432)
Weed board	414,402	5,044	-	-	-	(409,358)
Vector control district #1	411,148	915,481	-	-	-	504,333
Total component units	<u>\$ 1,298,401</u>	<u>\$ 1,011,944</u>	<u>\$ -</u>	<u>\$ -</u>		
<b>General revenues</b>						
Taxes						
Property taxes, levied for general purposes					9,981,599	1,179,004
Oil and gas production tax					21,180,085	-
Highway tax distribution					3,564,756	-
Telecommunications tax					60,044	-
Sales/use tax					20,321,050	-
Other taxes					127,876	-
Nonrestricted grants and contributions					2,046,610	118,603
Earnings on investments					981,050	645
Mineral and oil royalties					854,995	-
Miscellaneous revenue					490,780	42,213
Rental income					293,380	-
Total general revenues					<u>59,902,225</u>	<u>1,340,465</u>
Gain on disposal of capital assets					<u>10,801</u>	<u>-</u>
Change in net position					2,880,314	1,054,008
Net position - January 1, as restated					<u>278,929,818</u>	<u>5,921,254</u>
Net position - December 31					<u>\$ 281,810,132</u>	<u>\$ 6,975,262</u>



Williams County, North Dakota  
Balance Sheet – Governmental Funds – Modified Cash Basis  
December 31, 2020

	General	Public Safety 1% Sales Tax	Special Road Levy	County Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 61,293,704	\$ 6,297,502	\$ 516,388	\$ 2,243,341	\$ 17,814,720	\$ 88,165,655
Advances receivable	-	-	95,716	-	-	95,716
<b>Total assets</b>	<b><u>\$ 61,293,704</u></b>	<b><u>\$ 6,297,502</u></b>	<b><u>\$ 612,104</u></b>	<b><u>\$ 2,243,341</u></b>	<b><u>\$ 17,814,720</u></b>	<b><u>\$ 88,261,371</u></b>
<b>Liabilities</b>						
Advances payable	\$ -	\$ -	\$ -	\$ -	\$ 95,716	\$ 95,716
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Advances	-	-	95,716	-	-	95,716
<b>Restricted for:</b>						
General government	-	-	-	-	125,000	125,000
Public safety	-	6,297,502	-	-	607,269	6,904,771
Debt service	-	-	-	-	94,862	94,862
Highways	-	-	516,388	2,243,341	-	2,759,729
<b>Committed for:</b>						
General government	2,803,258	-	-	-	2,139,068	4,942,326
Public safety	-	-	-	-	2,015,167	2,015,167
Health and welfare	-	-	-	-	19,177	19,177
Culture and recreation	-	-	-	-	894,871	894,871
Conservation of natural resources	-	-	-	-	-	-
<b>Assigned for:</b>						
General government	3,044,440	-	-	-	1,979,259	5,023,699
Public safety	83,796	-	-	-	350,698	434,494
Highways	8,800	-	-	-	309,910	318,710
Capital projects	-	-	-	-	9,220,582	9,220,582
Unassigned	55,353,410	-	-	-	(36,859)	55,316,551
<b>Total fund balances</b>	<b><u>61,293,704</u></b>	<b><u>6,297,502</u></b>	<b><u>612,104</u></b>	<b><u>2,243,341</u></b>	<b><u>17,719,004</u></b>	<b><u>88,165,655</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 61,293,704</u></b>	<b><u>\$ 6,297,502</u></b>	<b><u>\$ 612,104</u></b>	<b><u>\$ 2,243,341</u></b>	<b><u>\$ 17,814,720</u></b>	<b><u>\$ 88,261,371</u></b>

Williams County, North Dakota

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds –  
Modified Cash Basis  
December 31, 2020

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Total fund balances for governmental funds		\$ 88,165,655
Total net position reported for government activities in the statement of net position is different because		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of capital assets	\$ 302,353,915	
Less accumulated depreciation	<u>(112,237,789)</u>	
Net capital assets		190,116,126
<p>Internal service funds are used by the County to charge the cost of health insurance claims to individual functions. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:</p>		
		5,927,993
<p>Long-term liabilities to the County's governmental activities 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. Balances at December 31, 2020 are</p>		
Bonds payable		<u>(2,399,642)</u>
Total net position of governmental activities		<u><u>\$ 281,810,132</u></u>

Williams County, North Dakota

Statements of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – Modified Cash Basis  
Year Ended December 31, 2020

	General	Public Safety 1% Sales Tax	Special Road Levy	County Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 24,169,476	\$ 20,321,050	\$ 5,051,183	\$ 4,507,642	\$ 1,186,059	\$ 55,235,410
Licenses, permits and fees	3,480,002	-	-	646,000	757,714	4,883,716
Intergovernmental	6,550,950	-	418,483	1,040,145	552,161	8,561,739
Charges for services	2,294,671	-	-	386,570	1,187,340	3,868,581
Interest income	939,139	-	-	-	-	939,139
Oil royalties	775,007	-	-	192	79,796	854,995
Rental income	193,076	-	-	-	100,304	293,380
Miscellaneous	156,134	-	-	27,368	307,278	490,780
Total revenues	<u>38,558,455</u>	<u>20,321,050</u>	<u>5,469,666</u>	<u>6,607,917</u>	<u>4,170,652</u>	<u>75,127,740</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	13,052,648	-	-	-	3,204,120	16,256,768
Public safety	11,519,372	15,248,618	-	-	4,049,330	30,817,320
Highways	-	-	205,599	6,964,185	35,712	7,205,496
Health and welfare	-	-	-	-	1,230,298	1,230,298
Culture and recreation	-	-	-	-	296,429	296,429
Other	-	-	-	-	401,094	401,094
Capital outlay	851,216	-	9,253,851	11,467,408	4,193,557	25,766,032
<b>Debt service</b>						
Principal	-	-	-	-	193,285	193,285
Interest and service charges	-	-	-	-	52,515	52,515
Total expenditures	<u>25,423,236</u>	<u>15,248,618</u>	<u>9,459,450</u>	<u>18,431,593</u>	<u>13,656,340</u>	<u>82,219,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,135,219</u>	<u>5,072,432</u>	<u>(3,989,784)</u>	<u>(11,823,676)</u>	<u>(9,485,688)</u>	<u>(7,091,497)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of assets	10,801	-	-	-	-	10,801
Transfers in	11,050,892	-	-	9,330,936	7,753,428	28,135,256
Transfers out	(18,210,101)	(4,950,508)	(1,027,739)	(3,564,756)	(382,152)	(28,135,256)
Total other financing sources (uses)	<u>(7,148,408)</u>	<u>(4,950,508)</u>	<u>(1,027,739)</u>	<u>5,766,180</u>	<u>7,371,276</u>	<u>10,801</u>
Net change in fund balances	5,986,811	121,924	(5,017,523)	(6,057,496)	(2,114,412)	(7,080,696)
Fund balance - January 1	55,306,893	6,175,578	5,629,627	8,300,837	19,601,410	95,014,345
Restatement (Note 14)	-	-	-	-	232,006	232,006
Fund balance - January 1, as restated	<u>55,306,893</u>	<u>6,175,578</u>	<u>5,629,627</u>	<u>8,300,837</u>	<u>19,833,416</u>	<u>95,246,351</u>
Fund balance - December 31	<u>\$ 61,293,704</u>	<u>\$ 6,297,502</u>	<u>\$ 612,104</u>	<u>\$ 2,243,341</u>	<u>\$ 17,719,004</u>	<u>\$ 88,165,655</u>

Williams County, North Dakota

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

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Net change in fund balance - total governmental funds		\$ (7,080,696)
The change in net position reported for governmental activities in the statement of activities is different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year		
Current year capital outlay	\$ 25,897,844	
Capital assets contributed by other entities	6,229,226	
Current year depreciation expense	<u>(23,135,758)</u>	8,991,312
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to increase net position		
		797,507
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of debt		193,285
Internal service funds are used by the County to charge the cost of medical claims and workers compensation claims to individual functions. The net revenue of the internal service fund is reported with governmental activities		
		<u>(21,094)</u>
Change in net position of governmental activities		<u>\$ 2,880,314</u>

Williams County, North Dakota  
Statement of Net Position – Proprietary Fund – Modified Cash Basis  
December 31, 2020

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	<u>Governmental Activity Internal Service Funds</u>
Assets	
Current assets	
Cash	<u>\$ 5,927,993</u>
Net Position	
Unrestricted	<u>\$ 5,927,993</u>

Williams County, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Modified Cash Basis  
Year Ended December 31, 2020

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	Governmental Activity <u>Internal Service Fund</u>
Operating Revenues	
Employer contributions	<u>\$ 5,012,180</u>
Operating Expenses	
Claims and premiums	<u>5,075,185</u>
Operating loss	<u>(63,005)</u>
Non-Operating Revenues	
Interest income	<u>41,911</u>
Change in net position	(21,094)
Net position - January 1	<u>5,949,087</u>
Net position - December 31	<u><u>\$ 5,927,993</u></u>

Williams County, North Dakota  
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis  
Year Ended December 31, 2020

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	Governmental Activity Internal Service Fund
Cash Flows from Operating Activities	
Received from employer	\$ 5,012,180
Paid to administrator and employees	(5,075,185)
Net Cash Used in Operating Activities	(63,005)
Cash Flows from Investing Activity	
Interest received	41,911
Net Increase in Cash and Cash Equivalents	(21,094)
Cash and Cash Equivalents - January 1	5,949,087
Cash and Cash Equivalents - December 31	\$ 5,927,993

Williams County, North Dakota  
Statement of Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis  
December 31, 2020

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	<u>Custodial Funds</u>
Assets	
Cash and investments	<u>\$ 12,498,969</u>
Net position	
Restricted	<u>\$ 12,498,969</u>



Williams County, North Dakota  
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis  
December 31, 2020

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	Custodial Funds
Additions	
Taxes	\$ 51,972,370
Licenses, permits and fees	7,322,433
Intergovernmental	3,012,869
Charges for services	35,500
Fines and fees	28,395
Miscellaneous revenue	6,927,073
Total revenues	69,298,640
Deductions	
Other services and charges	71,689,496
Total expenditures	71,689,496
Change in net position	(2,390,856)
Net position, beginning, as restated	14,889,825
Net position, ending	\$ 12,498,969

## **Note 1 - Summary of Significant Accounting Policies**

The financial statements of Williams County, Williston, North Dakota, have been prepared in conformity with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### **Reporting Entity**

The accompanying financial statements present the activities of Williams County, North Dakota (the County). The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The 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 Williams 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 Williams County.

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

### **Component Units**

In conformity with a modified cash basis, the financial statements of the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Units – The component unit column in the government-wide financial statements includes the financial data of the County's three component units, Williams County Water Resource District, Williams County Weed Board, and Vector Control District #1. These units are reported in a separate column to emphasize that they are legally separate from the County.

Williams County Water Resource District – The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The County Commission can approve, disapprove or amend the district's annual budget.

Complete financial statements may be obtained from the Williams County Water Resource District Board Secretary, 206 East Broadway, Williston ND 58801.

Williams County Weed Board - The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The Williams County Board of Commissioners has the authority to approve the budget of the Weed Board.

Vector Control District #1 - The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The Williams County Board of Commissioners has the authority to approve the budget of the Vector Control District #1.

Complete financial statements for the Weed Board and Vector Control may be obtained from the Williams County Finance Department, 206 East Broadway, Williston ND 58801.

### **Government-wide and Fund Financial Statements**

Government-wide Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities are normally supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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, proprietary, 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.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements.

Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements. Only capital assets and long-term debt are recorded under the basis of accounting described above on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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.

**Public Safety 1% Sales Tax Fund** – This fund is used to track the County’s portion of the 1% sales and use tax for the purpose of providing supplemental funding to public safety departments and agencies within the County.

**County Road and Bridge** – This is the County’s primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund.

**Special Road Levy Fund** – This is the County’s fund used to account for the proceeds and uses of the special road levy.

Additionally, the County reports the following fund types:

**Internal Service Fund** – This fund accounts for health insurance and workers compensation insurance coverage provided to other departments on a cost reimbursement basis.

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

The County follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for all governmental entities. For the government-wide financial statements, the County follows all applicable GASB pronouncements to the extent they are applicable to the modified cash basis of accounting.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

### **Equity Classifications**

#### **Government-wide Statements**

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **Fund Balance Classification Policies and Procedures**

The County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The County uses *restricted* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

### **Cash and Investments**

Cash includes amounts in demand deposits, money market accounts and certificates of deposit with a maturity date of 90 days or less.

Investments consist of certificates of deposit, with a maturity date in excess of 90 days, stated at cost.

### **Budget**

The County commission adopts an “appropriated budget” on the modified cash basis of accounting. The County Finance Director, through an enactment by the Williams County Board of County Commissioners, adopted August 16, 2016, performs certain statutory duties of the County Auditor, including preparing an annual budget for the general fund and each special revenue fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them. The current budget, except for property taxes, may be amended throughout the year for revenues or appropriations anticipated when the budget was prepared. NDCC 57-15-31.1. Each budget is controlled by the County Finance Director, per the enactment adopted by the Williams County Board of County Commissioners on August 16, 2016, at the revenue and expenditure function/object level. All appropriations lapse at year-end. When expenditures are in excess of appropriations the County will fund these items through revenues in excess of budget, cash reserves of the fund, or from a cash transfer from other funds.

The County holds public hearings regarding disbursements. All tax levies and all taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04. The County commissioners meet on or before October to 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.

### **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported 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 or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Land improvements	7 to 20 years
Infrastructure	5 to 10 years
Buildings	15 to 50 years
Building improvements	20 years
Machinery, furniture and equipment	3 to 25 years
Software	5 years

### **Long-Term Obligations**

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year incurred.

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

### **Tax Revenues**

The County receives sales tax payments through the State for local purchases. The sales tax is subject to a refund cap which is performed at the state level. The sales tax refunds are not measurable by the County until the County is notified by the State as to the amount of the refunds and the refunds are recorded by the County when received.

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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

**Pensions**

For the purposes of measuring net pension liability 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. The net pension liability is not reported under the modified cash basis of accounting, but the information disclosed in the pension footnote, Note 9, is shown as additional information to the users of the financial statements.

**Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net OPEB liability is not reported under the modified cash basis of accounting, but the information disclosed in the OPEB footnote, Note 10, is shown as additional information to the users of the financial statements.

**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.

**Implementation of GASB Statement No. 84**

As of January 1, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the County resulted in an increase to beginning Other Governmental Funds fund balance and beginning Governmental Activities net position of \$232,006, and an increase in Custodial Funds net position of \$14,889,825. The effect of the implementation of this standard on beginning net position is disclosed in Note 14.



## Note 2 - Deposits and Investments

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

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

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

At December 31, 2020, the pooled bank balance of the County funds, Williams County Weed Board, Vector Control District #1, and fiduciary funds was \$110,688,024. The carrying amount of deposits was \$111,356,026, which consisted of County deposits of \$94,093,540, component unit deposits of \$4,763,409 and custodial fund deposits of \$12,499,077. Of the bank balances, \$1,250,000 was covered by Federal Depository Insurance. The remaining balance of \$109,438,024 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2020, Williams County Water Resource District, a discretely presented component unit of Williams County, had a carrying amount of deposits of \$997,233, and a bank balance of \$991,101. The bank balance was covered by Federal Depository Insurance of \$250,000 and the remaining balance was collateralized with securities held by the pledge financial institution's agent in the Water District's name. The other two discretely presented component units are carried within the County funds and are adequately collateralized.

Interest Rate Risk – The County does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates, nor do the fiduciary funds or component units. All investments are certificates of deposit.

**Credit Risk**

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

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

As of December 31, 2020, the County held certificates of deposit in the amount of \$4,543,718. The Williams County Water Resource District, a discretely presented component unit of Williams County, held certificates of deposit in the amount of \$40,288 which mature in 2022. The certificates of deposit are all considered deposits and are included in the above amount of total deposits.

As of December 31, 2020, the County held certificates of deposit with the following maturity dates:

	Within 1 Year	1 to 5 Years	Thereafter	Total
Certificates of Deposit	\$ 4,543,718	\$ -	\$ -	\$ 4,543,718

**Concentration of Credit Risk**

The County does not have a limit on the amount the County may invest in any one issuer. All deposits and investments are held with the following six financial institutions: First International Bank, Bank of Tioga, First National Bank and Trust, American State Bank, Wells Fargo, and the Bank of North Dakota.

**Note 3 - Advances to/from Other Funds**

Advances to/from other funds are for long-term borrowing between the special road levy fund and the other governmental funds. The advances have 15-year terms, due in 2031, at an interest rate of 4.0%. Advances to/from other funds were \$95,716 at December 31, 2020.

**Note 4 - Capital Assets**

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

**Primary Government**

<u>Governmental Activities</u>	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets not being depreciated				
Land	\$ 1,174,651	\$ -	\$ -	\$ 1,174,651
Construction in progress	20,818,580	29,424,006	21,505,451	28,737,135
Total capital assets, not being depreciated	<u>21,993,231</u>	<u>29,424,006</u>	<u>21,505,451</u>	<u>29,911,786</u>
Capital assets being depreciated				
Land improvements	126,136	5,731	-	131,867
Infrastructure	130,699,932	13,677,765	-	144,377,697
Buildings	50,097,899	83,143	-	50,181,042
Building improvements	49,995,535	6,533,311	-	56,528,846
Machinery, furniture and equipment	17,846,810	6,336,395	3,316,116	20,867,089
Software	355,588	-	-	355,588
Total capital assets, being depreciated	<u>249,121,900</u>	<u>26,636,345</u>	<u>3,316,116</u>	<u>272,442,129</u>
Less accumulated depreciation for				
Land improvements	53,005	6,467	-	59,472
Infrastructure	71,045,300	13,522,604	-	84,567,904
Buildings	6,099,915	4,605,327	-	10,705,242
Building improvements	3,726,679	2,820,975	-	6,547,654
Machinery, furniture and equipment	9,772,445	2,109,267	1,685,793	10,195,919
Software	90,480	71,118	-	161,598
Total accumulated depreciation	<u>90,787,824</u>	<u>23,135,758</u>	<u>1,685,793</u>	<u>112,237,789</u>
Total capital assets being depreciated, net	<u>158,334,076</u>	<u>3,500,587</u>	<u>1,630,323</u>	<u>160,204,340</u>
Governmental activities - capital assets, net	<u>\$ 180,327,307</u>	<u>\$ 32,924,593</u>	<u>\$ 23,135,774</u>	<u>\$ 190,116,126</u>

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

Governmental Activities

General government	\$ 7,495,461
Public safety	701,862
Highways	14,612,118
Health and welfare	270,686
Culture and recreation	<u>55,631</u>
Total depreciation expense - governmental activities	<u><u>\$ 23,135,758</u></u>

**Component Units**

<u>Discretely Presented Component Units</u>	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets not being depreciated				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Construction in progress	<u>109,374</u>	<u>4,200</u>	<u>15,067</u>	<u>98,507</u>
Total capital assets, not being depreciated	<u>120,374</u>	<u>4,200</u>	<u>15,067</u>	<u>109,507</u>
Capital assets being depreciated				
Land improvements	1,594,891	29,767	-	1,624,658
Buildings	20,000	-	20,000	-
Machinery, furniture and equipment	<u>1,228,521</u>	<u>40,340</u>	<u>83,094</u>	<u>1,185,767</u>
Total capital assets, being depreciated	<u>2,843,412</u>	<u>70,107</u>	<u>103,094</u>	<u>2,810,425</u>
Less accumulated depreciation for				
Land improvements	600,828	110,695	-	711,523
Buildings	4,600	5,167	9,767	-
Machinery, furniture and equipment	<u>1,005,702</u>	<u>96,727</u>	<u>73,001</u>	<u>1,029,428</u>
Total accumulated depreciation	<u>1,611,130</u>	<u>212,589</u>	<u>82,768</u>	<u>1,740,951</u>
Total capital assets being depreciated, net	<u>1,232,282</u>	<u>(142,482)</u>	<u>20,326</u>	<u>1,069,474</u>
Component units - capital assets, net	<u><u>\$ 1,352,656</u></u>	<u><u>\$ (138,282)</u></u>	<u><u>\$ 35,393</u></u>	<u><u>\$ 1,178,981</u></u>

**Note 5 - Interfund Transfers**

Interfund transfers were used to move revenues from the funds that are required to collect them to funds that are allowed to expend them. The following is a reconciliation between transfers in and out for the year ended December 31, 2020:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 11,050,892	\$ 18,210,101
Public Safety 1% Sales Tax	-	4,950,508
Special Road Levy	-	1,027,739
County Road and Bridge	9,330,936	3,564,756
Other Governmental Funds	7,753,428	382,152
	<u>7,753,428</u>	<u>382,152</u>
Total transfers	<u>\$ 28,135,256</u>	<u>\$ 28,135,256</u>

**Note 6 - Long-Term Liabilities**

Changes in long-term liabilities – During the year ended December 31, 2020, the following changes occurred in liabilities reported as long-term debt:

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Bonds payable	\$ 2,592,927	\$ -	\$ 193,285	\$ 2,399,642	\$ 197,808
Total	<u>\$ 2,592,927</u>	<u>\$ -</u>	<u>\$ 193,285</u>	<u>\$ 2,399,642</u>	<u>\$ 197,808</u>

Outstanding debt at December 31, 2020, consists of the following issues:

**Bonds Payable**

\$2,860,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of \$122,488 to \$158,634, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Debt Service fund	\$ 2,068,459
\$370,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of \$18,519 to \$23,984, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Debt Service fund	271,183
\$485,000 refunding improvement bonds dated June 1, 2007 for assisting with the construction of a road project. Annual installments of \$20,000 to \$35,000, plus interest, through May 1, 2022; interest at 4.0% to 4.35%, liquidated out of the Debt Service fund	60,000
	\$ 2,399,642

Debt service requirements on bonds payable at December 31, 2020, are as follows:

Year Ending December 31	Bond Payable	
	Principal	Interest
2021	\$ 197,808	\$ 48,281
2022	201,181	43,603
2023	174,622	39,510
2024	178,131	36,000
2025	181,712	32,420
2026 - 2030	964,836	105,822
2031 - 2033	501,352	15,692
	\$ 2,399,642	\$ 321,328
Totals		

**Note 7 - Joint Ventures**

Williams County entered into a joint venture with Mountrail, Divide and McKenzie Counties for the operation of the Upper Missouri District Health Unit. Each participating county's share of the cost of operations and board member appointments is determined by the property valuation of each county. During 2020, the County's contributions to the joint venture was \$515,008.

Audited summary financial information for the year ended December 31, 2019, the most recent year audited, is as follows:

Cash and investments	\$ 1,311,106
Other assets	<u>735,348</u>
Total assets	2,046,454
Deferred outflows of resources	<u>777,813</u>
Total assets and deferred outflows of resources	<u>\$ 2,824,267</u>
Total liabilities	\$ 2,274,379
Deferred inflows of resources	702,579
Total net position	<u>(152,691)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,824,267</u>
Total revenues	\$ 3,109,488
Total expenses	<u>3,162,796</u>
Change in net position	<u>\$ (53,308)</u>

Complete financial statements may be obtained from the Upper Missouri District Health Unit; 110 W Broadway Suite 101, Williston, ND 58801-6032.

Williams County entered into a joint venture with the City of Williston for the operation of the Upper Missouri Regional Dispatch Center. The City contributes 63% and the County 37% of the annual budget. During 2020, the County's contributions to the joint venture was \$958,594.

Non-audited summary financial information for the year ended December 31, 2020 is as follows:

Cash and investments	\$ 937,966
Other assets	<u>252</u>
Total assets	<u><u>\$ 938,218</u></u>
Total liabilities	\$ 112,352
Total net position	<u>825,866</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 938,218</u></u>
Total revenues	\$ 2,961,012
Total expenses	<u>2,125,102</u>
Change in net position	<u><u>\$ 835,910</u></u>

Complete financial statements may be obtained from the City of Williston.

**Note 8 - Individual Fund Deficits**

Fund	Amount
Drug Task Force	\$ (36,859)

The fund deficits are the result of the increased activity that continues to take place in the County. The Commissioners approved a motion to cover all fund deficits through future revenue sources.

Expenditures over Appropriations – the County exceeded the budget for the Crew Housing Fund by \$500,000, Social Services Building Improvement Fund by \$932,306, Emergency Services Project Fund by \$2,865,827, and Social Welfare Fund by \$1,101,003, all of which were covered by excess funds or transfers in from another fund. No remedial action is required for the expenditures over appropriations.



## **Note 9 - Pension Plans**

### **North Dakota Public Employees Retirement System (Main System and Law Enforcement 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.

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System 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 of the Law Enforcement 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 (55) with three or more years of service. 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 first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 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 or Law Enforcement 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 or Law Enforcement 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 Contribution**

Upon termination, if a member of the Main or Law Enforcement System is not vested (is not 65 for Main System or 55 for Law Enforcement System or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

### **Member and Employer Contributions**

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

Contribution rates for the Law Enforcement System are established as follows:

Plan	Member contribution rate	Employer contribution rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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

**Net Pension Liability**

At December 31, 2020, the Employer's proportionate share of the net pension liability for Main System and Law Enforcement System is \$36,235,088 and \$7,407,550, respectively. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System and Law Enforcement System pension plans relative to the covered payroll of all participating Main System and Law Enforcement System employers. At July 1, 2020, the Employer's proportion was 1.151775 percent for the Main System and 11.300973 percent for Law Enforcement which was an increase of 0.022595 percent and decrease of 0.198137 percent, respectively, from its proportion measured as of July 1, 2019. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

**Actuarial Assumptions**

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

Inflation	2.50%		
Salary Increases (Payroll Growth)	Years of Service at beginning of year	Main System	Law Enforcement
	0	15.00%	20.00%
	1	10.00%	20.00%
	2	8.00%	10.00%
	Age*		
	Under 30	10.00%	7.25%
	30 - 39	7.50%	6.50%
	40 - 49	6.75%	6.25%
	50 - 59	6.50%	5.75%
	60 +	5.25%	5.00%
	* Age-based salary increase rates apply for employees with three or more years of service		
Investment Rate of Return	7.50%, net of investment expenses		
Cost of Living Adjustments	None		

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
Global Real Assets	19%	5.41%

#### 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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease in Discount Rate (3.64%)	Discount Rate (4.64%)	1% Increase in Discount Rate (5.64%)
County's proportionate share of the Main System net pension liability	\$ 47,012,307	\$ 36,235,088	\$ 27,416,698
	1% Decrease in Discount Rate (3.64%)	Discount Rate (4.64%)	1% Increase in Discount Rate (5.64%)
County's proportionate share of the Law Enforcement System net pension liability	\$ 10,466,341	\$ 7,407,550	\$ 4,989,097

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

**Note 10 - Other Post-Employment Benefits**

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. 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**

At December 31, 2020, the Employer's proportionate share of the net OPEB liability is \$1,245,988. The net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2020, the Employer's proportion was 1.481207 percent, which was an increase of 0.013402 percent from its proportion measured as of July 1, 2019. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	2.50%
Salary Increases	Not applicable
Investment Rate of Return	7.25%
Cost of Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

**Discount Rate**

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



**Sensitivity of the Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

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

	1% Decrease in Discount Rate (5.50%)	Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
County's proportionate share of the NDPERS net OPEB liability	\$ 1,634,141	\$ 1,245,988	\$ 917,752

**Note 11 - Risk Management**

Williams 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. Williams 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 five million dollars per occurrence for personal injury and property damage and governance liability. Williams County also participates in the North Dakota State Fire and Tornado fund for public assets, buildings and property damage. The limit of coverage for this policy differs by the value for each asset. Williams County pays an annual premium to Hartford Steam Boiler to cover property damage from equipment malfunction. The limit of coverage for this policy differs by the value for each asset.

Williams County also participates in the State Bonding Fund. The State Bonding Fund currently provides Williams 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.

**Note 12 - Commitments and Contingencies**

**Litigation**

The County is a defendant in a lawsuit where the plaintiff is claiming the County unlawfully received oil bonus money in the amount of \$1,314,517. The suit was appealed to the North Dakota Supreme Court and was later remanded back to the District Court. On April 22, 2021, the district court ruled in favor of the plaintiff and required the County to pay \$1,762,444. The judgment includes the original bonus, interest, taxes, and attorney’s fees. The County re-appealed the decision to the ND Supreme Court, and the judgment against the County has been stayed, pending appeal. No charges to expenditures or liabilities were accrued in the accompanying 2020 financial statements as the County reports on the modified cash basis of accounting.

### **Construction and Capital Asset Commitments**

At December 31, 2020, the County has \$3,881,884 of commitments outstanding related to construction projects and capital asset purchases.

### **Grant Commitment**

The County has \$7,664,704 of grant commitments outstanding related to the PSAP/EOC project for the City of Williston.

### **Note 13 - Change in Useful Lives**

In 2020, County management identified nine building assets with overstated useful lives. Management initiated a change in estimate, reducing the useful lives of the buildings from 100 years to 50 years each. To account for the change in estimate, year-end accumulated depreciation balances were reduced by \$4,005,848 for the primary government and \$5,084 for the Weed Control District (a discrete component unit).

### **Note 14 - Adoption of a New Standard**

As of January 1, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). All funds were assessed against the provisions of the new standard. Most funds identified as agency funds in the prior year were determined to be custodial funds in the current year based on the GASB 84 criteria. Liabilities for those funds (\$15,121,855) were reclassified as custodial funds fiduciary net position as of January 1, 2020.

One fund identified in the prior year as a special revenue fund in the other governmental fund category was determined to be a custodial fund under GASB 84. Fund balance for that fund (\$18,086) was reclassified as custodial funds fiduciary net position as of January 1, 2020. Several funds identified as agency funds in the prior year were determined to be special revenue funds under GASB 84. Fund balances for those funds (\$250,092) were reclassified as other governmental funds fund balance as of January 1, 2020. An additional, immaterial amount (\$24) was reclassified from beginning fiduciary net position to custodial funds cash as of January 1, 2020.

The following table describes the effects of the implementation of GASB 84 on beginning fund balance / net position:

	Governmental Activities	Other Governmental Funds	Custodial Funds
Fund Balance/Net Position at January 1, 2020, as previously reported	\$ 278,697,812	\$ 19,601,410	\$ -
Reclassification of various agency fund liabilities to custodial funds	-	-	15,121,855
Reclassification of special revenue fund fund balance to custodial funds	(18,086)	(18,086)	18,086
Reclassification of agency funds liabilities to special revenue funds	250,092	250,092	(250,092)
Other reclassifications	-	-	(24)
Fund Balance/Net Position at January 1, 2020, as restated	\$ 278,929,818	\$ 19,833,416	\$ 14,889,825

**Note 15 - Subsequent Events**

The County has evaluated subsequent events through August 2, 2021, the date of the independent auditor's report.

**Note 16 - COVID-19 Contingency**

The County continues to be negatively impacted by the effects of the world-wide coronavirus pandemic. The County is closely monitoring its operation, liquidity and capital resources and is actively working to minimize the current and future impact of the unprecedented situation. As of the date of the issuance of these financial statements, the full impact to the County's financial position is not known.



Supplementary Information  
December 31, 2020

## Williams County, North Dakota

Williams County, North Dakota

Schedules of Employer's Share of Net Pension Liability and Employer's Contributions – Pension  
Year Ended December 31, 2020

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
NDPERS Main System	6/30/2015	0.858906%	\$ 5,840,414	\$ 7,651,808	76.33%	77.15%
NDPERS Main System	6/30/2016	1.041346%	\$ 10,148,932	\$ 10,494,308	96.71%	70.46%
NDPERS Main System	6/30/2017	1.028284%	\$ 16,527,899	\$ 10,497,172	157.45%	61.98%
NDPERS Main System	6/30/2018	1.053622%	\$ 17,781,021	\$ 10,824,045	164.27%	62.80%
NDPERS Main System	6/30/2019	1.129180%	\$ 13,234,807	\$ 11,745,396	112.68%	71.66%
NDPERS Main System	6/30/2020	1.151775%	\$ 36,235,088	\$ 12,705,468	285.19%	48.91%
NDPERS Law Enforcement	6/30/2015	20.6064%	\$ 1,251,946	\$ 3,020,167	41.45%	83.61%
NDPERS Law Enforcement	6/30/2016	13.904978%	\$ 1,593,296	\$ 3,924,798	40.60%	78.73%
NDPERS Law Enforcement	6/30/2017	13.981512%	\$ 3,078,197	\$ 4,021,877	76.54%	69.86%
NDPERS Law Enforcement	6/30/2018	11.925598%	\$ 2,779,170	\$ 4,116,844	67.51%	71.64%
NDPERS Law Enforcement	6/30/2019	11.499110%	\$ 1,367,571	\$ 4,633,216	29.52%	84.95%
NDPERS Law Enforcement	6/30/2020	11.300973%	\$ 7,407,550	\$ 5,128,816	144.43%	53.12%

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDPERS Main System	12/31/2015	\$ 1,531,005	\$ (1,531,005)	\$ -	\$ 10,033,099	15.26%
NDPERS Main System	12/31/2016	\$ 759,771	\$ (744,575)	\$ 15,196	\$ 10,494,308	7.10%
NDPERS Main System	12/31/2017	\$ 761,172	\$ (847,558)	\$ (86,386)	\$ 10,497,172	8.07%
NDPERS Main System	12/31/2018	\$ 797,237	\$ (731,518)	\$ 65,719	\$ 10,824,045	6.76%
NDPERS Main System	12/31/2019	\$ 855,131	\$ (909,059)	\$ (53,928)	\$ 11,745,396	7.74%
NDPERS Main System	12/31/2020	\$ 899,658	\$ (898,591)	\$ 1,067	\$ 12,705,468	7.07%
NDPERS Law Enforcement	12/31/2015	\$ 601,399	\$ (601,399)	\$ -	\$ 3,655,915	16.45%
NDPERS Law Enforcement	12/31/2016	\$ 331,508	\$ (395,489)	\$ (63,981)	\$ 3,924,801	10.08%
NDPERS Law Enforcement	12/31/2017	\$ 420,192	\$ (455,651)	\$ (35,459)	\$ 4,021,877	11.33%
NDPERS Law Enforcement	12/31/2018	\$ 378,710	\$ (364,204)	\$ 14,506	\$ 4,116,844	8.85%
NDPERS Law Enforcement	12/31/2019	\$ 432,631	\$ (489,884)	\$ (57,253)	\$ 4,633,216	10.57%
NDPERS Law Enforcement	12/31/2020	\$ 547,561	\$ (495,410)	\$ 52,151	\$ 5,128,816	9.66%

Williams County, North Dakota

Schedules of Employer's Share of Net OPEB Liability and Employer's Contributions – OPEB  
Year Ended December 31, 2020

Other Post Employment Benefits Plan	Measurement Date	Employer's Proportion (Percentage) of the Net OPEB Liability	Employer's Proportionate Share (Amount) of the Net OPEB Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
NDRHICF	6/30/2017	1.342069%	\$ 1,061,591	\$ 14,519,049	7.31%	59.78%
NDRHICF	6/30/2018	1.365441%	\$ 1,075,378	\$ 14,940,889	7.20%	61.89%
NDRHICF	6/30/2019	1.467805%	\$ 1,178,922	\$ 16,378,612	7.20%	63.13%
NDRHICF	6/30/2020	1.481207%	\$ 1,245,988	\$ 16,885,322	7.38%	63.13%

  

Other Post Employment Benefits Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDRHICF	12/31/2017	\$ 168,774	\$ (188,654)	\$ (19,880)	\$ 14,519,049	1.30%
NDHRICF	12/31/2018	\$ 175,248	\$ (159,448)	\$ 15,800	\$ 14,940,889	1.07%
NDHRICF	12/31/2019	\$ 190,484	\$ (202,480)	\$ (11,996)	\$ 16,378,612	1.24%
NDHRICF	12/31/2020	\$ 198,367	\$ (197,076)	\$ 1,291	\$ 16,885,322	1.17%

Williams County, North Dakota

Combining Schedule of Net Position – Discretely Presented Component Units – Modified Cash Basis  
Year Ended December 31, 2020

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	Water Resource District	Weed Board	Vector Control	Total
Assets				
Cash and investments	\$ 1,032,872	\$ 3,367,158	\$ 1,396,251	\$ 5,796,281
Capital assets not being depreciated				
Land	11,000	-	-	11,000
Construction in progress	98,507	-	-	98,507
Capital assets (net of accumulated depreciation)				
Land improvements	913,135	-	-	913,135
Machinery, furniture and equipment	3,433	87,265	65,641	156,339
Total capital assets	1,026,075	87,265	65,641	1,178,981
Total assets	2,058,947	3,454,423	1,461,892	6,975,262
Net Position				
Net investment in capital assets	1,026,075	87,265	65,641	1,178,981
Restricted for				
Conservation of natural resources	1,032,872	3,367,158	1,396,251	5,796,281
Total net position	\$ 2,058,947	\$ 3,454,423	\$ 1,461,892	\$ 6,975,262

Williams County, North Dakota

Combining Schedule of Activities – Discretely Presented Component Units – Modified Cash Basis  
Year Ended December 31, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Water Resource District	Weed Board	Vector Control District #1	Total
Water Resource District	\$ 472,851	\$ 91,419	\$ (381,432)	\$ -	\$ -	\$ (381,432)
Weed Board	414,402	5,044	-	(409,358)	-	(409,358)
Vector Control District #1	411,148	915,481	-	-	504,333	504,333
Total component units	<u>\$ 1,298,401</u>	<u>\$ 1,011,944</u>	<u>(381,432)</u>	<u>(409,358)</u>	<u>504,333</u>	<u>(286,457)</u>
General revenues						
Taxes						
Property taxes, levied for general purposes			307,526	548,089	323,389	1,179,004
Nonrestricted grants and contributions			22,745	64,161	31,697	118,603
Earnings on investments			645	-	-	645
Miscellaneous revenue			2,704	34,114	5,395	42,213
Total general revenues			<u>333,620</u>	<u>646,364</u>	<u>360,481</u>	<u>1,340,465</u>
Change in net position			(47,812)	237,006	864,814	1,054,008
Net position - January 1			<u>2,106,759</u>	<u>3,217,417</u>	<u>597,078</u>	<u>5,921,254</u>
Net position - December 31			<u>\$ 2,058,947</u>	<u>\$ 3,454,423</u>	<u>\$ 1,461,892</u>	<u>\$ 6,975,262</u>



### **Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions**

GASB Statement No. 68 requires 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.

#### **Changes of Benefit Terms**

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation.

#### **Changes of Assumptions**

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

- The investment return assumption was lowered from 7.75% to 7.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation.

### **Notes to the Schedule of Employer's Share of Net Other Post-Employment Benefits Liability and Schedule of Employer's Contributions**

GASB Statement No. 75 requires 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.

#### **Changes of Benefit Terms**

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

#### **Changes of Assumptions**

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

- The investment return assumption was lowered from 7.50% to 7.25%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation.



**Independent Auditor’s 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***

Board of County Commissioners  
Williams County  
Williston, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, North Dakota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Williams County’s basic financial statements and have issued our report thereon dated August 2, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Williams County's internal control over financial reporting (internal control) as a basis for designing 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 Williams County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Williams 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 over financial reporting 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 financial reporting 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Williams 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 financial statements. 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*.

**Williams County's Responses to Finding**

Williams County's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Williams County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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 Williams County'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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Bismarck, North Dakota  
August 2, 2021



## **Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

Board of County Commissioners  
Williams County  
Williston, North Dakota

### **Report on Compliance for the Major Federal Program**

We have audited Williams County, Williston, North Dakota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Williams County's major federal program for the year ended December 31, 2020. Williams 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 the compliance for Williams 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 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 Williams 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 of the major federal program. However, our audit does not provide a legal determination of Williams County's compliance.

### **Opinion on the Major Federal Program**

In our opinion, Williams 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.

## **Report on Internal Control over Compliance**

Management of Williams 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 Williams 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 Williams County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Bismarck, North Dakota  
August 2, 2021

Williams County, North Dakota  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2020

Federal Grantor, Pass-through Grantor and Program Title	Federal Financial Assistance Listing/ Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Justice			
<u>Passed through State Division of Juvenile Services and State Juvenile Justice State Advisory Group</u>			
Juvenile Justice and Delinquency Prevention	16.540	2017-JF-FX-0014	\$ 8,238
Juvenile Justice and Delinquency Prevention	16.540	2018-JF-FX-0009	15,989
Juvenile Justice and Delinquency Prevention	16.540	2019-JF-FX-0012	441
Total Juvenile Justice and Delinquency Prevention			24,668
<u>Passed through State Department of Corrections and Rehabilitation</u>			
Victims of Crime Act (VOCA)	16.575	2017-VA-GX-0039	123,292
<u>Passed through ND Office of Attorney General</u>			
COPS Office Anti-Heroin Task Force Program	16.710	2018-HP-WX-0010	40,403
Total U.S. Department of Justice			188,363
U.S. Department of Transportation			
<u>Passed through State Department of Transportation</u>			
Highway Safety Cluster			
Alcohol Enforcement - Underage Enforcement	20.616	HSPID2110	4,155
U.S. Department of Treasury			
<u>Passed through North Dakota Office of State Treasurer</u>			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	<i>none</i>	3,834,528
<u>Passed through Job Service North Dakota</u>			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	<i>none</i>	38,947
Total Coronavirus Relief Funds (CRF)			3,873,475
Total U.S. Department of Treasury			3,873,475
U.S. Department of Health and Human Services			
<u>Passed through State Department of Human Services</u>			
Child Support Enforcement	93.563	S0350	6,667
Child Support Enforcement	93.563	S0351	921
Total Child Support Enforcement			7,588
Total U.S. Department of Health and Human Services			7,588
U.S. Department of Homeland Security			
<u>Passed through State Department of Emergency Services</u>			
Emergency Management Performance Grants	97.042	EMD-2019-EP-00003-S01	40,765
Emergency Management Performance Grants	97.042	EMD-2020-EP-00005-S01	29,011
Total Emergency Management Performance Grants			69,776
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4509	21,593
Total U.S. Department of Homeland Security			91,369
U.S. Department of Interior			
<u>Passed through State Treasurer</u>			
Flood Control Act	15.433	4840	47,332
Mineral Leasing Act (Public Domain Royalties)	15.437	4150	735,842
Total U.S. Department of Interior			783,174
Total Federal Financial Assistance			\$ 4,948,124

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Williams County under programs of the federal government for the year ended December 31, 2020. The information is presented in accordance with the 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). 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, changes in net position or fund balance of Williams County. The County received federal awards directly from federal agencies.

**Note B - Significant Accounting Policies**

Expenditures are reported in the schedule are reported on the modified cash basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note C – Indirect Cost Rate**

The County has not elected to use the 10% de minimis cost rate.

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major program:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
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 Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Programs</u>	<u>CFDA number</u>
COVID -19 Coronavirus Relief Funds (CRF)	21.019
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No



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**Section II - Financial Statement Findings**

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**2020-001      Preparation of Financial Statements  
Material Weakness**

*Criteria:* A good system of internal accounting control contemplates an adequate system for the preparation of the notes to the financial statements.

*Condition:* The County does not have an internal control system designed to provide for the preparation of the notes to the financial statements being audited.

*Cause:* The County does not have staff trained in reporting standards for the notes to the financial statements.

*Effect:* Inadequate control over financial reporting of the County could result in the more than a remote likelihood that the County would not be able to draft accompanying notes to the financial statements without material errors.

*Recommendation:* While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of Williams County and changes in reporting requirements.

*Views of Responsible Officials:* The County is currently training staff on using the Tyler CAFR Statement Builder to prepare the financial statements internally.

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**Section III – Federal Award Findings and Questioned Costs**

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None identified.