FIRST DISTRICT HEALTH UNIT
MINOT, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

FIRST DISTRICT HEALTH UNIT
SCHEDULE OF DISTRICT BOARD OF HEALTH OFFICERS
DECEMBER 31, 2021

Mae Streich	Bottineau
Jeanie Jensen	Burke
Nikki Medalen	McHenry
Ron Krebsbach	McLean
Robert Marmon	Renville
Walter M. Lipp	Sheridan
Dawn Ystaas	Ward
Shelly Weppler	Ward
Dr. Dawn Mattern	Ward
Dr. C. Nwaigwe	Ward
Marvin Wierenga	Ward

Executive Officer - Lisa Clute

INDEPENDENT AUDITOR'S REPORT

To the District Board of Health
First District Health Unit
Minot, North Dakota
Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of First District Health Unit, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise First District Health Unit's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of First District Health Unit as of December 31, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of First District Health Unit and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about First District Health Unit's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 First District Health Unit's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about First District Health Unit's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise First District Health Unit's basic financial statements. The Schedule of Salaries and Wages is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and are also not required part of the basic financial statements. The Schedule of Salaries and Wages, Schedule of Expenditures of Federal Awards, and Notes to the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Salaries and Wages, Schedule of Expenditures of Federal Awards, and Notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of District Board of Health Officers but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 20, 2022 on our consideration of First District Health Unit'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 First District Health Unit'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 First District Health Unit's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P. C.
BISMARCK, NORTH DAKOTA

June 20, 2022

FIRST DISTRICT HEALTH UNIT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS		
Current assets:		
Cash and cash equivalents	$	5,898,195
Accounts receivable		1,107,094
Supplies		365,952
Total current assets		7,371,241
Capital assets, net of accumulated depreciation		1,797,199
Total assets		9,168,440
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension		2,401,698
Deferred outflow - OPEB		34,450
Total deferred outflows of resources		2,436,148
LIABILITIES		
Current liabilities:		
Accounts payable		23,537
Accrued liabilities		110,910
Accrued compensated absences - due within one year		133,756
Total current liabilities		268,203
Non-current liabilities:		
Accrued compensated absences - due in more than one year		65,037
Net pension liability		2,050,633
Net OPEB liability		105,532
Total non-current liabilities		2,221,202
Total liabilities		2,489,405
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension		4,179,168
Deferred inflow - OPEB		51,797
DFI - Property Taxes		20,143
Total deferred inflows of resources		4,251,108
NET POSITION		
Net investment in capital assets		1,797,199
Unrestricted		3,066,876
Total net position	$	4,864,075

See Notes to the Financial Statements

FIRST DISTRICT HEALTH UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Adult health promotion	$ 71,750	$ 64	$ 200	$ (71,486)
AIDS	58,433	-	-	(58,433)
Children and youth	5,285	-	-	(5,285)
COVID	1,495,415	-	1,471,748	(23,667)
Environmental protection	720,579	468,446	4,000	(248,133)
Emergency preparedness and response	283,379	-	254,449	(28,930)
Family planning	224,891	56,286	105,389	(63,216)
FDA	7,689	-	6,737	(952)
High priority infant	22,878	-	-	(22,878)
Health equity initiatives	26,446	-	26,025	(421)
Health tracks	35,225	-	125	(35,100)
HIV	-	-	55,367	55,367
Immunizations	1,424,769	1,905,437	664,801	1,145,469
Immunization initiative	109,255	-	107,509	(1,746)
Injury prevention	35,061	695	-	(34,366)
Jail health	9,400	-	9,646	246
Opioid	46,463	-	71,500	25,037
Optimal pregnancy outcome	20,391	-	-	(20,391)
Parents lead	2,442	-	13,600	11,158
Ryan White	144	-	-	(144)
School health	322,249	224,000	-	(98,249)
Substance abuse	7,484	-	-	(7,484)
Tobacco	271,375	-	252,598	(18,777)
Tobacco - Baby and me	1,967	-	2,208	241
Tuberculosis	18,775	7,962	8,241	(2,572)
Women, infants and children	438,028	-	410,617	(27,411)
Miscellaneous	44,670	-	-	(44,670)
Unallocable depreciation	86,984	-	-	(86,984)
Total governmental activities	$ 5,791,427	$ 2,662,890	$ 3,464,760	336,223
General Revenues				
State aid not restricted				331,541
Local aid not restricted				
Payment from City of Minot				300,000
Payment from the counties				1,354,394
Miscellaneous income				23,992
Total general revenue				2,009,927
Change in net position				2,346,150
Net position - beginning of year				2,517,925
Net position - end of year				$ 4,864,075

See Notes to the Financial Statements

FIRST DISTRICT HEALTH UNIT
BALANCE SHEET
DECEMBER 31, 2021

	General Fund
ASSETS	
Cash and cash equivalents	$ 5,898,195
Accounts receivable	855,414
Supplies	365,952
Total assets	$ 7,119,561
LIABILITIES	
Accounts payable	$ 23,537
Accrued liabilities	110,910
Total liabilities	134,447
DEFERRED INFLOWS OF RESOURCES	
Delinquent property taxes	20,143
FUND BALANCES	
Nonspendable	365,952
Unassigned	6,599,019
Total fund balances	6,964,971
Total liabilities, deferred inflows of resources, and fund balances	$ 7,119,561

See Notes to the Financial Statements

FIRST DISTRICT HEALTH UNIT
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balance - governmental funds		$ 6,964,971
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Revenues in the Statement of Activities that do no provide current Financial resources are not reported as revenue in the funds		
Property taxes	20,143	
Consumer fees	251,680	
Total		271,823
Capital assets used in governmental activities are not current financial resources and therefore not reported in the fund		1,797,199
Net deferred outflows (inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities that are not financial resources, and therefore are not reported as deferred outflows (inflows) of resources in the governmental funds		(1,814,960)
Long-term liabilities not due and payable in the current period and therefore are not included in the fund:		
Net pension liability	(2,050,633)	
Net OPEB liability	(105,532)	
Compensated absences	(198,793)	
Total		(2,354,958)
Total net position - governmental activities		$ 4,864,075

See Notes to the Financial Statements

FIRST DISTRICT HEALTH UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund
Revenues:	
County mill levy allocation	$ 1,376,927
City assessment	300,000
Federal grants	2,502,021
State aid	655,639
Medicare/Medicaid	610,854
Other non-governmental grants	1,895
Consumer fees	2,211,610
Donations	1,492
Contract for services	249,479
Other revenue	22,096
Total revenues	7,932,013
Expenditures:	
Current:	
Adult health promotion	71,120
AIDS/HIV/STD outpatient services	58,021
Children and youth	5,209
COVID	1,468,206
Environmental protection	707,110
Emergency preparedness and response	278,172
Family planning	225,369
FDA	7,639
High priority infant	22,550
Health equity initiatives	25,959
Health tracks	34,889
Immunizations	1,410,908
Immunization initiative	107,222
Injury prevention	34,406
Jail health	9,273
Opioid	46,010
Optimal pregnancy outcome	20,089
Parents lead	2,442
Ryan White	144
School health	316,338
Substance abuse	7,424
Tobacco	266,742
Tobacco - Baby and me	1,967
Tuberculosis	18,440
Women, infants and children	429,491
Miscellaneous	44,514
Capital outlays	117,509
Total expenditures	5,737,163
Net change in fund balances	2,194,850
Fund balance - beginning of year	4,770,121
Fund balance - end of year	$ 6,964,971

See Notes to the Financial Statements

FIRST DISTRICT HEALTH UNIT

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds		$ 2,194,850
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital outlay	117,509	
Depreciation expense	(86,984)	
Total		30,525
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This represents the net effect of prior year unavailable revenue being recognized in the current year, and the current year unavailable revenue not being recognized on the fund level in the current year.		204,748
Changes in deferred outflows and inflows relating to net pension liability		(4,281,607)
Changes in deferred outflows and inflows relating to net OPEB liability		(39,621)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Net decrease in accrued compensated absences	3,482	
Net decrease in net pension liability	4,181,069	
Net decrease in net OPEB liability	52,704	
Total		4,237,255
Net change in net position of government activities		$ 2,346,150

See Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of First District Health Unit is presented to assist in understanding the Health Unit's financial statements.

The financial statements of First District Health Unit have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Nature of Operations

The purpose of First District Health Unit is to provide a variety of services and programs that maintain and/or improve the health status of the general population and their government. The principal area served is seven counties in north central North Dakota. The District accounts for all of the following programs in the Health Unit's general fund.

General Health

The Health Unit's most significant programs are as follows:

ADULT HEALTH PROMOTION – Program primarily targets the senior population regarding health maintenance, disease prevention, and mobility, to improve an individual's health. Services include medication review, blood pressure and pulse assessment, foot care and other services and referrals as determined.

AIDS/HIV/STD OUTPATIENT SERVICES – Program offers STI (sexually transmitted infections) testing, and treatment for most common infections. Providing education, counseling, and case management offered through the Ryan White program, Hepatitis B and C testing also available.

COVID – COVID-19 is a communicable disease that has had significant impact on all aspects of people's lives. The public health response included, but was not limited to public information, contract tracing, testing, and coordination and collaboration with local community partners. Efforts to contain this highly communicable disease will likely continue for the foreseeable future.

ENVIRONMENTAL PROTECTION – The Environmental Protection Division provides training, information, and/or guidance to the general public regarding: indoor air quality, vector-borne diseases, private and commercial food safety, hazardous waste, nuisances, rabies, radon, and solid waste. Environmental Protection is responsible for the enforcement of food, lodging, body art, and swimming pool regulations.

EMERGENCY PREPAREDNESS AND RESPONSE - A program focused on training staff and community leaders to prepare for a public health-related emergency such as pandemic illness, terrorism, and natural disasters. Also provides educational information to the public on emergency preparedness.

FAMILY PLANNING - Reproductive health services including most contraceptive methods, safe sex and abstinence education, paps, nutrition counseling, urine pregnancy testing and counseling, and STD testing, counseling and treatment.

HIGH PRIORITY INFANT (HPI) - HPI program offers education, support, and guidance to families of infants during the first year of life. Screenings, nutritional assessments, weight and growth monitoring help identify health concerns and developmental delays during baby's first year of life.

HEALTH TRACKS - Screenings focusing on developmental, mental health, speech, vision, hearing, and nutritional needs. Services also include dental fluoride application, orthodontic evaluations, physicals, immunizations, and lead testing for individuals who are under 21 and enrolled in Medicaid.

IMMUNIZATIONS - Immunizations for all ages. Vaccines are by appointment during regular business hours. School, community, and worksite flu vaccination clinics are offered seasonally.

INJURY PREVENTION - Program offers education to help reduce accident-related death and disability among children, fall prevention classes for seniors, and the Car Seat Safety program. Car seat checks, ensuring proper installation, are available year-round and child safety seats are available for rent.

JAIL HEALTH – TB and HIV testing on inmates designated by jail staff. Hepatitis C testing done on inmates based on risk assessment. Services for STD diagnosis and treatment provided at First District Health Unit by appointment.

SCHOOL HEALTH - Services provided at the school include health education programs, disease monitoring, vision and hearing screenings, and immunization assessments.

TOBACCO AND OPIOID - This division educates and advocates for prevention strategies that are supported by scientific evidence. Monitor the activities of the tobacco, alcohol, and opioid-based industries, and share tactics with community members. Manage and facilitate several local coalitions and assist in steering the balance of the community needs with what is proven to be effective in prevention issues. Other services include beverage server training, tobacco cessation, and resources to combat the opioid epidemic.

WOMEN, INFANTS AND CHILDREN (WIC) – WIC is a federal nutrition program for qualifying pregnant and breastfeeding women, infants, and children younger than five. WIC offers healthy food for proper growth and development and helps families choose healthier ways of eating. WIC offers nutrition information, counseling and support, breastfeeding information and support, nutritious foods, health screenings, and referrals to other services.

HEALTH EQUITY INITIATIVE (HEI) – Health Equity Initiative is program dedicated to build a community that engages across sectors and disciplines to advance health equity.

IMMUNIZATION INITIATIVE – Immunization Initiative is a program that works to identify and achieve goals related to improving vaccine access and delivery, awareness, and policy.

PARENTS LEAD – Parents Lead is an evidence-based prevention program that provides parents and caregivers with a wide variety of tools and resources to support them in creating a safe environment for their children that promotes behavioral health.

Reporting Entity

The accompanying financial statements present the activities of the First District Health Unit. The Health Unit has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Health Unit are such that exclusion would cause the Health Unit's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Health Unit to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Health Unit. Based upon the application of these criteria, the Health Unit is not includable as a component unit within another reporting entity and the Health Unit does not have a component unit.

Basis of Presentation

The Health Unit's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Health Unit as a whole. These statements include the financial activities of the reporting entity, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health Unit's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues, that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

During the year, the Health Unit segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds. The Health Unit's sole major fund is presented as a separate column in the fund financial statements.

The Health Unit reports the following major governmental fund:

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

Measurement Focus/Basis of Accounting

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

Governmental fund financial statements are reported using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available if they are collected within 60 days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Cash Equivalents

The Health Unit considers highly liquid investments with an original maturity of three months or less to be cash equivalents, except for certificates of deposit, which are considered cash equivalents regardless of their term since there is no loss of principal for early withdrawal.

Accounts Receivable

Accounts receivables consist of grants and reimbursements due from governmental social programs, property tax receivables, and consumer and miscellaneous receivables. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. A receivable is considered past due if any portion of the receivable is outstanding more than 30 days. Management considers all receivables collectible and there is no allowance as of December 31, 2021.

Supplies

Supplies in governmental funds consist of expendable supplies held for consumption. They are stated at cost determined on a first-in, first-out basis. They are recorded as an expense at the time individual supply items are consumed rather than when purchased.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost).

The assets are updated for additions and retirements during the Health Unit's fiscal year. The Health Unit's policy is to capitalize all property with a cost greater than $2,000.

Donated fixed assets are recorded at their estimated acquisition values at the date received. The Health Unit does not have any infrastructure assets. Improvements that significantly extend the useful life of the asset are also capitalized.

The Health Unit's policy on land and construction in progress costs is that they are capitalized but not depreciated.

All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The Health Unit has established the following useful lives:

Buildings and Improvements	10 to 50 years
Equipment and Furniture	5 to 20 years

Compensated Absences

The Health Unit reports compensated absences in accordance with GASB provisions. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Health Unit will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued at a rate of 8 hours per month for each full-time employee. An employee who accepts a retirement allowance under NDCC Chapter 54-52 is entitled at the time of retirement to a lump sum payment equal to one-tenth (10%) of the pay attributed to the employee's unused sick leave.

Grant Revenue Recognition

The governmental grants received by the Health Unit are recognized as revenue at the time eligible expenditures are incurred. The grants are accounted for as exchange transactions due to the government's solicitation of proposals, approval of allowable expenditures and eligibility requirements. Grant funds received prior to expenditure are recorded as refundable advances on the statement of net position. These funds are to be repaid to the grantor if they are not used on eligible expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The Health Unit has two items reported on the statement of net position as deferred outflows, one which represents the actuarial differences within the NDPERS pension plan, and another that represents the actuarial differences within the NDPERS OPEB plan. See notes 6 and 7 for further details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Health Unit has two items reported on the statement of net position as deferred inflows, one which represents actuarial differences within NDPERS pension plan, and another that represents the actuarial differences within the NDPERS OPEB plan. See notes 6 and 7 for further details. The Health Unit has one item reported as a deferred inflow on the governmental funds balance sheet, *delinquent property taxes,* which represents property taxes that are unavailable as of the balance sheet date. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions

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

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the North Dakota Public Employee 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.

Equity Classifications

Government-wide Financial Statements

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

1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

2) Restricted net position - Consists of net position with constraints placed on the 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.

3) Unrestricted net position - All other net position that do not meet the definition of net investment in capital assets or restricted.

It is the Health Unit's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as inventory and prepaid items.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the District Board of Health.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the Health Unit's intended use. These constraints are established by the District Board of Health.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When committed, assigned, or unassigned resources are available for use, it is the Health Unit's policy to use resources in the following order: 1) committed, 2) assigned and 3) unassigned.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 DEPOSITS

In accordance with North Dakota statutes, the Health Unit maintains deposits at 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.

Credit Risk:

The Health Unit 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 agreement to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type above
(c) Certificates of deposits fully insured by the federal deposit insurance corporation
(d) Obligations of the state
(e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less

As of December 31, 2021, the Health Unit had no investments.

Custodial Credit Risk

This is the risk that, in the event a financial institution fails, a government is unable to recover the value of its deposits, investments, or collateralized securities in the possession of the institution.

The Health Unit maintains cash on deposit at a financial institution. The amount on deposit was insured by the FDIC up to $250,000. At December 31, 2021, none of the Health Unit's deposits were exposed to custodial credit risk, as all deposits were covered by FDIC coverage and pledged collateral through local financial institutions. $5,819,497 of the Health Unit's deposits are covered by pledged securities held in the Health Unit's name. These pledged securities exceed 110% of the uninsured balance.

Concentration of Credit Risk:

The Health Unit does not have a limit on the amount the Health Unit may invest in any one issuer. The Health Unit has no formal investment policy.

NOTE 3 SUPPLIES

Supplies at December 31, 2021, consist of the following:

Medical and contraceptive supplies	$ 264,576
Office supplies	9,858
Medical lab supplies	91,518
	$ 365,952

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Deductions	Balance 12/31/21
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 9,418	$ -	$ -	$ 9,418
Total capital assets not being depreciated	9,418	-	-	9,418
Capital assets being depreciated:				
Buildings and improvements	2,595,611	91,107	-	2,686,718
Equipment and furniture	439,668	26,402	-	466,070
Total capital assets at historical cost	3,035,279	117,509	-	3,152,788
Less accumulated depreciation:				
Buildings and improvements	1,010,625	65,032	-	1,075,657
Equipment and furniture	267,398	21,952	-	289,350
Total accumulated depreciation	1,278,023	86,984	-	1,365,007
Total capital assets being depreciated, net	1,757,256	30,525	-	1,787,781
Net capital assets	$ 1,766,674	$ 30,525	$ -	$ 1,797,199

Depreciation expense of $86,984 was not allocated to any government function.

NOTE 5 LONG TERM LIABILITIES

During the year ended December 31, 2021, the following changes occurred in liabilities reported as long-term in the Statement of Net Position:

	Compensated Absences
Balance January 1, 2021	$ 202,275
Additions	167,428
Reductions	(170,910)
Balance December 31, 2021	$ 198,793

See note 6 for more information on the net pension liability and note 7 for more information on the net OPEB liability.

NOTE 6 PENSION PLAN

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (MAIN SYSTEM)

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

NDPERS is a cost-sharing, multiple-employer defined benefit 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 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 provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be 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 of more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity.

For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At December 31, 2021, the Health Unit reported a liability of $2,050,633 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health Unit's proportion of the net pension liability was based on the Health Unit's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021, the Health Unit's proportion was 0.196741 percent, which was an increase of 0.001341 percent from its proportion measured at June 30, 2020.

For the year ended December 31, 2021, the Health Unit recognized pension expense of $264,068. At December 31, 2021, the Health Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 35,404	$ (209,295)
Changes of assumptions	2,269,652	(2,959,152)
Net difference between projected and actual earnings on pension plan investments	-	(760,547)
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,969	(250,174)
Employer contributions subsequent to the measurement date	82,673	-
Total	$ 2,401,698	$ (4,179,168)

There is $82,673 reported as deferred outflows of resources related to pensions resulting from the Health Unit's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2022.

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

Year ended December 31:		
2022	$	(309,099)
2023		(442,166)
2024		(365,448)
2025		(743,430)

Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

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

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

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%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
Global Real Assets	17%	4.77%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the net pension liability	$ 3,261,195	$ 2,050,633	$ 1,042,649

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director – NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

NOTE 7 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. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

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

OPEB Benefits

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

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

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

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

At December 31, 2021, the Health Unit reported a liability of $105,532 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Health Unit's proportion of the net OPEB liability was based on the Health Unit's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the Health Unit's proportion was 0.189746 percent, which was an increase of 0.001638 percent from its proportion measured at June 30, 2020.

For the year ended December 31, 2021, the Health Unit recognized OPEB expense of $10,603. At December 31, 2021, the Health Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,061	$ (2,893)
Changes of assumptions	16,343	-
Net difference between projected and actual earnings on OPEB plan investments	-	(36,158)
Changes in proportion and differences between employer contributions and proportionate share of contributions	515	(12,747)
Employer contributions subsequent to the measurement date	11,532	-
Total	$ 34,450	$ (51,797)

$11,532 reported as deferred outflows of resources related to OPEB resulting from the Health Unit's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

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

Year ended December 31:		
2022	$	(6,003)
2023		(6,263)
2024		(7,784)
2025		(9,292)
2026		463

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not applicable
Investment Rate of Return	6.50%, net of investment expenses
Cost-of-living Adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
International Equities	26%	6.25%
Core-Plus Fixed Income	35%	0.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. 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, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Employer's proportionate share of the net OPEB liability	$ 156,517	$ 105,532	$ 62,390

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director – NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

NOTE 8 RISK MANAGEMENT

First District Health Unit is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The First District Health Unit pays an annual premium to NDIRF for its general liability coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence. In the past three years, no settled claims have exceeded insurance coverage.

The State Bonding Fund currently provides the Health Unit 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. First District Health Unit participates in the North Dakota Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

NOTE 9 CONTINGENCIES

The Health Unit received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with items and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. The Health Unit's management believes it has complied with all applicable grant provisions. In the opinion of management, any possible disallowed claim would not have a material adverse effect on the overall financial position of the Health Unit as of December 31, 2021.

NOTE 10 FUTURE PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information* Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities,* be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans,* or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022,* provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Management has not yet determined what effect these statements will have on the Health Unit's financial statements.

NOTE 11 SUBSEQUENT EVENTS

Subsequent to year end, the District repaired the heating and cooling system throughout the building. The total of the project through the date of the report, was $307,242. Subsequent events were evaluated through June 20, 2022, which is the date these financial statements were available to be issued.

FIRST DISTRICT HEALTH UNIT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Final to Actual
Revenues:			
County mill levy allocation	$ 1,400,000	$ 1,376,927	$ (23,073)
City assessment	345,000	300,000	(45,000)
Federal grants	776,500	2,502,021	1,725,521
State grants	-	-	-
State aid	665,000	655,639	(9,361)
Medicare/Medicaid	525,000	610,854	85,854
Other non-governmental grants	-	1,895	1,895
Consumer fees	1,500,000	2,211,610	711,610
Donations	3,500	1,492	(2,008)
Contract for services	350,000	249,479	(100,521)
Other revenue	3,500	22,096	18,596
Total revenues	5,568,500	7,932,013	2,363,513
Expenditures:			
Current:			
Salaries	2,236,574	2,302,334	(65,760)
Payroll taxes and other	172,375	178,127	(5,752)
Retirement	341,301	346,169	(4,868)
Travel	34,260	48,330	(14,070)
Clinic supplies	1,262,000	785,981	476,019
Contract personnel	208,248	411,731	(203,483)
Laboratory expense	14,000	12,447	1,553
Professional development	15,000	10,266	4,734
Medical	-	37,842	(37,842)
Health promotion	40,000	42,269	(2,269)
Premises and liability insurance	14,700	16,229	(1,529)
Group insurance	824,396	763,507	60,889
Office expense	24,000	54,684	(30,684)
Postage	15,825	16,426	(601)
Dues and subscriptions	8,500	6,681	1,819
Utilities	35,470	44,647	(9,177)
Telephone	34,250	57,060	(22,810)
Health Alert Network	24,000	23,766	234
Maintenance, repairs, janitorial	60,000	249,938	(189,938)
Equipment space and usage	10,750	11,430	(680)
COVID equipment	-	-	-
Contract services	32,000	14,856	17,144
Data processing	60,000	126,475	(66,475)
Professional audit fees	20,000	23,625	(3,625)
Board of health fees	3,000	1,669	1,331
Other expenses	17,000	29,067	(12,067)
Capital outlays	-	117,509	(117,509)
Total expenditures	5,507,649	5,737,163	(229,514)
Net change in fund balances	$ 60,851	2,194,850	$ 2,593,027
Fund balance - beginning of year		4,770,121	
Fund balance - end of year		$ 6,964,971	

See Notes to Required Supplementary Information

FIRST DISTRICT HEALTH UNIT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.196741%	$ 2,050,633	$ 2,227,874	92.04%	78.26%
2020	0.198082%	6,231,702	2,185,083	285.19%	48.91%
2019	0.228009%	2,672,430	2,371,685	112.68%	71.66%
2018	0.225808%	3,810,756	2,319,767	164.27%	62.80%
2017	0.224769%	3,612,776	2,294,541	157.45%	61.98%
2016	0.217040%	2,115,247	2,187,235	96.71%	40.46%
2015	0.212330%	1,443,808	1,891,601	76.33%	77.15%

* The Health Unit implemented GASB Statements No. 68 and 71 for its fiscal year ending December 31, 2015. Information for the prior years is not available.

See Notes to Required Supplementary Information

FIRST DISTRICT HEALTH UNIT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.189746%	$ 105,532	$ 2,068,717	5.10%	76.63%
2020	0.188108%	158,236	2,144,378	7.38%	63.38%
2019	0.212544%	170,713	2,371,685	7.20%	63.13%
2018	0.212003%	166,967	2,319,767	7.20%	61.89%

* The Health Unit implemented GASB Statement No. 75 for its fiscal year ending December 31, 2018. Information for prior periods is not available.

See Notes to Required Supplementary Information

FIRST DISTRICT HEALTH UNIT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 163,911	$ (163,911)	$ -	$ 2,270,178	7.22%
2020	160,570	(160,570)	-	2,245,337	7.15%
2019	165,908	(165,908)	-	2,330,175	7.12%
2018	169,173	(169,173)	-	2,376,028	7.12%
2017	163,130	(163,130)	-	2,291,146	7.12%
2016	159,785	(159,785)	-	2,244,176	7.12%
2015	154,970	(154,970)	-	2,176,542	7.12%

* The Health Unit implemented GASB Statements No. 68 and 71 for its fiscal year ending December 31, 2015. Information for the prior years is not available.

See Notes to Required Supplementary Information

FIRST DISTRICT HEALTH UNIT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 23,606	$ (23,606)	$ -	$ 2,070,697	1.14%
2020	24,895	(24,895)	-	2,183,793	1.14%
2019	26,564	(26,564)	-	2,330,175	1.14%
2018	27,087	(27,087)	-	2,376,028	1.14%

* The Health Unit implemented GASB Statement No. 75 for its fiscal year ending December 31, 2018. Information for prior periods is not available.

See Notes to Required Supplementary Information

NOTE 1 BUDGET INFORMATION

Budgets and Budgetary Accounting

The Health Unit's board follows the procedures established by North Dakota law for the budgetary process. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. Formal budgetary integration is employed as a management control device during the year. The governing board reviews the preliminary budget at the hearing, and may make revisions that do not increase the total budget and prepares the final budget. The governing board adopts an ordinance approving the tax levy requested in the final budget. The final budget must be filed with the county auditor by October 10.

The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10. The budget was not amended in fiscal year 2021.

Except as provided by North Dakota Century Code, the balance of each appropriation becomes a part of the unappropriated fund balance at year-end.

The Health Unit prepares its budget and reports its governmental funds on the same basis of accounting.

Legal Compliance

On or before the first of May of each year, First District Health Unit submits requests for appropriation to each county auditor so that a budget may be prepared. It includes information on the past year, current year estimates and requested appropriations for the next year.

The budget meeting is set at the May District Board of Health meeting and the proposed budget is presented to the District Board of Health for review. The proposed budget is then presented to the Joint Boards of County Commissioners for approval. The County Commissioners hold public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures in Excess of Budget

The General fund exceeded budgeted expenditures by $229,514 for the year ended December 31, 2021.

NOTE 2 CHANGE OF BENEFIT TERMS AND ASSUMPTIONS

NDPERS Pension Plan

Changes of Benefit Terms

The interest rate earned on member contributions will decrease from 7.0 percent to 6.5 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of Assumptions

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

NDPERS OPEB

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, 2020.

Changes of Assumptions

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

FIRST DISTRICT HEALTH UNIT
SCHEDULE OF SALARIES AND WAGES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Title	Amount
ADMINISTRATION		
Lisa Clute	Executive Officer	$ 94,086
Lori Brierley	Director of Communications	77,275
Holly Brekhus	Executive Assistant	68,891
Lois Mackey	Business Manager	70,915
		311,167
ADMINISTRATIVE SUPPORT DIVISION		
Becky Fred	Administrative Assistant	57,082
Yvonne Drader	Administrative Assistant	40,896
Dawn Benzmiller	Administrative Assistant	40,927
Victoria Jones	Administrative Assistant	40,741
Brandy Lee	Communications Assistant	35,979
Linda Liebelt	Administrative Assistant	32,558
Melissa Gilseth	Administrative Assistant	32,548
Korena Bissett	Administrative Assistant	30,873
Barbara Wolf	Administrative Assistant	22,995
		334,599
NURSING DIVISION		
Roxanne Vendsel	Director of Nursing	72,698
Danell Eklund	County Nurse Coordinator	68,444
Karla Fannik	City Public Health Nurse	67,291
Susan Brandvold	Bottineau County Public Health Nurse	64,769
Nancy Bryn	McHenry County Public Health Nurse	56,425
Paula Kummer	City Public Health Nurse	36,108
Lacey McNichols	City Public Health Nurse	55,171
Pam Fischer	McLean County Public Health Nurse	49,368
Angela Eisenzimmer	School Health Nurse	46,676
Melissa Burud	Kenmare Area Public Health Nurse	44,988
Tami Aberle	Renville County Public Health Nurse	47,440
Ami Yale	City Public Health Nurse	40,243
Lynelle Sherven	City Public Health Nurse	13,645
Stacey Schoemer	Burke County Public Health Nurse	42,233
Amy Heer	McLean County Public Health Nurse	43,166
Elizabeth Kosel-Tilton	City Public Health Nurse	29,600
Kristi Jensen	Sheridan County Public Health Nurse	39,868
Bailey Krueger	Public Health Nurse	37,909
		856,042

FIRST DISTRICT HEALTH UNIT
SCHEDULE OF SALARIES AND WAGES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

	Title	Amount
EMERGENCY RESPONSE DIVISION		
Jose Estrada	Emergency Response Coordinator	$ 70,243
HEALTH PROMOTION		
Bonnie Riely	Tobacco Cessation Coordinator	45,286
Mary Hanretty	Outreach Prevention Coordinator	38,161
Angela Hiller	Prevention Coordinator	19,103
Jenny LeMasters	Prevention Coordinator	13,193
Heidi Glesmann	Health Promotions	13,739
		129,482
ENVIRONMENTAL HEALTH DIVISION		
Elisabeth Westman	Environmental Health Practitioner	64,780
Jayme Calavera	Environmental Health Practitioner	59,824
Jacob Windsor	Environmental Health Practitioner	59,824
Larry Knight	Environmental Health Practitioner	4,393
Jo Gourneau	Environmental Health Practitioner	35,012
Natalie Davy	Environmental Health Practitioner	41,556
Haley Hanna	Environmental Health Practitioner	28,181
Kayla Price	Environmental Health Practitioner	41,556
		335,126
NUTRITION DIVISION		
Jim Snyder	Director of Nutrition	81,287
Katie Huettl	WIC Nutritionist - Minot	47,158
Jacqueline Cenis	WIC Nutritionist - MAFB	46,147
Bobbi Dickinson	Injury Prevention	37,822
Cory Weidler	Nutritionist	42,242
Shelly Wilmot	WIC Nutritionist - Bottineau	11,019
		265,675
Total Wages		$ 2,302,334

FIRST DISTRICT HEALTH UNIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Federal AL Number	Pass- Through Grant Number	Expenditures
U.S. Department of Agriculture			
Passed through the ND Department of Health:			
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	HLH3150/HLH5151	$ 410,617
U.S. Environmental Protection Agency			
Passed through the ND Department of Health:			
Performance Partnership Grants	66.605	EQ3992	4,000
U.S. Department of Health and Human Services			
Research and Development Cluster			
Food and Drug Administration Research	93.103		6,737
Research and Development Cluster Total			6,737
Passed through the ND Department of Health:			
Public Health Emergency Preparedness	93.069	HLH3270/HLH5271	254,449
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HLH3390/HLH3399	8,118
Family Planning Services	93.217	HLH3110/HLH5111	97,881
Immunization Cooperative Agreements	93.268	HLH477401	167,090
Activities to Support State, Tribal, Local and Territorial Health Department Response to Public Health or Healthcare Crises	93.391	HLH490301	26,025
HIV Care Formula Grants	93.917	HLH3430/HLH5431	55,367
Total U.S. Department of Health and Human Services			615,667
U.S. Department of Treasury			
Passed through the ND Department of Health:			
Coronavirus Relief Fund - COVID-19	21.019	HLH0018	1,471,738
Total Federal Expenditures			$ 2,502,022

See Notes to the Schedule of Expenditures of Federal Awards

FIRST DISTRICT HEALTH UNIT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards (the "Schedule") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

First District Health Unit has not elected to use the 10-percent de minimus cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The Schedule includes the federal award activity of the First District Health Unit under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with 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 First District Health Unit, it is not intended to and does not present the financial position or change in net position of the First District Health Unit.

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*

To the District Board of Health
First District Health Unit
Minot, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of First District Health Unit, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise First District Health Unit's basic financial statements and have issued our report thereon dated June 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of First District Health Unit as of and for the year ended December 31, 2021 in accordance with auditing standards generally accepted in the United States of America, we considered First District Health Unit'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First District Health Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of First District Health Unit's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether First District Health Unit'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*.

First District Health Unit's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the First District Health Unit's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. First District Health Unit's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

June 20, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the District Board of Health
First District Health Unit
Minot, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited First District Health Unit's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of First District Health Unit's major federal programs for the year ended December 31, 2021. First District Health Unit's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, First District Health Unit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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).[j] Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of First District Health Unit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of First District Health Unit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to First District Health Unit's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on First District Health Unit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about First District Health Unit's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding First District Health Unit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of First District Health Unit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 First District Health Unit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

June 20, 2022

FIRST DISTRICT HEALTH UNIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section 1 – Summary of Auditor's Results

Financial Statements			
Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	x yes		no
Significant deficiency(ies) identified?	yes	x	none reported
Noncompliance material to financial statements noted?	yes	x	no
Federal Awards			
Internal control over major programs:			
Material weakness(es) identified?	yes	x	no
Significant deficiency(ies) identified?	yes	x	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 2 CFR 200.516(a)?	yes	x	no

AL Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund: COVID-19

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000		
Auditee qualified as a low-risk auditee?	yes	x	no

Section II – Financial Statement Findings

2021-001: Preparation of Financial Statements - Material Weakness

Criteria
An appropriate system of internal controls requires that the Health Unit make a determination that financial statements and underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America.

Condition
The Health Unit's auditors prepared the financial statements, including all note disclosures, as of December 31, 2021.

Cause
The Health Unit elected to not allocate resources for the preparation of the financial statements.

Effect
There is an increased risk of material misstatement or omission of material disclosures to the Health Unit’s financial statements.

Recommendation
We recommend the Health Unit consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions
Due to the small size of the Health Unit, it is not cost effective for the Health Unit to properly address this control deficiency.

Indication of Repeat Finding
This is a repeat finding of finding 2020-001 from the prior year.

Section III – Federal Award Findings and Questioned Costs

There are no findings which are required to be reported under this section.

FIRST DISTRICT HEALTH UNIT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020-001: Material Weakness

Criteria
An appropriate system of internal controls requires that the Health Unit must make a determination that financial statements are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the entity's personnel to maintain knowledge of current accounting principles and required financial statement disclosures.

Condition
The Health Unit's auditors prepared the financial statements as of December 31, 2020. In addition, adjusting entries were proposed to bring the financial statements into compliance with generally accepted accounting principles (GAAP). An appropriate system of internal control requires that the entity make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with generally accepted accounting principles. The entity does not have the controls necessary to assess whether all relevant disclosures have been included in the financial statements as required by GAAP. The lack of appropriate disclosures may affect the user's judgment related to financial condition, results of operations and cash flows of First District Health Unit.

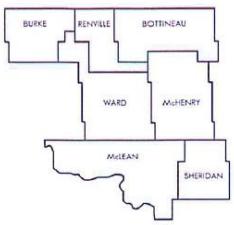
Cause
The entity's internal controls have not been designed to address the specific training needs that are required of its personnel to obtain and maintain knowledge of current accounting principles and required financial statement disclosures.

Effect
An appropriate system of internal controls is not present to make a determination that financial statements and the related disclosures are fairly stated in compliance with accounting principles generally accepted in the United States of America. However, the entity is aware of the deficiency and addresses it by reviewing and approving the completed statements prior to distribution to the end users.

Recommendation
We recommend that the entity reviews its current training system to determine if it is cost effective for the entity to obtain this knowledge internally. As a compensating control the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions
Due to the small size of the Health Unit, it is not cost effective for the Health Unit to properly address this control deficiency.

Current Status
This finding is repeated in the current year as 2021-001.



OFFICES IN:
Minot, Bottineau, Bowbells, Garrison, Kenmare, McClusky, Minot AFB, Mohall, Towner & Washburn

FIRST DISTRICT HEALTH UNIT

PO Box 1268 • 801 - 11th Avenue SW • Minot, ND 58702-1268
Phone (701) 852-1376 • Fax (701) 852-5043 • www.fdhu.org

Public Health
Prevent. Promote. Protect.

2021-001

Contact Person
Lisa Clute, Executive Officer

Corrective Action Plan
Due to the small size of the Health Unit, it is not cost effective for the Health Unit to properly address this control deficiency.

Completion Date
N/A

---

[j] In accordance with 2 CFR section 200.515, a reference to the Uniform Guidance has been added to the references to GAAS and *Government Auditing Standards* in the Basis for Opinion on Each Major Federal Program section.