



Financial Statements
December 31, 2021

Williams County, North Dakota

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Steve Kemp
Cory Hanson
Beau Anderson
David Montgomery
Barry Ramberg

Beth M. Innis
Patti Ogurchak
Verlan Kvande
Jaakan Williams

Commissioner – Chairman
Commissioner – Vice Chairman
Commissioner
Commissioner
Commissioner

Auditor
Treasurer/Recorder
Sheriff
State's Attorney



Independent Auditor's Report

Board of County Commissioners
Williams County
Williston, North Dakota

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, North Dakota as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1 to the financial statements.

Basis for 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Williams 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 audit opinions.

Correction of Error

As discussed in Note 13 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for capital assets and contributed capital as of December 31, 2020, were discovered by management of the County during the current year. Accordingly, a restatement has been made to governmental activities net position as of January 1, 2021, to correct the error. Our opinions are not modified with respect to that 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 that 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 to the financial statements, and 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.

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

Auditor's 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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Williams 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 Williams 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022, on our consideration of Williams County, North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williams County, North Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williams County, North Dakota's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed text of the firm's name.

Bismarck, North Dakota
September 15, 2022

Williams County, North Dakota
Statement of Net Position – Modified Cash Basis
December 31, 2021

	Primary Governmental Activities	Component Units
Assets		
Cash and investments	\$ 103,957,878	\$ 6,936,370
Capital assets not being depreciated		
Land	1,174,651	11,000
Construction in progress	1,866,121	-
Capital assets (net of accumulated depreciation)		
Land improvements	65,706	905,847
Infrastructure	74,359,790	-
Buildings	39,358,303	-
Building improvements	48,244,539	-
Machinery, furniture and equipment	9,348,910	128,140
Software	122,873	-
Total capital assets, net	174,540,893	1,044,987
Total assets	278,498,771	7,981,357
Liabilities		
Long-term liabilities		
Due within one year		
Bonds payable	201,181	-
Due after one year		
Bonds payable	2,001,888	-
Total liabilities	2,203,069	-
Net Position		
Net investment in capital assets	172,337,824	1,044,987
Restricted for		
General government	3,775,612	-
Public safety	10,242,971	-
Debt service	157,293	-
Conservation of natural resources	-	6,936,370
Highways	6,350,312	-
Unrestricted	83,431,690	-
Total net position	\$ 276,295,702	\$ 7,981,357

Williams County, North Dakota
Statement of Activities – Modified Cash Basis
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary government						
Governmental activities						
General government	\$ 26,873,664	\$ 5,581,553	\$ 4,773,504	\$ -	\$ (16,518,607)	\$ -
Public safety	28,537,850	995,556	1,089,137	-	(26,453,157)	-
Highways	23,735,878	-	21,760	3,119,396	(20,594,722)	-
Health and welfare	287,218	-	13,525	-	(273,693)	-
Culture and recreation	563,314	14,720	129,099	-	(419,495)	-
Conservation of natural resources	-	-	7,112	-	7,112	-
Other	763,795	-	-	-	(763,795)	-
Interest and service charges	47,922	-	-	-	(47,922)	-
Total primary government	<u>\$ 80,809,641</u>	<u>\$ 6,591,829</u>	<u>\$ 6,034,137</u>	<u>\$ 3,119,396</u>	<u>(65,064,279)</u>	<u>-</u>
Component units						
Water resource district	\$ 346,732	\$ 86,866	\$ -	\$ -		(259,866)
Weed board	430,613	365	-	-		(430,248)
Vector control district #1	468,125	828,177	-	-		360,052
Total component units	<u>\$ 1,245,470</u>	<u>\$ 915,408</u>	<u>\$ -</u>	<u>\$ -</u>		
General revenues						
Taxes						
Property taxes, levied for general purposes					11,378,196	1,187,332
Oil and gas production tax					24,371,133	-
Highway tax distribution					3,226,013	-
Telecommunications tax					60,044	-
Sales/use tax					17,586,431	-
Other taxes					143,095	-
Nonrestricted grants and contributions					3,042,152	141,475
Earnings on investments					176,703	117
Mineral and oil royalties					1,219,713	-
Miscellaneous revenue					896,449	7,233
Rental income					253,072	-
Total general revenues					<u>62,353,001</u>	<u>1,336,157</u>
Change in net position					(2,711,278)	1,006,095
Net position - January 1, as restated					<u>279,006,980</u>	<u>6,975,262</u>
Net position - December 31					<u>\$ 276,295,702</u>	<u>\$ 7,981,357</u>

Williams County, North Dakota
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2021

	General	Public Safety 1% Sales Tax	Facility Improvement	County Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 67,048,740	\$ 9,648,481	\$ 3,816,424	\$ 3,755,487	\$ 14,518,626	\$ 98,787,758
Advances receivable	-	-	-	-	72,883	72,883
Total assets	<u>\$ 67,048,740</u>	<u>\$ 9,648,481</u>	<u>\$ 3,816,424</u>	<u>\$ 3,755,487</u>	<u>\$ 14,591,509</u>	<u>\$ 98,860,641</u>
Liabilities						
Advances payable	\$ -	\$ -	\$ -	\$ -	\$ 72,883	\$ 72,883
Fund Balances						
Nonspendable						
Advances	-	-	-	-	72,883	72,883
Restricted for						
General government	-	-	-	-	3,775,612	3,775,612
Public safety	-	9,648,481	-	-	594,490	10,242,971
Debt service	-	-	-	-	157,293	157,293
Highways	-	-	-	3,755,487	2,594,825	6,350,312
Committed for						
General government	2,803,258	-	-	-	2,371,389	5,174,647
Public safety	-	-	2,312,891	-	-	2,312,891
Health and welfare	-	-	-	-	1,409,300	1,409,300
Culture and recreation	-	-	-	-	691,876	691,876
Assigned for						
General government	1,690,002	-	-	-	2,189,568	3,879,570
Public safety	-	-	-	-	764,705	764,705
Highways	14,000	-	347,520	-	-	361,520
Capital projects	-	-	1,156,013	-	-	1,156,013
Unassigned	62,541,480	-	-	-	(103,315)	62,438,165
Total fund balances	<u>67,048,740</u>	<u>9,648,481</u>	<u>3,816,424</u>	<u>3,755,487</u>	<u>14,518,626</u>	<u>98,787,758</u>
Total liabilities and fund balances	<u>\$ 67,048,740</u>	<u>\$ 9,648,481</u>	<u>\$ 3,816,424</u>	<u>\$ 3,755,487</u>	<u>\$ 14,591,509</u>	<u>\$ 98,860,641</u>

Williams County, North Dakota

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Funds –
 Modified Cash Basis
 December 31, 2021

Total fund balances for governmental funds		\$ 98,787,758
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	\$ 307,560,759	
Less accumulated depreciation	<u>(133,019,866)</u>	
Net capital assets		174,540,893
Internal service funds are used by the County to charge the cost of health insurance claims to individual functions. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		5,170,120
Long-term liabilities to the County's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Bonds payable		<u>(2,203,069)</u>
Total net position of governmental activities		<u>\$ 276,295,702</u>

Williams County, North Dakota

Statements of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – Modified Cash Basis
Year Ended December 31, 2021

	General	Public Safety 1% Sales Tax	Facility Improvement	County Road and Bridge	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 27,852,731	\$ 17,586,431	\$ 321,309	\$ 4,296,657	\$ 6,707,784	\$ 56,764,912
Licenses, permits and fees	1,989,598	-	-	368,000	876,557	3,234,155
Intergovernmental	4,174,746	-	22,672	836,139	4,794,726	9,828,283
Charges for services	2,000,060	-	-	286,505	1,071,109	3,357,674
Interest income	173,448	-	-	-	-	173,448
Oil royalties	1,136,718	-	-	242	82,753	1,219,713
Rental income	215,266	-	-	-	37,806	253,072
Miscellaneous	543,115	-	63,086	10,255	279,993	896,449
Total revenues	38,085,682	17,586,431	407,067	5,797,798	13,850,728	75,727,706
Expenditures						
Current						
General government	14,049,690	-	7,094,786	-	1,101,272	22,245,748
Public safety	11,552,364	12,953,097	46,256	-	3,183,411	27,735,128
Highways	-	-	-	6,754,490	708,206	7,462,696
Health and welfare	-	-	-	-	13,152	13,152
Culture and recreation	-	-	-	-	492,331	492,331
Other	-	-	-	-	763,795	763,795
Capital outlay	1,191,142	-	382,531	2,376,123	2,198,462	6,148,258
Debt service						
Principal	-	-	-	-	196,573	196,573
Interest and service charges	-	-	-	-	47,922	47,922
Total expenditures	26,793,196	12,953,097	7,523,573	9,130,613	8,705,124	65,105,603
Excess (deficiency) of revenues over (under) expenditures	11,292,486	4,633,334	(7,116,506)	(3,332,815)	5,145,604	10,622,103
Other Financing Sources (Uses)						
Transfers in	479,817	364,112	-	8,070,974	4,910,587	13,825,490
Transfers out	(6,017,267)	(1,646,467)	(388,905)	(3,226,013)	(2,546,838)	(13,825,490)
Total other financing sources (uses)	(5,537,450)	(1,282,355)	(388,905)	4,844,961	2,363,749	-
Net change in fund balances	5,755,036	3,350,979	(7,505,411)	1,512,146	7,509,353	10,622,103
Fund balance - January 1	61,293,704	6,297,502	11,321,835	2,243,341	7,009,273	88,165,655
Fund balance - December 31	\$ 67,048,740	\$ 9,648,481	\$ 3,816,424	\$ 3,755,487	\$ 14,518,626	\$ 98,787,758

Williams County, North Dakota

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

Net change in fund balance - total governmental funds		\$ 10,622,103
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	\$ 6,162,783	
Capital assets contributed by other entities	2,367,402	
Current year depreciation expense	<u>(21,264,176)</u>	(12,733,991)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net position		
		(38,090)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of debt		196,573
Internal service funds are used by the County to charge the cost of medical claims and workers compensation claims to individual functions. The net revenue of the internal service fund is reported with governmental activities		
		<u>(757,873)</u>
Change in net position of governmental activities		<u><u>\$ (2,711,278)</u></u>

Williams County, North Dakota
Statement of Net Position – Proprietary Fund – Modified Cash Basis
December 31, 2021

	<u>Governmental Activity Internal Service Funds</u>
Assets	
Current assets	
Cash	<u>\$ 5,170,120</u>
Net Position	
Unrestricted	<u>\$ 5,170,120</u>

Williams County, North Dakota

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Modified Cash Basis

Year Ended December 31, 2021

	Governmental Activity <u>Internal Service Fund</u>
Operating Revenues	
Employer contributions	<u>\$ 5,010,159</u>
Operating Expenses	
Claims and premiums	<u>5,771,287</u>
Operating loss	<u>(761,128)</u>
Non-Operating Revenues	
Interest income	<u>3,255</u>
Change in net position	(757,873)
Net position - January 1	<u>5,927,993</u>
Net position - December 31	<u><u>\$ 5,170,120</u></u>

Williams County, North Dakota
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis
Year Ended December 31, 2021

	Governmental Activity Internal Service Fund
Cash Flows from Operating Activities	
Received from employer	\$ 5,010,159
Paid to administrator and employees	(5,771,287)
Net Cash Used in Operating Activities	(761,128)
Cash Flows from Investing Activity	
Interest received	3,255
Net Increase in Cash and Cash Equivalents	(757,873)
Cash and Cash Equivalents - January 1	5,927,993
Cash and Cash Equivalents - December 31	\$ 5,170,120

Williams County, North Dakota
Statement of Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2021

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 14,770,120
Capital assets, net	<u>51,048</u>
	<u>\$ 14,821,168</u>
Net position	
Restricted	<u>\$ 14,821,168</u>

Williams County, North Dakota
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2021

	Custodial Funds
Additions	
Taxes	\$ 62,396,177
Licenses, permits and fees	9,484,493
Intergovernmental	3,431,745
Charges for services	19,438
Fines and fees	7,139
Miscellaneous revenue	4,193,502
Total revenues	79,532,494
Deductions	
Other services and charges	77,210,295
Total expenditures	77,210,295
Change in net position	2,322,199
Net position, beginning	12,498,969
Net position, ending	\$ 14,821,168

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Component Units

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

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

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The County reports the following major governmental funds:

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

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

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

Facility Improvement – This is the County’s fund used to account for ongoing improvements of County facilities.

Additionally, the County reports the following fund types:

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

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

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

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

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

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

Equity Classifications

Government-wide Statements

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

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

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

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

Fund Balance Classification Policies and Procedures

The County classifies governmental fund balances as follows:

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

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

Cash and Investments

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

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

Budget

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

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

Long-Term Obligations

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

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

Tax Revenues

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

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is not reported under the modified cash basis of accounting, but the information disclosed in the pension footnote, Note 9, is shown as additional information to the users of the financial statements.

Other Post-Employment Benefits (OPEB)

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

Interfund Transactions

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

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

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

Note 2 - Deposits and Investments

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

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

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

At December 31, 2021, the pooled bank balance of the County funds, Williams County Weed Board, Vector Control District #1, and fiduciary funds was \$123,573,436. The carrying amount of deposits was \$124,418,483, which consisted of County deposits of \$103,957,739, component unit deposits of \$5,690,485 and custodial fund deposits of \$14,770,259. Of the bank balances, \$1,750,000 was covered by Federal Depository Insurance. The remaining balance of \$121,823,436 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2021, Williams County Water Resource District, a discretely presented component unit of Williams County, had a carrying amount of deposits of \$1,245,885, and a bank balance of \$1,185,233. The bank balance was covered by Federal Depository Insurance of \$250,000 and the remaining balance was collateralized with securities held by the pledge financial institution's agent in the Water District's name. The other two discretely presented component units are carried within the County funds and are adequately collateralized.

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

Credit Risk

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

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

As of December 31, 2021, the County held certificates of deposit in the amount of \$4,600,795. The Williams County Water Resource District, a discretely presented component unit of Williams County, held certificates of deposit in the amount of \$40,924 which mature in 2023. The certificates of deposit are all considered deposits and are included in the above amount of total deposits.

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

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>Thereafter</u>	<u>Total</u>
Certificates of Deposit	<u>\$ 4,600,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,600,795</u>

Concentration of Credit Risk

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

Note 3 - Advances to/from Other Funds

Advances to/from other funds are for long-term borrowing between the special road levy fund and the other governmental funds. The advances have 15-year terms, due in 2031, at an interest rate of 4.0%. Advances to/from other funds were \$72,883 at December 31, 2021.

Note 4 - Capital Assets

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

Primary Government

<u>Governmental Activities</u>	<u>Balance 1/1/21, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/21</u>
Capital assets not being depreciated				
Land	\$ 1,174,651	\$ -	\$ -	\$ 1,174,651
Construction in progress	25,933,983	6,863,491	30,931,353	1,866,121
Total capital assets, not being depreciated	<u>27,108,634</u>	<u>6,863,491</u>	<u>30,931,353</u>	<u>3,040,772</u>
Capital assets being depreciated				
Land improvements	131,867	-	-	131,867
Infrastructure	144,377,697	29,771,562	-	174,149,259
Buildings	50,181,042	865,000	-	51,046,042
Building improvements	56,528,846	1,159,791	16,995	57,671,642
Machinery, furniture and equipment	20,867,089	981,995	683,495	21,165,589
Software	355,588	-	-	355,588
Total capital assets, being depreciated	<u>272,442,129</u>	<u>32,778,348</u>	<u>700,490</u>	<u>304,519,987</u>

Williams County, North Dakota

Notes to Financial Statements

December 31, 2021

Governmental Activities	Balance 1/1/21, restated	Increases	Decreases	Balance 12/31/21
Less accumulated depreciation for				
Land improvements	59,472	6,689	-	66,161
Infrastructure	84,567,904	15,221,565	-	99,789,469
Buildings	10,705,242	982,497	-	11,687,739
Building improvements	6,547,654	2,881,674	2,225	9,427,103
Machinery, furniture and equipment	10,195,919	2,100,634	479,874	11,816,679
Software	161,598	71,117	-	232,715
Total accumulated depreciation	112,237,789	21,264,176	482,099	133,019,866
Total capital assets being depreciated, net	160,204,340	11,514,172	218,391	171,500,121
Governmental activities - capital assets, net	\$ 187,312,974	\$ 18,377,663	\$ 31,149,744	\$ 174,540,893

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

Governmental Activities	
General government	\$ 3,843,223
Public safety	802,722
Highways	16,273,182
Health and welfare	274,066
Culture and recreation	70,983
	\$ 21,264,176

Component Units

Discretely Presented Component Units	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
Capital assets not being depreciated				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Construction in progress	98,507	4,000	102,507	-
Total capital assets, not being depreciated	109,507	4,000	102,507	11,000
Capital assets being depreciated				
Land improvements	1,624,658	102,507	-	1,727,165
Buildings	-	-	-	-
Machinery, furniture and equipment	1,185,767	36,771	-	1,222,538
Total capital assets, being depreciated	2,810,425	139,278	-	2,949,703

Williams County, North Dakota

Notes to Financial Statements

December 31, 2021

Discretely Presented Component Units	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
Less accumulated depreciation for Land improvements	711,523	109,795	-	821,318
Machinery, furniture and equipment	1,029,428	64,970	-	1,094,398
Total accumulated depreciation	1,740,951	174,765	-	1,915,716
Total capital assets being depreciated, net	1,069,474	(35,487)	-	1,033,987
Component units - capital assets, net	\$ 1,178,981	\$ (31,487)	\$ 102,507	\$ 1,044,987

Note 5 - Interfund Transfers

Interfund transfers were used to move revenues from the funds that are required to collect them to funds that are allowed to expend them. The following is a reconciliation between transfers in and out for the year ended December 31, 2021:

Funds	Transfers In	Transfers Out
General Fund	\$ 479,817	\$ 6,017,267
Public Safety 1% Sales Tax	364,112	1,646,467
Special Road Levy	-	388,905
County Road and Bridge	8,070,974	3,226,013
Other Governmental Funds	4,910,587	2,546,838
Total transfers	\$ 13,825,490	\$ 13,825,490

Note 6 - Long-Term Liabilities

Changes in long-term liabilities – During the year ended December 31, 2021, the following changes occurred in liabilities reported as long-term debt:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bonds payable	\$ 2,399,642	\$ -	\$ 196,573	\$ 2,203,069	\$ 201,181
Total	\$ 2,399,642	\$ -	\$ 196,573	\$ 2,203,069	\$ 201,181

Outstanding debt at December 31, 2021, consists of the following issues:

Bonds Payable

\$2,860,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of \$122,488 to \$158,634, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Debt Service fund	\$ 1,921,193
\$370,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of \$18,519 to \$23,984, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Debt Service fund	251,876
\$485,000 refunding improvement bonds dated June 1, 2007 for assisting with the construction of a road project. Annual installments of \$20,000 to \$35,000, plus interest, through May 1, 2022; interest at 4.0% to 4.35%, liquidated out of the Debt Service fund	<u>30,000</u>
	<u><u>\$ 2,203,069</u></u>

Debt service requirements on bonds payable at December 31, 2021, are as follows:

Year Ending December 31	Bond Payable	
	Principal	Interest
2022	\$ 201,181	\$ 43,603
2023	174,622	39,510
2024	178,131	36,000
2025	181,712	32,420
2026	185,364	28,767
2027 - 2031	984,229	86,428
2032 - 2034	<u>297,830</u>	<u>6,319</u>
Totals	<u><u>\$ 2,203,069</u></u>	<u><u>\$ 273,047</u></u>

Note 7 - Joint Ventures

Williams County entered into a joint venture with Mountrail, Divide and McKenzie Counties for the operation of the Upper Missouri District Health Unit. Each participating county's share of the cost of operations and board member appointments is determined by the property valuation of each county. During 2021, the County's contributions to the joint venture was \$479,021.

Audited summary financial information for the year ended December 31, 2020, the most recent year audited, is as follows:

Cash and investments	\$ 1,645,453
Other assets	<u>1,218,601</u>
Total assets	2,864,054
Deferred outflows of resources	<u>2,194,387</u>
Total assets and deferred outflows of resources	<u>\$ 5,058,441</u>
Total liabilities	\$ 4,693,433
Deferred inflows of resources	521,707
Total net position	<u>(156,699)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,058,441</u>
Total revenues	\$ 3,109,488
Total expenses	<u>3,162,796</u>
Change in net position	<u>\$ (53,308)</u>

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

Williams County entered into a joint venture with the City of Williston for the operation of the Upper Missouri Regional Dispatch Center. The City contributes 63% and the County 37% of the annual budget. During 2021, the County's contributions to the joint venture was \$905,870.

Non-audited summary financial information for the year ended December 31, 2021 is as follows:

Cash and investments	\$ 928,833
Other assets	<u>12,279</u>
Total assets	<u><u>\$ 941,112</u></u>
Total liabilities	\$ 952,189
Total net position	<u>(11,077)</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 941,112</u></u>
Total revenues	\$ 2,462,029
Total expenses	<u>3,335,606</u>
Change in net position	<u><u>\$ (873,577)</u></u>

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

Note 8 - Stewardship, Compliance, and Accountability

The following deficit fund balances existed at December 31, 2021:

Fund	Amount
Drug Task Force	\$ (32,497)

The Commissioners approved a motion to cover all fund deficits through future revenue sources.

Expenditures over Appropriations – the County exceeded the budget for the General Fund by \$503,824, Facility Improvement Fund by \$284,712, Social Services Building Improvement Fund by \$52,827, and Emergency Services Project Fund by \$1,227,132, all of which were covered by excess funds or transfers in from another fund. No remedial action is required for the expenditures over appropriations.

Note 9 - Pension Plans

North Dakota Public Employees Retirement System (Main System and Law Enforcement System)

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

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

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

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

Pension Benefits

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

Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 with three or more years of service.

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main 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 Contribution

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

Member and Employer Contributions

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

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

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

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

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

Net Pension Liability

At December 31, 2021, the Employer's proportionate share of the net pension liability for Main System and Law Enforcement System is \$11,929,286 and \$1,493,063, respectively. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System and Law Enforcement System pension plans relative to the covered payroll of all participating Main System and Law Enforcement System employers. At July 1, 2021, the Employer's proportion was 1.144515 percent for the Main System and 9.009820 percent for Law Enforcement which was a decrease of 0.007260 percent and decrease of 2.291153 percent, respectively, from its proportion measured as of July 1, 2020. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases (Payroll Growth)	3.5% to 17.75% including inflation
Investment Rate of Return	7.00%, net of investment expenses
Cost of Living Adjustments	None

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

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

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

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%. The Single Discount Rate decreased 0.50% from the discount rate as of the July 1, 2020 measurement date.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
County's proportionate share of the Main System net pension liability	\$ 18,971,574	\$ 11,929,286	\$ 6,065,475
County's proportionate share of the Law Enforcement System net pension liability	\$ 3,494,499	\$ 1,493,063	\$ (113,012)

Pension Plan Fiduciary Net Position

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

Note 10 - Other Post-Employment Benefits

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

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

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

OPEB Benefits

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

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

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

OPEB Liabilities

At December 31, 2021, the Employer's proportionate share of the net OPEB liability is \$845,982. The net OPEB liability was measured as of July 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2021, the Employer's proportion was 1.521078 percent, which was an increase of 0.039871 percent from its proportion measured as of July 1, 2020. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%, a decrease of 0.75% from the discount rate used at the prior period measurement date. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease in Discount Rate (5.50%)	Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
County's proportionate share of the NDPERS net OPEB liability	\$ 1,254,701	\$ 845,982	\$ 500,146

Note 11 - Risk Management

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

In 1986 state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Williams County pays an annual premium to NDIRF for its general liability, automobile, and public assets insurance coverage. The coverage by NDIRF is limited to losses of five million dollars per occurrence for personal injury and property damage and governance liability. Williams County also participates in the North Dakota State Fire and Tornado fund for public assets, buildings and property damage. The limit of coverage for this policy differs by the value for each asset.

Williams County also participates in the State Bonding Fund. The State Bonding Fund currently provides Williams County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Note 12 - Commitments and Contingencies

Litigation

The County was the defendant in a lawsuit in which the plaintiff claimed the County unlawfully received oil bonus money. The legal dispute went through multiple rounds of judgments and appeal, ending at the North Dakota Supreme Court. On March 31, 2022, the Court ruled in favor of the plaintiff and issued a judgment against Williams County in the amount of \$1,869,678. The County paid this amount to the plaintiff at the direction of the Court, and the matter is considered to be concluded.

Revenue Contingency

In 2013, the County received a grant from the North Dakota Housing Finance Agency in the amount of \$581,569. The grant is set up as a forgiven loan as long as the County remains in compliance with the terms and conditions specified in the grant agreement. The County has complied with the terms of the grant agreement and intends to continue complying with the terms of the grant agreement. There is no expectation that the County will have to repay any of the grant funds from this grant award.

Construction and Capital Asset Commitments

At December 31, 2021, the County has \$683,016 of commitments outstanding related to construction projects and capital asset purchases. Total estimated contract costs for these projects is approximately \$1,164,000.

Grant Commitment

At December 31, 2021, the County has \$479,924 of grant commitments outstanding related to the PSAP/EOC project for the City of Williston.

Note 13 - Restatement

In 2020, the County incorrectly recorded a capital contribution relating to a construction project jointly funded by the NDDOT and the County. The result was a \$2,803,152 overstatement of governmental activities capital assets, contributed capital, change in net position, and net position as of December 31, 2020. Management discovered and corrected the error as of January 1, 2021 by recording the following prior period adjustment:

	Governmental Activities
Net Position at January 1, 2021, as previously reported	\$ 281,810,132
Removal of incorrect contributed capital amount	(2,803,152)
Net Position at January 1, 2021, as restated	\$ 279,006,980

Note 14 - Subsequent Events

In November 2021, the County entered into an agreement with Cerilon GTL ND, Inc. (“the Company”) in which the County agreed to provide a no-interest, \$6,000,000 loan to the Company. The purpose of the loan is to assist in funding a gas to liquid processing plant which is expected to provide economic benefits to the area. Loan funding occurred in 2022.

The County has evaluated subsequent events through September 15, 2022, the date of the independent auditor’s report.



Supplementary Information
December 31, 2021

Williams County, North Dakota

Williams County, North Dakota
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 13,060,044	\$ 16,275,909	\$ 27,852,731	\$ 11,576,822
Licenses, permits and fees	4,536,850	4,536,850	1,989,598	(2,547,252)
Intergovernmental	2,175,300	2,175,300	4,174,746	1,999,446
Charges for services	1,574,754	1,574,754	2,000,060	425,306
Interest income	215,000	215,000	173,448	(41,552)
Oil royalties	300,000	300,000	1,136,718	836,718
Rental income	189,359	189,359	215,266	25,907
Miscellaneous	31,800	31,800	543,115	511,315
Total revenues	<u>22,083,107</u>	<u>25,298,972</u>	<u>38,085,682</u>	<u>12,786,710</u>
Expenditures				
Current				
General government	12,015,979	12,015,979	14,049,690	(2,033,711)
Public safety	12,829,243	12,944,743	11,552,364	1,392,379
Capital outlay	463,650	1,328,650	1,191,142	137,508
Total expenditures	<u>25,308,872</u>	<u>26,289,372</u>	<u>26,793,196</u>	<u>(503,824)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,225,765)</u>	<u>(990,400)</u>	<u>11,292,486</u>	<u>12,282,886</u>
Other Financing Sources (Uses)				
Transfers in	509,575	509,575	479,817	(29,758)
Transfers out	(5,459,497)	(10,143,956)	(6,017,267)	4,126,689
Total other financing sources and uses	<u>(4,949,922)</u>	<u>(9,634,381)</u>	<u>(5,537,450)</u>	<u>4,096,931</u>
Net Change in Fund Balances	(8,175,687)	(10,624,781)	5,755,036	16,379,817
Fund balance - January 1	<u>61,293,704</u>	<u>61,293,704</u>	<u>61,293,704</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 53,118,017</u></u>	<u><u>\$ 50,668,923</u></u>	<u><u>\$ 67,048,740</u></u>	<u><u>\$ 16,379,817</u></u>

Williams County, North Dakota
 Budgetary Comparison Schedule – Public Safety 1% Sales Tax Fund
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 21,000,000	\$ 21,000,000	\$ 17,586,431	\$ (3,413,569)
Total revenues	<u>21,000,000</u>	<u>21,000,000</u>	<u>17,586,431</u>	<u>(3,413,569)</u>
Expenditures				
Current				
Public safety	19,500,000	19,500,000	12,953,097	6,546,903
Total expenditures	<u>19,500,000</u>	<u>19,500,000</u>	<u>12,953,097</u>	<u>6,546,903</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>4,633,334</u>	<u>3,133,334</u>
Other Financing Sources (Uses)				
Transfers in	-	-	364,112	364,112
Transfers out	-	-	(1,646,467)	(1,646,467)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(1,282,355)</u>	<u>(1,282,355)</u>
Net Change in Fund Balances	1,500,000	1,500,000	3,350,979	1,850,979
Fund balance - January 1	<u>6,297,502</u>	<u>6,297,502</u>	<u>6,297,502</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 7,797,502</u></u>	<u><u>\$ 7,797,502</u></u>	<u><u>\$ 9,648,481</u></u>	<u><u>\$ 1,850,979</u></u>

Williams County, North Dakota
 Budgetary Comparison Schedule – County Road and Bridge Fund
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 3,000,000	\$ 4,037,758	\$ 4,296,657	\$ 258,899
Licenses, permits and fees	650,000	650,000	368,000	(282,000)
Intergovernmental	720,500	720,500	836,139	115,639
Charges for services	285,000	285,000	286,505	1,505
Oil royalties	250	250	242	(8)
Miscellaneous collections	10,250	10,250	10,255	5
Total revenues	<u>4,666,000</u>	<u>5,703,758</u>	<u>5,797,798</u>	<u>94,040</u>
Expenditures				
Current				
Highways	8,468,489	12,948,489	6,754,490	6,193,999
Capital Outlay	2,376,123	2,376,123	2,376,123	-
Total expenditures	<u>10,844,612</u>	<u>15,324,612</u>	<u>9,130,613</u>	<u>6,193,999</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,178,612)</u>	<u>(9,620,854)</u>	<u>(3,332,815)</u>	<u>6,288,039</u>
Other Financing Sources (Uses)				
Transfers in	7,362,663	11,731,918	8,070,974	(3,660,944)
Transfers out	(3,000,000)	(3,000,000)	(3,226,013)	(226,013)
Total other financing sources and uses	<u>4,362,663</u>	<u>8,731,918</u>	<u>4,844,961</u>	<u>(3,886,957)</u>
Net Change in Fund Balances	(1,815,949)	(888,936)	1,512,146	2,401,082
Fund balance - January 1	<u>2,243,341</u>	<u>2,243,341</u>	<u>2,243,341</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 427,392</u></u>	<u><u>\$ 1,354,405</u></u>	<u><u>\$ 3,755,487</u></u>	<u><u>\$ 2,401,082</u></u>

Williams County, North Dakota
Schedule of Employer's Share of Net Pension Liability – Pension
Year Ended December 31, 2021

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
NDPERS Main System	6/30/2015	0.858906%	\$ 5,840,414	\$ 7,651,808	76.33%	77.15%
NDPERS Main System	6/30/2016	1.041346%	\$ 10,148,932	\$10,494,308	96.71%	70.46%
NDPERS Main System	6/30/2017	1.028284%	\$ 16,527,899	\$10,497,172	157.45%	61.98%
NDPERS Main System	6/30/2018	1.053622%	\$ 17,781,021	\$10,824,045	164.27%	62.80%
NDPERS Main System	6/30/2019	1.129180%	\$ 13,234,807	\$11,745,396	112.68%	71.66%
NDPERS Main System	6/30/2020	1.151775%	\$ 36,235,088	\$12,705,468	285.19%	48.91%
NDPERS Main System	6/30/2021	1.144515%	\$ 11,929,286	\$12,960,381	92.04%	78.26%
NDPERS Law Enforcement	6/30/2015	20.6064%	\$ 1,251,946	\$ 3,020,167	41.45%	83.61%
NDPERS Law Enforcement	6/30/2016	13.904978%	\$ 1,593,296	\$ 3,924,798	40.60%	78.73%
NDPERS Law Enforcement	6/30/2017	13.981512%	\$ 3,078,197	\$ 4,021,877	76.54%	69.86%
NDPERS Law Enforcement	6/30/2018	11.925598%	\$ 2,779,170	\$ 4,116,844	67.51%	71.64%
NDPERS Law Enforcement	6/30/2019	11.499110%	\$ 1,367,571	\$ 4,633,216	29.52%	84.95%
NDPERS Law Enforcement	6/30/2020	11.300973%	\$ 7,407,550	\$ 5,128,816	144.43%	53.12%
NDPERS Law Enforcement	6/30/2021	9.009820%	\$ 1,493,063	\$ 5,544,058	26.93%	87.10%

Williams County, North Dakota
Schedules of Employer's Contributions – Pension
Year Ended December 31, 2021

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered- Payroll (d)	Contributions as a Percentage of Covered- Payroll (a/d)
NDPERS Main System	12/31/2015	\$ 1,531,005	\$ (1,531,005)	\$ -	\$10,033,099	15.26%
NDPERS Main System	12/31/2016	\$ 759,771	\$ (744,575)	\$ 15,196	\$10,494,308	7.10%
NDPERS Main System	12/31/2017	\$ 761,172	\$ (847,558)	\$ (86,386)	\$10,497,172	8.07%
NDPERS Main System	12/31/2018	\$ 797,237	\$ (731,518)	\$ 65,719	\$10,824,045	6.76%
NDPERS Main System	12/31/2019	\$ 855,131	\$ (909,059)	\$ (53,928)	\$11,745,396	7.74%
NDPERS Main System	12/31/2020	\$ 899,658	\$ (898,591)	\$ 1,067	\$12,705,468	7.07%
NDPERS Main System	12/31/2021	\$ 955,771	\$ (957,073)	\$ (1,302)	\$12,960,381	7.38%
NDPERS Law Enforcement	12/31/2015	\$ 601,399	\$ (601,399)	\$ -	\$ 3,655,915	16.45%
NDPERS Law Enforcement	12/31/2016	\$ 331,508	\$ (395,489)	\$ (63,981)	\$ 3,924,801	10.08%
NDPERS Law Enforcement	12/31/2017	\$ 420,192	\$ (455,651)	\$ (35,459)	\$ 4,021,877	11.33%
NDPERS Law Enforcement	12/31/2018	\$ 378,710	\$ (364,204)	\$ 14,506	\$ 4,116,844	8.85%
NDPERS Law Enforcement	12/31/2019	\$ 432,631	\$ (489,884)	\$ (57,253)	\$ 4,633,216	10.57%
NDPERS Law Enforcement	12/31/2020	\$ 547,561	\$ (495,410)	\$ 52,151	\$ 5,128,816	9.66%
NDPERS Law Enforcement	12/31/2021	\$ 492,898	\$ (542,999)	\$ (50,101)	\$ 5,544,058	9.79%

Williams County, North Dakota

Schedules of Employer's Share of Net OPEB Liability and Employer's Contributions – OPEB
Year Ended December 31, 2021

Other Post Employment Benefits Plan	Measurement Date	Employer's Proportion (Percentage) of the Net OPEB Liability	Employer's Proportionate Share (Amount) of the Net OPEB Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
NDRHICF	6/30/2017	1.342069%	\$ 1,061,591	\$ 14,519,049	7.31%	59.78%
NDRHICF	6/30/2018	1.365441%	\$ 1,075,378	\$ 14,940,889	7.20%	61.89%
NDRHICF	6/30/2019	1.467805%	\$ 1,178,922	\$ 16,378,612	7.20%	63.13%
NDRHICF	6/30/2020	1.481207%	\$ 1,245,988	\$ 16,885,322	7.38%	63.38%
NDRHICF	6/30/2021	1.521078%	\$ 845,982	\$ 16,583,674	5.10%	76.63%

Other Post Employment Benefits Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDRHICF	12/31/2017	\$ 168,774	\$ (188,654)	\$ (19,880)	\$ 14,519,049	1.30%
NDHRICF	12/31/2018	\$ 175,248	\$ (159,448)	\$ 15,800	\$ 14,940,889	1.07%
NDHRICF	12/31/2019	\$ 190,484	\$ (202,480)	\$ (11,996)	\$ 16,378,612	1.24%
NDHRICF	12/31/2020	\$ 198,367	\$ (197,076)	\$ 1,291	\$ 16,885,322	1.17%
NDHRICF	12/31/2021	\$ 199,423	\$ (193,252)	\$ 6,171	\$ 16,583,674	1.17%

Williams County, North Dakota
Combining Schedule of Net Position – Discretely Presented Component Units – Modified Cash Basis
Year Ended December 31, 2021

	Water Resource District	Weed Board	Vector Control District #1	Total
Assets				
Cash and investments	\$1,245,885	\$3,567,728	\$2,122,757	\$6,936,370
Capital assets not being depreciated				
Land	11,000	-	-	11,000
Capital assets (net of accumulated depreciation)				
Land improvements	905,847	-	-	905,847
Machinery, furniture and equipment	7,408	55,561	65,171	128,140
Total capital assets	<u>924,255</u>	<u>55,561</u>	<u>65,171</u>	<u>1,044,987</u>
Total assets	<u>2,170,140</u>	<u>3,623,289</u>	<u>2,187,928</u>	<u>7,981,357</u>
Net Position				
Net investment in capital assets	924,255	55,561	65,171	1,044,987
Restricted for				
Conservation of natural resources	1,245,885	3,567,728	2,122,757	6,936,370
Total net position	<u>\$2,170,140</u>	<u>\$3,623,289</u>	<u>\$2,187,928</u>	<u>\$7,981,357</u>

Williams County, North Dakota

Combining Schedule of Activities – Discretely Presented Component Units – Modified Cash Basis

Year Ended December 31, 2021

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Water Resource District	Weed Board	Vector Control District #1	Total
Water Resource District	\$ 346,732	\$ 86,866	\$ (259,866)	\$ -	\$ -	\$ (259,866)
Weed Board	430,613	365	-	(430,248)	-	(430,248)
Vector Control District #1	468,125	828,177	-	-	360,052	360,052
Total component units	<u>\$1,245,470</u>	<u>\$ 915,408</u>	<u>(259,866)</u>	<u>(430,248)</u>	<u>360,052</u>	<u>(330,062)</u>
General revenues						
Taxes						
Property taxes, levied for general purposes			337,662	518,783	330,887	1,187,332
Nonrestricted grants and contributions			28,192	78,380	34,903	141,475
Earnings on investments			117	-	-	117
Miscellaneous revenue			5,088	1,951	194	7,233
Total general revenues			<u>371,059</u>	<u>599,114</u>	<u>365,984</u>	<u>1,336,157</u>
Change in net position			111,193	168,866	726,036	1,006,095
Net position - January 1			<u>2,058,947</u>	<u>3,454,423</u>	<u>1,461,892</u>	<u>6,975,262</u>
Net position - December 31			<u>\$2,170,140</u>	<u>\$3,623,289</u>	<u>\$2,187,928</u>	<u>\$7,981,357</u>

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

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

Changes of Benefit Terms

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

Changes of Assumptions

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

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

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

Changes of Benefit Terms

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

Changes of Assumptions

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



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

Board of County Commissioners
Williams County
Williston, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Williams County, North Dakota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Williams County's basic financial statements and have issued our report thereon dated September 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williams County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

Williams County's Response to Findings

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

Purpose of this Report

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



Bismarck, North Dakota
September 15, 2022



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

Board of County Commissioners
Williams County
Williston, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Williams County, Williston, North Dakota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Williams County, North Dakota's major federal program for the year ended December 31, 2021. Williams County, North Dakota'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, Williams County, North Dakota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 Williams County, North Dakota 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 Williams County, North Dakota'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 Williams County, North Dakota'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 Williams County, North Dakota'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 Williams County, North Dakota'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 Williams County, North Dakota'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 Williams County, North Dakota'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 Williams County, North Dakota'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.

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

Bismarck, North Dakota
September 15, 2022

Williams County, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Grantor, Pass-through Grantor and Program Title</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Justice			
BJA FY20 Coronavirus Emergency Supplemental Funding (CESF)	16.034	2020-VD-BX-1859	\$ 58,008
<u>Passed through State Division of Juvenile Services and State Juvenile Justice State Advisory Group</u>			
Juvenile Justice and Delinquency Prevention	16.540	2019-JF-FX-0012	8,891
Juvenile Justice and Delinquency Prevention	16.540	2020-JF-FX-0041	13,054
Total Juvenile Justice and Delinquency Prevention			<u>21,945</u>
<u>Passed through State Department of Corrections and Rehabilitation</u>			
Victims of Crime Act (VOCA)	16.575	2018-V2-GX-0008	168,602
Victims of Crime Act (VOCA)	16.575	2019-V2-GX-0030	49,054
Total Victims of Crimes Act (VOCA)			<u>217,656</u>
<u>Passed through ND Office of Attorney General</u>			
COPS Office Anti-Heroin Task Force Program	16.710	2018-HP-WX-0010	63,492
Total U.S. Department of Justice			<u>361,101</u>
U.S. Department of Transportation			
<u>Passed through State Department of Transportation</u>			
Highway Safety Cluster			
Distracted Driving (DD) Enforcement	20.600	HSPDD2111	2,681
Speed Enforcement	20.600	HSPSC2107	1,495
Click It or Ticket	20.616	HSPOP2105	3,377
Alcohol Enforcement - Underage Enforcement	20.616	HSPID2110	960
Total Highway Safety Cluster			<u>8,513</u>
Total U.S. Department of Transportation			<u>8,513</u>
U.S. Department of Treasury			
<u>Passed through North Dakota Office of State Treasurer</u>			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	<i>none</i>	<u>412,893</u>

Williams County, North Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Grantor, Pass-through Grantor and Program Title</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
<u>Passed through State Department of Human Services</u>			
Aging Cluster			
Special Programs for the Aging	93.044	<i>none</i>	5,051
Special Programs for the Aging	93.048	<i>none</i>	448
Child Support Enforcement	93.563	<i>none</i>	4,900
Community Based Child Abuse Prevention	93.590	G-1901NDBCAP	929
Total U.S. Department of Health and Human Services			<u>11,328</u>
U.S. Department of Homeland Security			
<u>Passed through State Department of Emergency Services</u>			
Emergency Management Performance Grants	97.042	EMD-2020-EP-00005-S01	16,472
Emergency Management Performance Grants	97.042	EMD-2021-EP-00005-S01	39,905
Total Emergency Management Performance Grants			<u>56,377</u>
Hazardous Materials Emergency Preparedness Grants	20.703	FY2019-2020 HMEP	26,244
Total U.S. Department of Homeland Security			<u>82,621</u>
U.S. Department of Interior			
<u>Passed through State Treasurer</u>			
Payment in Lieu of Taxes	15.226	4225	9,738
Flood Control Act	15.433	4840	32,157
Mineral Leasing Act (Public Domain Royalties)	15.437	4150	1,091,119
Total U.S. Department of Interior			<u>1,133,014</u>
Total Federal Financial Assistance			<u>\$ 2,009,470</u>

Note A - Basis of Presentation

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

Note B - Significant Accounting Policies

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

Note C – Indirect Cost Rate

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Name of Federal Programs	Federal Financial Assistance Listing / CFDA number
Mineral Leasing	15.437
COVID-19 Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

**2021-001 Preparation of Financial Statements and Restatement
Material Weakness**

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

Condition: The County does not have an internal control system designed to provide for the preparation of the notes to the financial statements being audited. This resulted in a material error in prior year capital asset and contributed capital balances that was not detected by management until the current year.

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

Effect: Inadequate control over financial reporting of the County could result in the more than a remote likelihood that the County would not be able to draft accompanying notes to the financial statements without material errors. In the current year, it resulted in a material prior period adjustment to governmentwide net position and capital asset balances.

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

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

State Compliance Item

**2021-002 Excess Cash Reserves
 Material Noncompliance**

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

Condition: Williams County has two levied nonmajor special revenue funds and the Williams County Weed Board, a discretely presented component unit, that has cash reserve balances at December 31, 2021 that were in excess of 75% of the annual appropriation. The nonmajor special revenue funds has cash reserves above 75% of the annual appropriation in the amount of approximately \$921,000. The Williams County Weed Board has cash reserves above 75% of the annual appropriation in the amount of approximately \$2,224,000.

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 2021.

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

Views of Responsible Officials: Williams County agrees with this finding and has taken measures to ensure that the 75% reserve requirement is adhered to for all future budgets. Starting with the 2022 budget, we have incorporated the County Budget forms issued by the State Auditor to calculate reserve amounts for each levied fund. No taxes will be levied against the funds that exceed the 75% cash reserve limit. All reserve amounts will be applied to the appropriations for the budget year as needed. The Weed Board plans to expend cash on capital items but has been hindered by recent supply chain issues.

Section III – Federal Award Findings and Questioned Costs

None identified.