



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

LaMoure County

LaMoure, North Dakota

Audit Report for the Year Ended December 31, 2021

Client Code: PS23000



Photo credit: North Dakota Tourism



Office of the
State Auditor

LAMOURE COUNTY

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LAMOURE COUNTY

County Officials
December 31, 2021

COUNTY OFFICIALS

At December 31, 2021

Chairman	Lee Miller
Vice Chairman	Bruce Klein
Commissioner	Keith Heidinger
Commissioner	Robert Flath
Commissioner	Jason Weigel
County Auditor	Jan Hamlin
County Treasurer	Cindy Worrel
County Recorder	Laurie Good
Sheriff	Robert Fernandes
State's Attorney	James Shockman

STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, North Dakota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise LaMoure County'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 respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, North Dakota, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 LaMoure County 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.

Emphasis of Matter

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

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 LaMoure County's ability to continue as a going concern

LAMOURE COUNTY

Independent Auditor's Report – Continued

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

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

LAMOURE COUNTY

Independent Auditor's Report – Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2022 on our consideration of LaMoure County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaMoure County's internal control over financial reporting and compliance.

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
July 12, 2022

LAMOURE COUNTY

Statement of Net Position

December 31, 2021

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and Investments	\$ 6,615,412	\$ 55,806
Road Receivables	121,404	-
Taxes Receivable	58,231	283
Capital Assets		
Nondepreciable	1,078,593	-
Depreciable, Net	18,849,880	-
Total Assets	<u>\$ 26,723,520</u>	<u>\$ 56,089</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 2,390,370</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 29,113,890</u>	<u>\$ 56,089</u>
LIABILITIES		
Accounts Payable	\$ 152,915	\$ -
Salaries Payable	21,595	-
Grant Received in Advance	458,229	-
Retainage Payable	3,139	-
Long-Term Liabilities		
Due Within One Year		
Compensated Absences Payable	48,898	-
Due After One Year		
Compensated Absences Payable	73,346	-
Net Pension and OPEB Liability	1,860,227	-
Total Liabilities	<u>\$ 2,618,349</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 3,591,505</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,209,854</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	\$ 19,925,334	\$ -
Restricted		
Debt Service	521	-
Highways	-	-
Flood Repair	105,525	-
Culture and Recreation	150,923	-
Conservation of Natural Resources	130,799	56,089
Emergencies	231,771	-
Unrestricted	<u>2,359,163</u>	<u>-</u>
Total Net Position	<u>\$ 22,904,036</u>	<u>\$ 56,089</u>

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

LAMOURE COUNTY
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Water Resource District
Primary Government						
General Government	\$ 1,655,133	\$ 58,946	\$ 27,672	\$ -	\$ (1,568,515)	
Public Safety	935,994	105,161	78,933	-	(751,900)	
Highways	3,652,923	757,995	531,154	745,738	(1,618,036)	
Flood Repair	220,856	-	191,506	-	(29,350)	
Health and Welfare	480,125	364,594	925	-	(114,606)	
Culture and Recreation	230,744	56,656	16,464	-	(157,624)	
Conservation of Natural Resources	197,566	10,457	76,477	-	(110,632)	
Total Primary Government	\$ 7,373,341	\$ 1,353,809	\$ 923,131	\$ 745,738	\$ (4,350,663)	
Component Unit						
Water Resource District	\$ 9,772	\$ 1,250	\$ -	\$ -		\$ (8,522)
General Revenues						
Property Taxes					\$ 3,388,984	\$ 15,855
Grants and Contributions Not Restricted to Specific Programs					541,540	-
Gain on Sale of Assets					5,873	-
Interest Revenue					50,408	34
Miscellaneous Revenue					109,825	256
Total General Revenues					\$ 4,096,630	\$ 16,145
Change in Net Position					\$ (254,033)	\$ 7,623
Net Position - January 1					\$ 23,125,475	\$ 48,466
Prior Period Adjustment					\$ 32,594	\$ -
Net Position - January 1 as restated					\$ 23,158,069	\$ 48,466
Net Position - December 31					\$ 22,904,036	\$ 56,089

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

LAMOURE COUNTY

Balance Sheet – Governmental Funds
December 31, 2021

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 4,124,366	\$ 2,490,525	\$ 521	\$ 6,615,412
Road Receivables	-	121,404	-	121,404
Taxes Receivable	38,560	19,671	-	58,231
Total Assets	\$ 4,162,926	\$ 2,631,600	\$ 521	\$ 6,795,047
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ 152,915	\$ -	\$ 152,915
Salaries Payable	15,497	6,098	-	21,595
Grants Received in Advance	-	458,229	-	458,229
Total Liabilities	\$ 15,497	\$ 617,242	\$ -	\$ 632,739
Deferred Inflows of Resources				
Taxes Receivable	\$ 38,560	\$ 19,671	\$ -	\$ 58,231
Road Receivables	-	121,404	-	121,404
Total Deferred Inflows of Resources	\$ 38,560	\$ 141,075	\$ -	\$ 179,635
Total Liabilities and Deferred Inflows of Resources	\$ 54,057	\$ 758,317	\$ -	\$ 812,374
Fund Balances				
Restricted				
Debt Service	\$ -	\$ -	\$ 521	\$ 521
Public Safety	-	102,621	-	102,621
Highways	-	626,480	-	626,480
Health and Welfare	-	242,330	-	242,330
Culture and Recreation	-	210,403	-	210,403
Conservation of Natural Resources	-	210,568	-	210,568
Emergency	-	231,771	-	231,771
General Government	-	76,363	-	76,363
Assigned				
Flood Repair	-	172,747	-	172,747
Unassigned	4,108,869	-	-	4,108,869
Total Fund Balances	\$ 4,108,869	\$ 1,873,283	\$ 521	\$ 5,982,673
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,162,926	\$ 2,631,600	\$ 521	\$ 6,795,047

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

LAMOURE COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2021

Total Fund Balances for Governmental Funds		\$ 5,982,673
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		19,928,473
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Property taxes receivable	\$ 58,231	
Road receivables	<u>121,404</u>	179,635
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows derived from pensions and OPEB	\$ 2,390,370	
Deferred inflows derived from pensions and OPEB	<u>(3,591,505)</u>	(1,201,135)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term- are reported in the statement of net position.		
Retainage payable	\$ (3,139)	
Compensated absences	(122,244)	
Net pension and OPEB liability	<u>(1,860,227)</u>	<u>(1,985,610)</u>
Total Net Position of Governmental Activities		<u>\$ 22,904,036</u>

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

LAMOURE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended December 31, 2021

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,247,897	\$ 1,142,770	\$ 5	\$ 3,390,672
Intergovernmental	830,334	634,337	-	1,464,671
Charges for Services	65,720	1,290,664	-	1,356,384
Licenses, Permits and Fees	59,841	-	-	59,841
Interest Income	50,408	-	-	50,408
Miscellaneous	52,774	57,052	-	109,826
Total Revenues	\$ 3,306,974	\$ 3,124,823	\$ 5	\$ 6,431,802
EXPENDITURES				
Current				
General Government	\$ 1,584,822	\$ 20,928	\$ -	\$ 1,605,750
Public Safety	668,328	271,637	-	939,965
Highways	-	3,151,472	-	3,151,472
Flood Repair	-	218,324	-	218,324
Health and Welfare	-	490,514	-	490,514
Culture and Recreation	245,136	-	-	245,136
Conser. of Natural Resources	-	180,306	-	180,306
Total Expenditures	\$ 2,498,286	\$ 4,333,181	\$ -	\$ 6,831,467
Excess (Deficiency) of Revenues Over Expenditures	\$ 808,688	\$ (1,208,358)	\$ 5	\$ (399,665)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 34	\$ 1,723,615	\$ -	\$ 1,723,649
Transfers Out	(1,324,569)	(399,080)	-	(1,723,649)
Total Other Financing Sources and Uses	\$ (1,324,535)	\$ 1,324,535	\$ -	\$ -
Net Change in Fund Balances	\$ (515,847)	\$ 116,177	\$ 5	\$ (399,665)
Fund Balance - January 1	\$ 4,624,716	\$ 1,763,864	\$ 516	\$ 6,389,096
Prior Period Adjustment	\$ -	\$ (6,758)	\$ -	\$ (6,758)
Fund Balance - January 1 as restated	\$ 4,624,716	\$ 1,757,106	\$ 516	\$ 6,382,338
Fund Balance - December 31	\$ 4,108,869	\$ 1,873,283	\$ 521	\$ 5,982,673

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

LAMOURE COUNTY

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

For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (399,665)

The change in net position reported for governmental activities in the statement of activities is different because:

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

Current year capital outlay	\$ 485,418	
Current year capital contribution	745,738	
Current year depreciation	<u>(896,545)</u>	334,611

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

Gain on Sale of Capital Assets		5,873
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (12,308)	
Net Change in Retainage Payable	<u>(3,139)</u>	(15,447)

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

Net Change in Taxes Receivable	\$ (1,688)	
Net Change in Road Receivable	<u>(62,416)</u>	(64,104)

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

Net Change in Net Pension & OPEB Liability	\$ 3,187,853	
Net Change in Deferred Outflows of Resources	(591,320)	
Net Change in Deferred Inflows of Resources	<u>(2,711,835)</u>	(115,302)

Change in Net Position of Governmental Activities \$ (254,033)

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

LAMOURE COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds

For the Year Ended December 31, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,919,059</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	\$ 122,033
Funds Held for Other Purposes	<u>12,331</u>
Total Liabilities	<u>\$ 134,364</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 2,784,695</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,919,059</u>

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

LAMOURE COUNTY

Statement of Changes in Fiduciary Net Position – Fiduciary Funds
December 31, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 9,300,734
Grant Collections for Other Governments	207,422
Miscellaneous Collections	<u>33,042</u>
Total Additions	<u>\$ 9,541,198</u>
DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 9,300,734
Payroll Withholding Disbursements	1,429
Grant Disbursements to Other Governments	207,422
Miscellaneous Disbursements	<u>31,613</u>
Total Deductions	<u>\$ 9,541,198</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u>\$ -</u>

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

LAMOURE COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Component Unit

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

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

LaMoure County Water Resource District. The LaMoure County Water Resource District ("Water Resource District") governing board is appointed by the County's governing body. The County's governing body has the authority to disapprove, amend, or approve the Water Resource District budget.

Basis of Presentation

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

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

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fiduciary funds:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County during the year ended December 31, 2021 consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

Primary Government

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

Assets	Years
Buildings	50
Equipment	5 - 10
Vehicles	5
Infrastructure	50

Compensated Absences

Full time employees, except for social services employees, earn vacation benefits from eight to fourteen hours per month, depending on tenure with the County. Social services employees earn vacation benefits from eight to sixteen hours per month, depending on tenure with the County. Employees, except social services employees, can carry over a maximum of 240 hours of vacation at December 31 of each year. Social services employees can carry over a maximum of 240 hours at April 30, of each year.

Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of 240 hours, based on their current rate of pay. Vested or accumulated vacation leave is reported in the general long-term debt account group. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-Term Liabilities

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

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

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balance

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

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

Assigned Fund Balances. Amounts reported as assigned fund balance in the Special Revenue Fund are for flood repair purposes based on management decision.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

NOTE 2: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were necessary for the government wide statements to properly report the beginning balance of capital assets, and accounts payable for the governmental activities. Special Revenue Fund Balance for the County as of January 1, 2021 has also been restated for an accounts payable adjustment. The adjustments can be seen below:

	Governmental Activities	Special Revenue Fund
Beginning Net Position/Fund Balance, as previously reported	\$ 23,125,475	\$ 1,763,864
Adjustments to restate the January 1, 2021 Net Position/Fund Balance:		
Capital Assets, Net	39,352	-
Accounts Payable	(6,758)	(6,758)
Net Position/Fund Balance January 1, as restated	\$ 23,158,069	\$ 1,757,106

NOTE 3: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of \$1,000,000 per occurrence for general liability and for automobile, and \$4,605,368 for public assets (mobile equipment and portable property).

LAMOURE COUNTY

Notes to the Financial Statements – Continued

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$1,838,036 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

NOTE 4: TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs. Transfers were also made to close out funds and to finance various projects.

NOTE 5: DEPOSITS

Custodial Credit Risk

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

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

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

At year ended December 31, 2021, the County's carrying amount of deposits totaled \$9,531,614, and the bank balances totaled \$9,701,620. Of the bank balances, \$2,242,427 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2021, the Water Resource District's carrying amount of deposits totaled \$55,806, and the bank balances totaled \$56,505, all of which were covered by Federal Depository Insurance.

NOTE 6: PROPERTY TAXES

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 7: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2021:

Primary Government	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 33,600	\$ -	\$ -	\$ -	\$ 33,600
Construction in Progress	44,852	1,000,141	-	-	1,044,993
Total capital assets not being depreciated	\$ 78,452	\$ 1,000,141	\$ -	\$ -	\$ 1,078,593
<i>Capital assets, being depreciated</i>					
Vehicles	\$ 1,207,377	\$ 47,848	\$ -	\$ -	\$ 1,255,225
Equipment	5,060,754	281,967	(108,837)	-	5,233,884
Buildings	731,793	-	-	-	731,793
Infrastructure	18,650,204	-	-	-	18,650,204
Total capital assets, being depreciated	\$ 25,650,128	\$ 329,815	\$ (108,837)	\$ -	\$ 25,871,106
<i>Less accumulated depreciation for</i>					
Vehicles	\$ 551,630	\$ 114,497	\$ -	\$ -	\$ 666,127
Equipment	2,791,525	401,041	(15,910)	-	3,176,656
Buildings	520,869	8,002	-	-	528,871
Infrastructure	2,276,568	373,004	-	-	2,649,572
Total accumulated depreciation	\$ 6,140,592	\$ 896,544	\$ (15,910)	\$ -	\$ 7,021,226
Total capital assets being depreciated, net	\$ 19,509,536	\$ (566,729)	\$ (92,927)	\$ -	\$ 18,849,880
Total capital assets, net	\$ 19,587,988	\$ 433,412	\$ (92,927)	\$ -	\$ 19,928,473

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

Primary Government	
General Government	\$ 18,206
Public Safety	33,354
Highways	820,883
Health and Welfare	3,487
Culture and Recreation	6,795
Conservation of Natural Resources	13,819
Total Depreciation Expense	\$ 896,544

NOTE 8: LONG-TERM LIABILITIES

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

Primary Government	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 109,936	\$ 12,308	\$ -	\$ 122,244	\$ 48,898
Net Pension and OPEB Liability	5,048,080	-	3,187,853	1,860,227	-
Total Long Term Liabilities	\$ 5,158,016	\$ 12,308	\$ 3,187,853	\$ 1,982,471	\$ 48,898

* The change in compensated absences is shown as a net change due to changes in salary prohibit exact calculations.

NOTE 9: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At December 31, 2021, for its respective share of the proportionate share of the net pension liability, the following net pension liabilities were reported.

	Net Pension Liability
County	\$ 1,789,161

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 proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021, the entity had the following proportion, change in proportion, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2020 Measurement	Pension Expense
County	0.171655%	0.014784%	\$ 318,484

LAMOURE COUNTY

Notes to the Financial Statements – Continued

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 30,889	\$ 182,608
Changes in Assumptions	1,980,254	2,581,837
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	663,572
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	232,461	121,180
Contributions - Employer	119,971	-
Total Deferred Outflow and Inflow of Resources	\$ 2,363,575	\$ 3,549,197

\$119,971 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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:

2022	\$ (175,047)
2023	(303,249)
2024	(222,721)
2025	(604,576)

Actuarial Assumptions

The total pension 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	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.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	30%	6.00%
International Equities	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 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 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 2,845,367	\$ 1,789,161	\$ 909,703

Pension Plan Fiduciary Net Position

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

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2021, for its respective proportionate share of the net pension liability, the following net OPEB liabilities were reported:

	Net OPEB Liability
County	\$ 71,066

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 proportion of the net OPEB liability was based on the its share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the entity had the following proportion, change in proportion, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2020 Measurement	OPEB Expense
County	0.127777%	-0.006419%	\$ 6,001

At December 31, 2021, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,081	\$ 1,948
Changes of Assumptions	11,005	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	24,349
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,023	16,011
Contributions - Employer	9,686	-
Total Deferred Outflow and Inflow of Resources	\$ 26,795	\$ 42,308

\$9,686 for the County was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2022.

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

2022	(5,182)
2023	(5,357)
2024	(6,402)
2025	(8,051)
2026	(207)

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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 or return	6.50%, net of investment expenses
Cost of living adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 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%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

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%)
Proportionate Share of the OPEB Liability	\$ 105,400	\$ 71,066	\$ 42,014

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 11 CONSTRUCTION COMMITMENTS

The County had construction commitments as of December 31, 2021 as follows:

Project	Total Contract with Change Orders	Total Completed	Retainage	Remaining Balance includes Retainages
Bridge Bundling project - BRR-0023(050) - Construction	\$ 167,819	\$ 153,829	\$ 3,139	\$ 13,990
Bridge Bundling project - BRR-0023(050) - Engineering	145,616	118,033	-	27,583
New Signal System Installation Over 1st Street NE/CMC 2335	19,949	-	-	19,949
Total	\$ 333,384	\$ 271,862	\$ 3,139	\$ 61,522

LAMOURE COUNTY

Budgetary Comparison Schedule - General Fund

December 31, 2021

LAMOURE COUNTY
LaMoure, North Dakota

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,290,493	\$ 2,290,493	\$ 2,247,897	\$ (42,596)
Intergovernmental	613,035	613,035	830,334	217,299
Charges for Services	56,700	56,700	65,720	9,020
Licenses, Permits and Fees	31,100	31,100	59,841	28,741
Interest Income	50,000	50,000	50,408	408
Miscellaneous	28,500	28,500	52,774	24,274
Total Revenues	<u>\$ 3,069,828</u>	<u>\$ 3,069,828</u>	<u>\$ 3,306,974</u>	<u>\$ 237,146</u>
EXPENDITURES				
Current				
General Government	\$ 1,724,622	\$ 1,806,093	\$ 1,584,822	\$ 221,271
Public Safety	711,743	711,743	668,328	43,415
Culture & Recreation	132,119	245,135	245,136	(1)
Total Expenditures	<u>\$ 2,568,484</u>	<u>\$ 2,762,971</u>	<u>\$ 2,498,286</u>	<u>\$ 264,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 501,344</u>	<u>\$ 306,857</u>	<u>\$ 808,688</u>	<u>\$ 501,831</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 34	\$ 34
Transfers Out	-	-	(1,324,569)	(1,324,569)
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,324,535)</u>	<u>\$ (1,324,535)</u>
Net Change in Fund Balance	<u>\$ 501,344</u>	<u>\$ 306,857</u>	<u>\$ (515,847)</u>	<u>\$ (822,704)</u>
Fund Balance - January 1	<u>\$ 4,624,716</u>	<u>\$ 4,624,716</u>	<u>\$ 4,624,716</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 5,126,060</u>	<u>\$ 4,931,573</u>	<u>\$ 4,108,869</u>	<u>\$ (822,704)</u>

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

LAMOURE COUNTY

Budgetary Comparison Schedule - Special Revenue Fund
 December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,181,927	\$ 1,181,927	\$ 1,142,770	\$ (39,157)
Intergovernmental	1,853,284	1,853,284	634,337	(1,218,947)
Charges for Services	909,519	909,519	1,290,664	381,145
Miscellaneous	31,689	31,689	57,052	25,363
Total Revenues	\$ 3,976,419	\$ 3,976,419	\$ 3,124,823	\$ (851,596)
EXPENDITURES				
Current				
General Government	\$ 12,000	\$ 21,546	\$ 20,928	\$ 618
Public Safety	181,135	182,992	271,637	(88,645)
Highways	3,444,426	3,681,880	3,151,472	530,408
Flood Repair	-	-	218,324	(218,324)
Health and Welfare	540,959	540,959	490,514	50,445
Conser. of Natural Resources	231,714	231,714	180,306	51,408
Total Expenditures	\$ 4,410,234	\$ 4,659,091	\$ 4,333,181	\$ 325,910
Excess (Deficiency) of Revenues Over Expenditures	\$ (433,815)	\$ (682,672)	\$ (1,208,358)	\$ (525,686)
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 726,500	\$ 726,500	\$ 1,723,615	\$ 997,115
Transfers Out	-	-	(399,080)	(399,080)
Total Other Financing Sources and Uses	\$ 726,500	\$ 726,500	\$ 1,324,535	\$ 598,035
Net Change in Fund Balances	\$ 292,685	\$ 43,828	\$ 116,177	\$ 72,349
Fund Balance - January 1	\$ 1,763,864	\$ 1,763,864	\$ 1,763,864	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ (6,758)	\$ (6,758)
Fund Balance - January 1 as restated	\$ 1,763,864	\$ 1,763,864	\$ 1,757,106	\$ (6,758)
Fund Balance - December 31	\$ 2,056,549	\$ 1,807,692	\$ 1,873,283	\$ 65,591

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

LAMOURE COUNTY

Schedule of Employer's Share of Net Pension and Employer Contributions
 For the Year Ended December 31, 2021

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.171655%	\$ 1,789,161	\$ 1,943,803	92.04%	78.26%
2020	0.156871%	4,935,195	1,730,479	285.19%	48.91%
2019	0.164139%	1,923,828	1,707,321	112.68%	71.66%
2018	0.179026%	3,021,259	1,839,167	164.27%	62.80%
2017	0.170663%	2,743,114	1,742,201	157.45%	61.98%
2016	0.160028%	1,559,629	1,612,702	96.71%	70.46%
2015	0.163428%	1,111,282	1,455,944	76.33%	77.70%
2014	0.142199%	1,043,902	1,197,858	87.15%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 143,347	\$ 140,255	\$ 3,092	\$ 1,945,938	7.21%
2020	122,533	130,263	(7,730)	1,730,479	7.53%
2019	124,303	135,484	(11,181)	1,707,321	7.94%
2018	135,462	129,102	6,360	1,839,167	7.02%
2017	126,331	123,987	2,344	1,742,201	7.12%
2016	116,757	116,625	132	1,612,702	7.23%
2015	110,591	101,693	8,898	1,455,944	6.98%
2014	105,740	105,740	-	1,197,858	8.83%

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

LAMOURE COUNTY

Schedule of Employer’s Share of Net OPEB Liability and Employer Contributions
 For the Year Ended December 31, 2021

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.127777%	\$ 71,066	\$ 1,393,099	5.10%	76.63%
2020	0.134196%	112,885	1,529,793	7.38%	63.38%
2019	0.153005%	122,392	1,707,321	7.17%	63.13%
2018	0.168081%	132,375	1,839,167	7.20%	62.80%
2017	0.161040%	127,384	1,742,201	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District’s Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 16,752	\$ 17,329	\$ (577)	\$ 1,945,938	0.89%
2020	17,972	20,035	(2,063)	1,529,793	1.31%
2019	19,856	21,693	(1,837)	1,707,321	1.27%
2018	21,572	20,671	901	1,839,167	1.12%
2017	20,252	19,852	400	1,742,201	1.14%

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

LAMOURE COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased 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.

OPEB

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

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020 for both Pension and OPEB.

LAMOURE COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 5: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The board of County commissioners amended the County budget for 2021:

	Original Budget	Amendment	Amended Budget
EXPENDITURES/TRANSFERS OUT			
General Fund	\$ 2,568,484	\$ 194,487	\$ 2,762,971
Special Revenue Fund	4,410,234	248,857	4,659,091

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

Independent Auditor's Report

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated July 12, 2022.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2021-001, 2021-002, 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *schedule of audit findings* as item 2021-004 to be a significant deficiency.

LAMOURE COUNTY

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaMoure County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying *schedule of audit findings* as item 2021-001.

LaMoure County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on LaMoure County's response to the findings identified in our audit and described in the accompanying *schedule of audit findings*. LaMoure County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on 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.

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
July 12, 2022

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Discretely Presented Component Unit	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

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

2021-001 – COUNTY BUDGET – MATERIAL WEAKNESS – MATERIAL NONCOMPLIANCE

Condition

LaMoure County did not prepare a budget in compliance with all attributes of N.D.C.C §11-23-02.

Effect

The attributes identified in N.D.C.C §11-23-02 are key components in the tax levy calculation in any budget year. Thus, LaMoure County may have improperly calculated the tax levies.

Cause

LaMoure County may not have been aware of the compliance requirements of N.D.C.C §11-23-02.

Criteria

N.D.C.C. §11-23-02 states, " The county auditor shall prepare an annual budget for the general fund, each special revenue fund, and each debt service fund of the county in the form prescribed by the state auditor. The budget must set forth specifically:

- The detailed breakdown of the estimated revenues and appropriations requested for each fund for the ensuing year.
- The detailed breakdown of the revenues and expenditures for each fund for the preceding year.
- The detailed breakdown of estimated revenues and expenditures for each fund for the current year.
- The transfers in or out for each fund for the preceding year and the estimated transfers in or out for the current year and the ensuing year.
- The beginning and ending balance of each fund or estimates of the balances for the preceding year, current year, and ensuing year.
- The tax levy request for any funds levying taxes for the ensuing year.
- The certificate of levy showing the amount levied for each fund and the total amount levied.
- The budget must be prepared on the same basis of accounting used by the county for its annual financial reports.
- The amount of cash reserve for the general fund and each special revenue fund, not to exceed seventy-five percent of the appropriation for the fund."

Repeat Finding

Yes.

Recommendation

We recommend that LaMoure County ensure its in compliance with all aspects of N.D.C.C §11-23-02.

LaMoure County's Response

We agree. LaMoure County is working on preparing a budget in compliance with NDCC 11-23-02

2021-002 – AUDIT ADJUSTMENT – MATERIAL WEAKNESS

Condition

Material auditor-identified adjustments for accounts payable in the amount of \$152,915 in the special revenue fund was found during testing. The adjustments were proposed and accepted by LaMoure County and the financial statements were adjusted accordingly.

Effect

The financial statements may have been materially misstated if accounts payable had not been adjusted during the audit.

Cause

LaMoure County does not have sufficient procedures in place to ensure an accurate listing of accounts payables are used in the preparation of it's financial statements.

Criteria

LaMoure County is responsible to ensure the financial statements are reliable, free of material misstatement, and in accordance with GAAP.

Repeat Finding

No.

Recommendation

We recommend that LaMoure County ensure its accounts payable listing is accurate and correctly presented in the financial statements in accordance with GAAP.

LaMoure County's Response

We agree. LaMoure County is working on preparing its account payable listing of December payables paid in January to ensure accurate financial statements in accordance with GAAP

2021-003 – CAPITAL ASSET MAINTENANCE – SIGNIFICANT DEFICIENCY

Condition

During testing, it was found that capital asset additions were understated by \$136,623 in the 2021 capital asset listing. An adjustment to increase capital assets was proposed and accepted by LaMoure County.

Effect

The financial statements may have been materially misstated if capital assets had not been adjusted during the audit.

Cause

LaMoure County management does not have sufficient procedures in place to ensure the capital asset listing used to compile the financial statements is accurate and free of material misstatement.

Criteria

LaMoure County is responsible to ensure the financial statements are reliable, free of material misstatement, and in accordance with GAAP.

Repeat Finding

No.

Recommendation

We recommend LaMoure County review the capital asset listing to ensure it is accurate and free of material misstatement.

LaMoure County's Response

We agree. LaMoure County worked with our software programmer to fix our capital asset report. Going forward each December 31, we will compare capital asset report with inventory for accuracy.

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GOVERNANCE COMMUNICATION

July 12, 2022

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of LaMoure County, North Dakota, for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under general accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2022. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LaMoure County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by LaMoure County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives capital assets in determining that is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

LAMOURE COUNTY

Governance Communication – Continued

Corrected and Uncorrected Misstatements

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

2021 Adjustments	Special Revenue Fund Audit Adjustment	
	Debit	Credit
Governmental Activities		
<u>To record audit found payables</u>		
Expenditures	152,915	-
Accounts Payable	-	152,915

Management determined the uncorrected misstatements effect is immaterial to the financial statements taken as a whole. The schedules below list all uncorrected misstatements detected as a result of audit procedures.

2021 Passed Adjustments	General Fund Passed Adjustment		Special Revenue Fund Passed Adjustment		Total Passed Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
Governmental Activities						
<u>Passed audit found receivables</u>						
Intergovernmental Receivables	42,480	-	66,791	-	109,271	-
Accounts Receivables	-	-	21,617	-	21,617	-
Revenue	-	42,480	-	88,408	-	130,888

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 12, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

LAMOURE COUNTY

Governance Communication – Continued

Other Matters

We applied certain limited procedures to the *budgetary comparison information, schedule of County's share of net pension liability and County contributions, schedule of County's share of net OPEB liability and County contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

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

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
July 12, 2022



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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