



Financial Statements  
December 31, 2021 and 2020  
**Slope County**

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2021

Scott Ouradnik  
Mike Sonsalla  
Michael Teske

Commissioner - Chairman  
Commissioner  
Commissioner

Lorrie Buzalsky  
Colleen Germann  
Rory Teigen  
Erin Melling/Aaron Roseland  
Kristie Jacobson

Auditor  
Treasurer  
Sheriff  
State's Attorney  
County Recorder

2020

Scott Ouradnik  
Mike Sonsalla  
Michael Teske

Commissioner - Chairman  
Commissioner  
Commissioner

Lorrie Buzalsky  
Colleen Germann  
Rory Teigen  
Erin Melling/Aaron Roseland  
Kristie Jacobson

Auditor  
Treasurer  
Sheriff  
State's Attorney  
County Recorder



## Independent Auditor's Report

Board of County Commissioners  
Slope County  
Amidon, North Dakota

### Report on the Audit of the Financial Statements

#### *Qualified and Unmodified Opinions*

We have audited the modified cash financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Slope County, Amidon, North Dakota (the County), as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Qualified Opinion on the Aggregate Remaining Funds*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the aggregate remaining funds of the County as of December 31, 2021 and 2020, and the respective changes in modified cash basis financial position thereof for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

#### *Unmodified Opinions on the Governmental Activities, the Discretely Presented Component Unit, and Each Major Fund*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the discretely presented component unit, and each major fund as of December 31, 2021 and 2020, and the respective changes in modified cash basis financial position thereof for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

#### *Basis for Qualified and Unmodified Opinions*

We conducted our audit 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Slope County North Dakota and to meet our other ethical responsibilities, in accordance with the 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 qualified and unmodified audit opinions.

### *Matter Giving Rise to Qualified Opinion on the Aggregate Remaining Funds*

Management has not adopted the methodology for reporting custodial funds in accordance with GASB-84, *Fiduciary Activities* affecting the aggregate remaining funds. Accounting principles generally accepted in the United States of America require that revenues and expenditures of custodial funds be recorded at gross and closed into custodial fund net position at the end of the year. The amount by which this departure would affect the revenues and expenditures of the custodial funds affecting the aggregate remaining funds has not been determined.

### ***Emphasis of Matter – Restatement***

As discussed in Note 12 to the financial statements, in 2019, the County did not record notes receivable in the general fund or the governmental activities. The County is correcting the error and recording notes receivable. Accordingly, a restatement has been made to the fund balance of the general fund and net position of the governmental activities as of January 1, 2020. Our opinions are not modified with respect to this matter.

### ***Emphasis of Matter – Basis of Accounting***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities 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 an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Slope County, North Dakota'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 Slope County, North Dakota'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Slope County's basic financial statements. The budgetary comparison schedules and schedules of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is 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. The 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 budgetary comparison schedules and schedules of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2023 on our consideration of Slope County'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 of the effectiveness of Slope County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Slope County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota  
March 23, 2023

Slope County  
Statement of Net Position – Modified Cash Basis - 2021  
December 31, 2021

	Primary Government	Component Unit
	Governmental Activities	Slope County Water Resource District
Assets		
Cash and investments	\$ 13,790,658	\$ 74,857
Notes receivable	625,769	-
Capital assets not being depreciated		
Land	12,601	-
Construction in process	882,711	-
Capital assets, net of accumulated depreciation		
Buildings	4,087,315	-
Furniture and office equipment	40,227	-
Infrastructure	13,063,333	-
Vehicles and equipment	1,457,807	-
	<u>\$ 33,960,421</u>	<u>\$ 74,857</u>
Net position		
Net investment in capital assets	\$ 19,543,994	\$ -
Restricted for highways	10,569,069	-
Unrestricted	3,847,358	74,857
Total net position	<u>\$ 33,960,421</u>	<u>\$ 74,857</u>



Slope County  
Statement of Activities – Modified Cash Basis - 2021  
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	Primary Government Governmental Activities	Component Unit Slope County Water Resource District
Primary government					
Governmental activities					
General government	\$ 1,052,053	\$ 51,090	\$ -	\$ (1,000,963)	\$ -
Public safety	167,409	17,859	-	(149,550)	-
Highways and public improvements	2,348,863	135,184	2,150,668	(63,011)	-
Health and welfare	6,405	-	-	(6,405)	-
Culture and recreation	4,452	-	-	(4,452)	-
Conservation of natural resources	82,075	-	33,214	(48,861)	-
Total primary government	<u>\$ 3,661,257</u>	<u>\$ 204,133</u>	<u>\$ 2,183,882</u>	<u>(1,273,242)</u>	<u>-</u>
Component unit					
Water resource district	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(791)</u>
General revenues					
Taxes					
Property taxes				848,650	2,202
Federal in lieu of tax				2,161	-
Oil and gas production tax				236,219	-
Highway tax				129,918	-
Telecommunications				1,593	-
State aid distribution				242,856	3,618
Royalties				46,726	-
Interest income				221,141	517
Loss on disposal of capital assets				(3,210)	-
Miscellaneous revenue				248,311	-
Total general revenues				<u>1,974,365</u>	<u>6,337</u>
Change in net position				701,123	5,546
Net position - January 1				<u>33,259,298</u>	<u>69,311</u>
Net position - December 31				<u>\$ 33,960,421</u>	<u>\$ 74,857</u>

Slope County  
Balance Sheet – Governmental Funds – Modified Cash Basis - 2021  
December 31, 2021

	Major Funds			Other	Total
	General	Submarginal Rent	Submarginal Roads	Governmental Funds	Governmental Funds
Assets					
Cash and investments	\$ 1,554,598	\$ 10,407,340	\$ 166,895	\$ 1,661,825	\$ 13,790,658
Notes receivable	625,769	-	-	-	625,769
Total assets	<u>\$ 2,180,367</u>	<u>\$ 10,407,340</u>	<u>\$ 166,895</u>	<u>\$ 1,661,825</u>	<u>\$ 14,416,427</u>
Fund Balances					
Unspendable	\$ 625,769	\$ -	\$ -	\$ -	\$ 625,769
Restricted					
Highways	-	10,407,340	-	161,729	10,569,069
Committed					
Highways	-	-	166,895	-	166,895
Assigned					
General government	-	-	-	114,628	114,628
Highways	-	-	-	810,633	810,633
Public safety	-	-	-	15,858	15,858
Weed	-	-	-	141,866	141,866
Conservation of natural resources	-	-	-	431,587	431,587
Unassigned	<u>1,554,598</u>	<u>-</u>	<u>-</u>	<u>(14,476)</u>	<u>1,540,122</u>
Total fund balances	<u>\$ 2,180,367</u>	<u>\$ 10,407,340</u>	<u>\$ 166,895</u>	<u>\$ 1,661,825</u>	<u>\$ 14,416,427</u>

Slope County

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Modified Cash Basis -

2021

December 31, 2021

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Total fund balances for governmental funds	\$ 14,416,427
Total net position reported for government activities in the statement of net position is different because	
Capital Assets used in governmental activities are not financial resources and are not reported in the governmental funds.	
Cost of capital assets	23,203,653
Less accumulated depreciation	<u>(3,659,659)</u>
Net capital assets	<u>19,543,994</u>
Total net position of governmental activities	<u><u>\$ 33,960,421</u></u>

Slope County

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash

Basis - 2021

Year Ended December 31, 2021

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Submarginal Rent	Submarginal Roads		
Revenues					
Taxes	\$ 616,464	\$ -	\$ -	\$ 232,186	\$ 848,650
Licenses, permits, fees	47,466	-	-	2,097	49,563
Intergovernmental revenues	271,653	2,184,925	-	340,051	2,796,629
Charges for services	1,527	-	-	153,043	154,570
Royalties	-	-	-	46,726	46,726
Interest income	221,141	-	-	-	221,141
Miscellaneous revenues	188,091	-	33,790	26,430	248,311
Total revenues	<u>1,346,342</u>	<u>2,184,925</u>	<u>33,790</u>	<u>800,533</u>	<u>4,365,590</u>
Expenditures					
Current					
General government	918,415	-	41,419	55,521	1,015,355
Public safety	137,064	-	-	23,253	160,317
Highways and public improvements	-	85,748	1,394,491	418,450	1,898,689
Health and welfare	3,000	-	-	3,405	6,405
Conservation of natural resources	-	-	-	82,075	82,075
Capital Outlay	-	-	937,111	-	937,111
Total expenditures	<u>1,058,479</u>	<u>85,748</u>	<u>2,373,021</u>	<u>582,704</u>	<u>4,099,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>287,863</u>	<u>2,099,177</u>	<u>(2,339,231)</u>	<u>217,829</u>	<u>265,638</u>
Other Financing Sources (Uses)					
Transfers in	57,000	-	2,500,000	140,000	2,697,000
Transfers out	(67,000)	(2,500,000)	-	(130,000)	(2,697,000)
Total other financing sources and uses	<u>(10,000)</u>	<u>(2,500,000)</u>	<u>2,500,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	<u>277,863</u>	<u>(400,823)</u>	<u>160,769</u>	<u>227,829</u>	<u>265,638</u>
Fund balance - January 1	<u>1,902,504</u>	<u>10,808,163</u>	<u>6,126</u>	<u>1,433,996</u>	<u>14,150,789</u>
Fund balance - December 31	<u>\$ 2,180,367</u>	<u>\$ 10,407,340</u>	<u>\$ 166,895</u>	<u>\$ 1,661,825</u>	<u>\$ 14,416,427</u>

## Slope County

### Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Modified Cash Basis - 2021 Year Ended December 31, 2021

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Net change in fund balances - total governmental funds	\$ 265,638
The change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	
Current year capital outlay	\$ 997,757
Loss on disposal of capital assets	(3,210)
Current year depreciation expense	<u>(559,062)</u>
Net capital assets	<u>435,485</u>
Change in net position of governmental activities	<u><u>\$ 701,123</u></u>

Slope County  
Statement of Net Position – Modified Cash Basis - 2020  
December 31, 2020

	Primary Government	Component Unit
	Governmental Activities	Slope County Water Resource District
Assets		
Cash and investments	\$ 13,533,897	\$ 69,311
Notes receivable	616,892	-
Capital assets not being depreciated		
Land	12,601	-
Construction in process	2,931,542	-
Capital assets, net of accumulated depreciation		
Buildings	4,185,510	-
Furniture and office equipment	44,357	-
Infrastructure	10,332,206	-
Vehicles and equipment	1,602,293	-
	<u>\$ 33,259,298</u>	<u>\$ 69,311</u>
Net position		
Net investment in capital assets	\$ 19,108,509	\$ -
Restricted for highways	616,892	-
Unrestricted	13,533,897	69,311
	<u>\$ 33,259,298</u>	<u>\$ 69,311</u>
Total net position	<u>\$ 33,259,298</u>	<u>\$ 69,311</u>

Slope County  
Statement of Activities – Modified Cash Basis - 2020  
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Component Unit Slope County Water Resource District
Primary government					
Governmental activities					
General government	\$ 1,232,427	\$ 30,800	\$ -	\$ (1,201,627)	\$ -
Public safety	160,442	17,925	-	(142,517)	-
Highways and public improvements	2,193,380	64,721	4,298,796	2,170,137	-
Health and welfare	5,704	-	-	(5,704)	-
Culture and recreation	4,452	-	-	(4,452)	-
Conservation of natural resources	65,131	-	21,777	(43,354)	-
Total primary government	<u>\$ 3,661,536</u>	<u>\$ 113,446</u>	<u>\$ 4,320,573</u>	<u>772,483</u>	<u>-</u>
Component unit					
Water resource district	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 4,679</u>	<u>-</u>	<u>4,475</u>
General revenues					
Taxes					
Property taxes				699,734	2,040
Federal in lieu of tax				1,938	-
Oil and gas production tax				152,595	-
Highway tax				135,684	-
Telecommunications				1,593	-
State aid distribution				204,847	3,034
Royalties				54,911	-
Interest income				281,685	236
Loss on disposal of capital assets				-	-
Miscellaneous revenue				170,125	-
Total general revenues				<u>1,703,112</u>	<u>5,310</u>
Change in net position				2,475,595	9,785
Net position - January 1, as restated				<u>30,783,703</u>	<u>59,526</u>
Net position - December 31				<u>\$ 33,259,298</u>	<u>\$ 69,311</u>

Slope County  
Balance Sheet – Governmental Funds – Modified Cash Basis - 2020  
December 31, 2020

	Major Funds			Other	Total
	General	Submarginal Rent	Submarginal Roads	Governmental Funds	Governmental Funds
Assets					
Cash and investments	\$ 1,285,612	\$ 10,808,163	\$ 6,126	\$ 1,433,996	\$ 13,533,897
Notes receivable	616,892	-	-	-	616,892
Total assets	<u>\$ 1,902,504</u>	<u>\$ 10,808,163</u>	<u>\$ 6,126</u>	<u>\$ 1,433,996</u>	<u>\$ 14,150,789</u>
Fund Balances					
Unspendable	\$ 616,892	\$ -	\$ -	\$ -	\$ 616,892
Restricted					
Highways	-	10,808,163	-	161,811	10,969,974
Committed					
Highways	-	-	6,126	-	6,126
Assigned					
General government	-	-	-	101,894	101,894
Highways	-	-	-	637,130	637,130
Public safety	-	-	-	12,460	12,460
Weed	-	-	-	102,999	102,999
Conservation of natural resources	-	-	-	424,150	424,150
Unassigned	1,285,612	-	-	(6,448)	1,279,164
Total fund balances	<u>\$ 1,902,504</u>	<u>\$ 10,808,163</u>	<u>\$ 6,126</u>	<u>\$ 1,433,996</u>	<u>\$ 14,150,789</u>



# Slope County

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

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Total fund balances for governmental funds	\$ 14,150,789
Total net position reported for government activities in the statement of net position is different because	
Capital Assets used in governmental activities are not financial resources and are not reported in the governmental funds.	
Cost of capital assets	22,222,891
Less accumulated depreciation	<u>(3,114,382)</u>
Net capital assets	<u>19,108,509</u>
Total net position of governmental activities	<u>\$ 33,259,298</u>

Slope County

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash

Basis - 2020

Year Ended December 31, 2020

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Submarginal Rent	Submarginal Roads		
Revenues					
Taxes	\$ 456,997	\$ -	\$ -	\$ 242,737	\$ 699,734
Licenses, permits, fees	27,479	-	-	2,241	29,720
Intergovernmental revenues	233,651	4,389,108	-	194,471	4,817,230
Charges for services	1,080	-	-	82,646	83,726
Royalties	-	-	-	54,911	54,911
Interest income	281,685	-	-	-	281,685
Miscellaneous revenues	117,300	-	30,000	22,825	170,125
Total revenues	<u>1,118,192</u>	<u>4,389,108</u>	<u>30,000</u>	<u>599,831</u>	<u>6,137,131</u>
Expenditures					
Current					
General government	1,022,137	-	-	72,356	1,094,493
Public safety	120,320	-	-	27,899	148,219
Highways and public improvements	-	63,195	981,620	723,630	1,768,445
Health and welfare	3,000	-	-	2,704	5,704
Conservation of natural resources	-	-	-	65,131	65,131
Capital Outlay	-	-	2,043,291	-	2,043,291
Total expenditures	<u>1,145,457</u>	<u>63,195</u>	<u>3,024,911</u>	<u>891,720</u>	<u>5,125,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,265)</u>	<u>4,325,913</u>	<u>(2,994,911)</u>	<u>(291,889)</u>	<u>1,011,848</u>
Other Financing Sources (Uses)					
Transfers in	365,000	-	3,000,000	277,600	3,642,600
Transfers out	(372,600)	(3,000,000)	-	(270,000)	(3,642,600)
Total other financing sources and uses	<u>(7,600)</u>	<u>(3,000,000)</u>	<u>3,000,000</u>	<u>7,600</u>	<u>-</u>
Net change in fund balances	<u>(34,865)</u>	<u>1,325,913</u>	<u>5,089</u>	<u>(284,289)</u>	<u>1,011,848</u>
Fund balance - January 1, as restated	<u>1,937,369</u>	<u>9,482,250</u>	<u>1,037</u>	<u>1,718,285</u>	<u>13,138,941</u>
Fund balance - December 31	<u>\$ 1,902,504</u>	<u>\$ 10,808,163</u>	<u>\$ 6,126</u>	<u>\$ 1,433,996</u>	<u>\$ 14,150,789</u>

## Slope County

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

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Net change in fund balances - total governmental funds	\$ 1,011,848
The change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	
Current year capital outlay	\$ 2,043,291
Loss on disposal of capital assets	(40,368)
Current year depreciation expense	<u>(539,176)</u>
Net capital assets	<u>1,463,747</u>
Change in net position of governmental activities	<u><u>\$ 2,475,595</u></u>

Slope County

Statement of Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis

December 31, 2021 and 2020

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	Custodial Funds	
	2021	2020
Assets		
Cash and investments	<u>\$ 892,945</u>	<u>\$ 852,458</u>
Net Position		
Restricted	<u>\$ 892,945</u>	<u>\$ 852,458</u>

Slope County

Statement of Changes in Fiduciary Net Position– Fiduciary Funds – Modified Cash Basis  
December 31, 2021 and 2020

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	Custodial Funds	
	2021	2020
Additions		
Taxes	\$ 355,282	\$ 354,273
Licenses, permits and fees	161	161
Miscellaneous revenue	1,337,097	1,733,941
Total revenues	1,692,540	2,088,375
Deductions		
Other services and charges	1,652,053	1,577,320
Total expenditures	1,652,053	1,577,320
Change in net position	40,487	511,055
Net position, beginning	852,458	341,403
Net position, ending	\$ 892,945	\$ 852,458

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

The financial statements of Slope County, Amidon, North Dakota, have been prepared in conformity with the modified cash basis of accounting 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 government's accounting policies are described below.

### **Financial Reporting Entity**

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

Based on these criteria, the Slope County Water Resource District is a component unit of the County because of the significance of its operational or financial relationship with the County.

### **Component Unit**

In conformity with the modified cash basis of accounting, 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 government-wide financial statements includes the financial data of the County's one component unit, Slope County Water Resource District. This unit is reported in a separate column to emphasize that it is legally separate from the County.

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

Complete financial statements for the Slope County Water Resource District may be obtained from the Slope County Auditor.

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

Government-wide Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As of December 31, 2021 and 2020, Slope County did not operate any business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Fund Financial Statements – The fund financial statements provide information about the County’s funds including its fiduciary funds. Separate statements for each fund category-governmental 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 non-major funds.

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

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

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

The County reports the following major governmental funds:

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

Submarginal Rent Fund – This fund accounts for the County’s Bankhead Jones funds. Funds are distributed to the road funds and to schools as determined by the Board.

Submarginal Roads Fund – This fund receives Bankhead Jones funds from the Submarginal Rent Fund and expends the funds primarily on roads.

Additionally, the County reports the following fund type:

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

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

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

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

## **Equity Classifications**

### **Government-wide statements**

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

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

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

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



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

The County classifies governmental fund balances as follows:

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

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

### **Cash and Investments**

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

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

### **Capital Assets**

Capital assets include property and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Buildings	50 years
Infrastructure	50 years
Furniture and office equipment	7 years
Vehicles and equipment	5-15 years

### 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.

### Stewardship, Compliance, and Accountability

The County commission adopts an “appropriated budget” on the modified cash 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 current budget, except for property taxes, may be amended throughout the year for revenues or appropriations anticipated when the budget was prepared. NDCC 57-15-31.1. Each budget is controlled by the County auditor at the revenue and expenditure function/object level. All appropriations lapse at year-end. When expenditures are in excess of appropriations the County will fund these items through revenues in excess of budget, cash reserves of the fund, or from a cash transfer from other funds.

The County commission holds public hearings regarding disbursements. All tax levies and all taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04. The County commissioners meet on or before October to determine the amount of taxes that shall be levied for County purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05.

The submarginal rent fund had expenditures exceeding appropriations of \$1,174,677 and \$2,405,913 for the years ended December 31, 2021 and 2020. These over expenditures were funded by revenues exceeding budget and existing fund balance.

## **Note 2 - Deposits and Investments**

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

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

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

As of the years ended December 31, 2021 and 2020, the carrying amount of the pooled deposits for all county funds was \$13,790,658 and \$13,533,897. The carrying amount of the fiduciary funds was \$892,945 and \$852,458. The pooled bank balance at December 31, 2021 and 2020 was \$15,214,069 and \$14,502,998. Of the bank balances at December 31, 2021 and 2020, \$750,000 was covered by Federal Depository Insurance. As of December 31, 2021 and 2020, the remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2021 and 2020, Slope County Water Resource District, a discretely presented component unit of Slope County, had carrying and bank balance amounts of deposits of \$74,857 and \$69,311. All deposits were covered by Federal Depository Insurance.

Interest Rate Risk – The County does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates. The following shows the investments by type, amount and duration.

As of December 31, 2021 and 2020, the County held certificates of deposit with the following maturity dates:

	December 31, 2021		
	Within 1 Year	1 to 5 Years	Total
Certificates of Deposit	<u>\$ 500,000</u>	<u>\$ 9,674,000</u>	<u>\$ 10,174,000</u>

  

	December 31, 2020		
	Within 1 Year	1 to 5 Years	Total
Certificates of Deposit	<u>\$ 500,000</u>	<u>\$ 9,416,000</u>	<u>\$ 9,916,000</u>

Investments of the Slope County Water Resource District, a discretely presented component unit of Slope County were certificates of deposit totaling \$31,107 and \$30,600 at December 31, 2021 and 2020 that mature in less than one year.

### Credit Risk

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

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

### Concentration of Credit Risk

The County does not have a limit on the amount it may invest in any one issuer. All deposits and investments are held with the following institutions: Dakota Western Bank, Dakota Community Bank, and Multi-Bank Securities.

### Note 3 - Taxes Revenue

The County treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Any material collections are distributed after the end of the month.

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

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

#### Note 4 - Capital Assets

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

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 12,601	\$ -	\$ -	\$ 12,601
Construction in process	2,931,542	943,357	(2,992,188)	882,711
	<u>2,944,143</u>	<u>943,357</u>	<u>(2,992,188)</u>	<u>895,312</u>
Capital assets being depreciated				
Buildings	4,800,859	-	-	4,800,859
Furniture and office equipment	165,506	-	-	165,506
Infrastructure	11,245,378	2,992,188	-	14,237,566
Vehicles and equipment	3,067,005	54,400	(16,995)	3,104,410
Total capital assets, being depreciated	<u>19,278,748</u>	<u>3,046,588</u>	<u>(16,995)</u>	<u>22,308,341</u>
Less accumulated depreciation for				
Buildings	615,349	98,195	-	713,544
Furniture and office equipment	121,149	4,130	-	125,279
Infrastructure	913,172	261,061	-	1,174,233
Vehicles and equipment	1,464,712	195,676	(13,785)	1,646,603
Total accumulated depreciation	<u>3,114,382</u>	<u>559,062</u>	<u>(13,785)</u>	<u>3,659,659</u>
Total capital assets being depreciated, net	<u>16,164,366</u>	<u>2,487,526</u>	<u>(3,210)</u>	<u>18,648,682</u>
Governmental activities - capital assets, net	<u>\$ 19,108,509</u>	<u>\$ 3,430,883</u>	<u>\$ (2,995,398)</u>	<u>\$ 19,543,994</u>

Depreciation expense for the year ended December 31, 2021 was charged to functions/programs of the County as follows:

Governmental Activities	
General government	\$ 97,344
Public safety	7,092
Highways	450,174
Culture and recreation	4,452
	<u>559,062</u>
Total depreciation expenses - governmental activities	<u>\$ 559,062</u>

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

	Balance 1/1/2020	Reclassification	Increases	Decreases	Balance 12/31/2020
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 12,601	\$ -	\$ -	\$ -	\$ 12,601
Construction in process	-	1,123,098	1,808,444	-	2,931,542
	<u>12,601</u>	<u>1,123,098</u>	<u>1,808,444</u>	<u>-</u>	<u>2,944,143</u>
Capital assets being depreciated					
Buildings	4,800,859	-	-	-	4,800,859
Furniture and office equipment	165,506	-	-	-	165,506
Infrastructure	12,368,476	(1,123,098)	-	-	11,245,378
Vehicles and equipment	2,921,628	-	234,847	(89,470)	3,067,005
Total capital assets, being depreciated	<u>20,256,469</u>	<u>(1,123,098)</u>	<u>234,847</u>	<u>(89,470)</u>	<u>19,278,748</u>
Less accumulated depreciation for					
Buildings	517,154	-	98,195	-	615,349
Furniture and office equipment	117,026	-	4,123	-	121,149
Infrastructure	687,845	-	225,327	-	913,172
Vehicles and equipment	1,302,283	-	211,531	(49,102)	1,464,712
Total accumulated depreciation	<u>2,624,308</u>	<u>-</u>	<u>539,176</u>	<u>(49,102)</u>	<u>3,114,382</u>
Total capital assets being depreciated, net	<u>17,632,161</u>	<u>-</u>	<u>(304,329)</u>	<u>(40,368)</u>	<u>16,164,366</u>
Governmental activities - capital assets, net	<u>\$ 17,644,762</u>	<u>\$ -</u>	<u>\$ 1,504,115</u>	<u>\$ (40,368)</u>	<u>\$ 19,108,509</u>

Depreciation expense for the year ended December 31, 2020 was charged to functions/programs of the County as follows:

Governmental Activities	
General government	\$ 97,566
Public safety	12,223
Highways	424,935
Culture and recreation	4,452
	<u>539,176</u>
Total depreciation expenses - governmental activities	<u>\$ 539,176</u>

## Note 5 - Transfers

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended December 31, 2021 and 2020, respectively:

<u>Year Ended December 31, 2021 Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 57,000	\$ 67,000
Submarginal Rents	-	2,500,000
Submarginal Roads	2,500,000	-
Other Governmental Funds	140,000	130,000
	<u>\$ 2,697,000</u>	<u>\$ 2,697,000</u>
<u>Year Ended December 31, 2020 Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 365,000	\$ 372,600
Submarginal Rents	-	3,000,000
Submarginal Roads	3,000,000	-
Other Governmental Funds	277,600	270,000
	<u>\$ 3,642,600</u>	<u>\$ 3,642,600</u>

Transfers were used to move revenues from the funds that are required to collect them, to funds that are allowed to expend them.

## **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 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 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% multiplier was replaced with a 1.75% multiplier. The Plan permits early retirement at ages 55-64 with three or more years of service.

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



### **Death and Disability Benefits**

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

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

### **Refunds of Member Account Balance**

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

### **Member and Employer Contributions**

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

### **Pension Contributions**

During the years ended December 31, 2021, and 2020, the County made employer cash contributions for the pension plan totaling \$186,812 and 195,331, respectively.

## **Note 7 - Other Postemployment Benefits**

### **North Dakota Public Employees Retirement System**

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

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

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

### **OPEB Benefits**

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

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

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

#### **OPEB Contributions**

During the years ended December 31, 2021, and 2020, the County made employer cash contributions for the OPEB plan totaling \$12,374 and \$13,482, respectively.

#### **Note 8 - Risk Management**

Slope 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.

##### **Liability Insurance**

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. Slope County pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for personal injury and property damage and governance liability.

##### **Property and Bond Insurance**

Slope County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Slope 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 one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides Slope County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Slope County has workers compensation with the North Dakota Workforce Safety and Insurance. For health insurance, the County pays 100% of a Family Policy for all full-time employees and also pays 100% of a Single Policy for part-time employees who work more than 20 hours a week.

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

**Note 9 - Notes Receivable**

Slope County has made several no interest loans to political subdivisions of the county that are either payable as the township is financially able to make payment or according to the loan schedule. The total amount receivable at December 31, 2021 and 2020, is \$625,769 and \$616,892.

**Note 10 - Commitments**

As of December 31, 2021, the County had no outstanding commitments.

**Note 11 - Restatement**

During the current year, it was noted that notes receivable was not recorded in the governmental activities nor in the general fund.

See the summary of restatement below:

	General Fund	Governmental Activities
Fund balance/Net position - December 31, 2019, as previously reported	\$ 1,263,478	\$ 30,109,812
Restatement		
Notes receivable omitted from balance sheet	673,891	673,891
Fund balance/Net position as restated - January 1, 2020	<u>\$ 1,937,369</u>	<u>\$ 30,783,703</u>



Supplementary Information  
December 31, 2021 and 2020  
**Slope County**

Slope County

Budgetary Comparison Schedule – General Fund- Modified Cash Basis - 2021  
Year Ended December 31, 2021

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	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 62,096	\$ 62,096	\$ 616,464	\$ 554,368
Licenses, permits and fees	75	75	47,466	47,391
Intergovernmental revenues	188,000	188,000	271,653	83,653
Charges for services	10,810	10,810	1,527	(9,283)
Interest income	-	-	221,141	221,141
Miscellaneous revenues	4,850	4,850	188,091	183,241
Total revenues	<u>265,831</u>	<u>265,831</u>	<u>1,346,342</u>	<u>1,080,511</u>
Expenditures				
Current				
General government	977,253	977,253	918,415	58,838
Public safety	153,850	153,850	137,064	16,786
Health and welfare	10,000	10,000	3,000	7,000
Conservation of natural resources	7,600	7,600	-	7,600
Total expenditures	<u>1,148,703</u>	<u>1,148,703</u>	<u>1,058,479</u>	<u>90,224</u>
Deficiency of Revenues over Expenditures	<u>(882,872)</u>	<u>(882,872)</u>	<u>287,863</u>	<u>1,170,735</u>
Other Financing Sources (Uses)				
Transfers in	518,592	518,592	57,000	(461,592)
Transfers out	<u>(9,780)</u>	<u>(9,780)</u>	<u>(67,000)</u>	<u>(57,220)</u>
Total other financing sources and uses	<u>508,812</u>	<u>508,812</u>	<u>(10,000)</u>	<u>(518,812)</u>
Net Change in Fund Balances	<u>(374,060)</u>	<u>(374,060)</u>	<u>277,863</u>	<u>651,923</u>
Fund Balance - January 1	<u>1,902,504</u>	<u>1,902,504</u>	<u>1,902,504</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,528,444</u>	<u>\$ 1,528,444</u>	<u>\$ 2,180,367</u>	<u>\$ 651,923</u>

Slope County

Budgetary Comparison Schedule – Submarginal Rent- Modified Cash Basis - 2021  
Year Ended December 31, 2021

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	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues	\$ 1,000,000	\$ 1,000,000	\$ 2,184,925	\$ 1,184,925
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,184,925</u>	<u>1,184,925</u>
Expenditures				
Current				
Highways and public improvement	<u>80,000</u>	<u>80,000</u>	<u>85,748</u>	<u>(5,748)</u>
Excess of Revenues over Expenditures	<u>920,000</u>	<u>920,000</u>	<u>2,099,177</u>	<u>1,179,177</u>
Other Financing Uses				
Transfers out	<u>3,005,150</u>	<u>3,005,150</u>	<u>(2,500,000)</u>	<u>(5,505,150)</u>
Net Change in Fund Balances	<u>3,925,150</u>	<u>3,925,150</u>	<u>(400,823)</u>	<u>(4,325,973)</u>
Fund Balance - January 1	<u>10,808,163</u>	<u>10,808,163</u>	<u>10,808,163</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 14,733,313</u>	<u>\$ 14,733,313</u>	<u>\$ 10,407,340</u>	<u>\$ (4,325,973)</u>

Slope County

Budgetary Comparison Schedule – Submarginal Roads- Modified Cash Basis - 2021  
Year Ended December 31, 2021

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	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Miscellaneous revenues	\$ -	\$ -	\$ 33,790	\$ 33,790
Total revenues	-	-	33,790	33,790
Expenditures				
Current				
General government	-	-	41,419	(41,419)
Highways and public improvements	700,150	700,150	1,394,491	(694,341)
Capital outlay	2,305,000	2,305,000	937,111	1,367,889
Total expenditures	3,005,150	3,005,150	2,373,021	673,548
Excess (Deficiency) of Revenues over Expenditures	(3,005,150)	(3,005,150)	(2,339,231)	707,338
Other Financing Sources				
Transfers in	(3,005,150)	(3,005,150)	2,500,000	5,505,150
Net Change in Fund Balances	(6,010,300)	(6,010,300)	160,769	6,212,488
Fund Balance - January 1	6,126	6,126	6,126	-
Fund Balance - December 31	\$ (6,004,174)	\$ (6,004,174)	\$ 166,895	\$ 6,212,488



Slope County

Budgetary Comparison Schedule – General Fund- Modified Cash Basis - 2020  
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 161,946	\$ 161,946	\$ 456,997	\$ 295,051
Licenses, permits and fees	425	425	27,479	27,054
Intergovernmental revenues	220,000	220,000	233,651	13,651
Charges for services	10,275	10,275	1,080	(9,195)
Interest income	-	-	281,685	281,685
Miscellaneous revenues	4,300	4,300	117,300	113,000
Total revenues	<u>396,946</u>	<u>396,946</u>	<u>1,118,192</u>	<u>721,246</u>
Expenditures				
Current				
General government	1,012,139	1,012,139	1,022,137	(9,998)
Public safety	159,000	159,000	120,320	38,680
Health and welfare	3,000	3,000	3,000	-
Conservation of natural resources	7,700	7,700	-	7,700
Total expenditures	<u>1,181,839</u>	<u>1,181,839</u>	<u>1,145,457</u>	<u>36,382</u>
Deficiency of Revenues over Expenditures	<u>(784,893)</u>	<u>(784,893)</u>	<u>(27,265)</u>	<u>757,628</u>
Other Financing Sources (Uses)				
Transfers in	580,172	580,172	365,000	(215,172)
Transfers out	<u>(48,283)</u>	<u>(48,283)</u>	<u>(372,600)</u>	<u>(324,317)</u>
Total other financing sources and uses	<u>531,889</u>	<u>531,889</u>	<u>(7,600)</u>	<u>(539,489)</u>
Net Change in Fund Balances	<u>(253,004)</u>	<u>(253,004)</u>	<u>(34,865)</u>	<u>218,139</u>
Fund Balance - January 1	<u>1,937,369</u>	<u>1,937,369</u>	<u>1,937,369</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,684,365</u>	<u>\$ 1,684,365</u>	<u>\$ 1,902,504</u>	<u>\$ 218,139</u>

Slope County

Budgetary Comparison Schedule – Submarginal Rent- Modified Cash Basis - 2020  
Year Ended December 31, 2020

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	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues	\$ 2,000,000	\$ 2,000,000	\$ 4,389,108	\$ 2,389,108
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>4,389,108</u>	<u>2,389,108</u>
Expenditures				
Current				
Highways and public improvement	<u>80,000</u>	<u>80,000</u>	<u>63,195</u>	<u>16,805</u>
Excess of Revenues over Expenditures	<u>1,920,000</u>	<u>1,920,000</u>	<u>4,325,913</u>	<u>2,405,913</u>
Other Financing Uses				
Transfers out	<u>(4,160,450)</u>	<u>(4,160,450)</u>	<u>(3,000,000)</u>	<u>1,160,450</u>
Net Change in Fund Balances	<u>(2,240,450)</u>	<u>(2,240,450)</u>	<u>1,325,913</u>	<u>3,566,363</u>
Fund Balance - January 1	<u>9,482,250</u>	<u>9,482,250</u>	<u>9,482,250</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 7,241,800</u>	<u>\$ 7,241,800</u>	<u>\$ 10,808,163</u>	<u>\$ 3,566,363</u>

Slope County

Budgetary Comparison Schedule – Submarginal Roads- Modified Cash Basis - 2020  
Year Ended December 31, 2020

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	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Miscellaneous revenues	\$ -	\$ -	\$ 30,000	\$ 30,000
Total revenues	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Expenditures				
Current				
Highways and public improvements	832,400	832,400	981,620	(149,220)
Capital outlay	3,490,000	3,490,000	2,043,291	1,446,709
Total expenditures	<u>4,322,400</u>	<u>4,322,400</u>	<u>3,024,911</u>	<u>1,297,489</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,322,400)</u>	<u>(4,322,400)</u>	<u>(2,994,911)</u>	<u>1,327,489</u>
Other Financing Sources				
Transfers in	<u>(4,160,450)</u>	<u>(4,160,450)</u>	<u>3,000,000</u>	<u>7,160,450</u>
Net Change in Fund Balances	<u>(8,482,850)</u>	<u>(8,482,850)</u>	<u>5,089</u>	<u>8,487,939</u>
Fund Balance - January 1	<u>1,037</u>	<u>1,037</u>	<u>1,037</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (8,481,813)</u>	<u>\$ (8,481,813)</u>	<u>\$ 6,126</u>	<u>\$ 8,487,939</u>



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

Board of County Commissioners  
Slope County  
Amidon, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Slope County, Amidon, North Dakota, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Slope County's basic financial statements, and have issued our report thereon dated March 23, 2023.

In our report we issued a qualified opinion on the aggregate remaining funds.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, and 2021-005 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Slope 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 that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings, questioned costs and responses as item 2021-006.

**Slope County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Slope County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Slope County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota

March 23, 2023



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

The Board of Directors  
Slope County  
Amidon, North Dakota

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

#### ***Opinion on Each Major Federal Program***

We have audited Slope County'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 Slope County's major federal programs for the years ended December 31, 2021 and 2022. Slope County'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, Slope County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2021 and 2020.

#### ***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). 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 Slope County 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 Slope County'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 Slope County'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 Slope County'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 GAAS, *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 Slope County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Slope County'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 Slope County'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 Slope County'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.

Handwritten signature of Erik Bailly LLP in cursive script.

Bismarck, North Dakota  
March 23, 2023



Slope County  
Schedule of Expenditures of Federal Awards – Modified Cash Basis - 2021  
Year Ended December 31, 2021

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<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Direct Program</u>			
School and Roads - Grant to Counties (Bankhead-Jones)	10.666	Unknown	<u>\$ 2,458,769</u>
<u>US DEPARTMENT OF INTERIOR</u>			
<u>Passed through State Treasurer</u>			
Mineral Leasing Act	15.437	Unknown	<u>39,289</u>
<u>US DEPARTMENT OF TREASURY</u>			
<u>Passed through State Treasurer</u>			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	Unknown	<u>8,808</u>
Total Federal Financial Assistance			<u><u>\$ 2,506,866</u></u>

Slope County  
Schedule of Expenditures of Federal Awards – Modified Cash Basis - 2020  
Year Ended December 31, 2020

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<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Direct Program</u>			
School and Roads - Grant to Counties (Bankhead-Jones)	10.666	Unknown	<u>\$ 3,088,106</u>
<u>US DEPARTMENT OF INTERIOR</u>			
<u>Passed through State Treasurer</u>			
Mineral Leasing Act	15.437	Unknown	<u>23,016</u>
<u>US DEPARTMENT OF TREASURY</u>			
<u>Passed through State Treasurer</u>			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	Unknown	<u>84,717</u>
Total Federal Financial Assistance			<u><u>\$ 3,195,839</u></u>

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Slope County under programs of the federal government for the years ended December 31, 2021 and 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Slope County, it not intended to and does not present the financial position, changes in net position or fund balance of Slope County.

**Note B - Significant Accounting Policies**

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

**Note C – Indirect Cost Rate**

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

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**Section I – Summary of Auditor’s Results 2021**

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**Financial Statements**

Type of auditors' report issued on the governmental activities, each major fund, and the discretely presented component units	Unmodified
Aggregate remaining fund information	Qualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA number</u>
School and Roads - Grants to Counties	10.666
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

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**Section I – Summary of Auditor’s Results 2020**

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**Financial Statements**

Type of auditors' report issued on the governmental activities, each major fund, and the discretely presented component units	Unmodified
Aggregate remaining fund information	Qualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA number</u>
School and Roads - Grants to Counties	10.666
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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**2021-001 Segregation of Duties**  
**Material Weakness**

Criteria - A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition - The County has a lack of segregation of duties in certain areas due to a limited staff.

Cause – The County has limited staff to be able to adequately segregate duties.

Effect - Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned function.

Recommendation –All accounting functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the County. We recommend management institute a level of oversight and approval of all accounting functions.

Views of Responsible Officials – At this time, the County has segregated the duties of all accounting functions in the most efficient manner possible given its limited staff. The Board of Slope County Commissioners is involved and is being kept informed of the financial management of the County.

**2021-002 Preparation of Financial Statements including Restatement and GASB-84 GAAP Departure  
Material Weaknesses**

Criteria— Proper controls over financial reporting include the ability to prepare financial statements, schedule of expenditures of federal awards (SEFA), and accompanying notes to the financial statements that are materially correct.

Condition—Slope County does not have an internal control system designed to provide for the preparation of the financial statements being audited. In previous years, Slope County did not recognize a notes receivable as required by the modified cash basis of accounting resulting in a restatement to the previously issued financial statements. Also, Slope County has not appropriately implemented GASB-84 due to a significant number of custodial funds not being accounted for appropriately in terms of reporting revenue, expenditures and net position. As auditors, we were requested to draft the financial statements, SEFA, and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause— The County does not have staff trained in modified cash basis reporting standards.

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

Recommendations— It is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of Slope County and changes in reporting requirements.

Views of Responsible Officials – Since it is not cost-effective for an organization of our size to have staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare the audit financial statements as part of their annual audit of the County.

**2021-003 Material Audit Adjustments**  
**Material Weakness**

Condition – We identified misstatements in the County’s financial statements causing us to propose material audit adjustments.

Criteria – A good system of internal accounting control contemplates proper reconciliation of all general ledger accounts and adjustments of those accounts to the reconciled balances.

Cause – Slope County did not have controls in place to properly reconcile and record all transactions materially correct in the financial statements.

Effect – Inadequate internal controls over recording of transactions affects the County’s ability to detect misstatements in amounts that could be material in relation to the financial statements.

Recommendation – We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted.

Views of Responsible Officials – Agree. The County will continue to try to identify all of the items that need to be adjusted at year end and make the necessary adjustments.



**2021-004 Bank Reconciliations and Cash Differences**  
**Material Weakness**

Criteria – A good system of internal accounting control contemplates proper reconcilements of all bank accounts and the appropriate adjustments made to the general ledger.

Condition – It was noted that bank reconciliations were not being completed timely and accurately. It was also noted that cash per the general ledger did not agree to cash confirmed with the County's financial institutions. It was noted that the bank reconciliation process does not reconcile the cash balances per the general ledger to the bank balances per treasurer's bookkeeping software.

Cause – The County was not reconciling bank statements accurately, as of month-end, in a timely manner. The County does not reconcile the treasurer's software to the county auditor's general ledger. This resulted in the auditor's adjusting the reconciliations to be accurate and a variance of cash from general ledger to bank reconciliations.

Effect – Inadequate internal controls over bank reconciliations affect the County's ability to detect misstatements in amounts that could be material in relation to the financial statements. It could also result in inappropriate or fraudulent activity going unnoticed.

Recommendation – We recommend management of the County implement internal controls to reconcile bank statements monthly and ensure they agree to the county auditor's general ledger in addition to the treasurer's software. Management should review and approve all monthly bank account reconciliations.

Views of Responsible Officials – Management is currently reviewing and approving the bank reconciliations on a monthly basis and are working to establish a reconciliation process between the treasurer's and auditor's offices.

**2021-005 Previously Reported Deficiencies**  
**Material Weaknesses**

Criteria— Proper controls over financial reporting include management correcting previously issued comments.

Condition—Eide Bailly LLP has previously reported a deficiency in the reconciliation of the cash accounts. This deficiency was not corrected in the current year.

Cause— The County does not reconcile the cash accounts to what is recorded in the bank account to what is recorded in the general ledger. See current year finding 2021-004.

Effect— Inadequate internal controls over bank reconciliations affect the County's ability to detect misstatements in amounts that could be material in relation to the financial statements. It could also result in inappropriate or fraudulent activity going unnoticed.

Recommendation – We recommend management of the County implement internal controls to reconcile bank statements monthly and ensure they agree to the county auditor's general ledger in addition to the treasurer's software. Management should review and approve all monthly bank account reconciliations.

Views of Responsible Officials – We are working on a better reconciliation between the bank and the general ledger.

**State Compliance Item**

**2021-006      Excess Cash Reserves  
Material Noncompliance**

Criteria: N.D.C.C. 11-23-02, item 9, limits the cash reserve in the general fund and special revenue funds to not exceed 75% of the appropriation for that fund.

Condition: For the year ended December 31, 2021, and 2020, Slope County has one nonmajor special revenue fund that has cash reserve balances that were in excess of 75% of the annual appropriation. The nonmajor special revenue fund has cash reserves above 75% of the annual appropriation as of December 31, 2021, and 2020, in the amount of approximately \$346,000 and \$464,000, respectively.

Cause: The County was not aware of how to properly calculate this specific requirement within N.D.C.C. 11-23-02.

Effect: The County being out of compliance with the cash reserve requirements of N.D.C.C. 11-23-02 caused excess property taxes to be levied during 2020 and 2021.

Recommendation: We recommend that the County adhere to all specific requirements of N.D.C.C. 11-23-02.

Response: Management agrees with the finding. See corrective action plan.

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

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None