



Financial Statements

December 31, 2021 and 2020

Golden Valley County, North Dakota

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2021

Paul Schmitz
Robert Schmeling
Adam Smith

Commissioner Chairman
Commissioner
Commissioner

Tamra Sperry
Gene Skoglund
Cassandra Szudera
Dey Muckle

Auditor
Treasurer
Deputy Auditor/Recorder
Sheriff

2020

Harley Steffan
Robert Schmeling
Paul Schmitz

Commissioner Chairman
Commissioner
Commissioner

Tamra Sperry
Gene Skoglund
Cassandra Szudera
Roger Clemens

Auditor
Treasurer
Deputy Auditor/Recorder
Sheriff



Independent Auditor's Report

Board of County Commissioners
Golden Valley County
Beach, North Dakota

Report on the Audit of the Financial Statements

Opinions

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

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

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

Emphasis of Matter – Basis of Accounting

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

Emphasis of Matter- Change of Accounting Method

As discussed in Note 9 to the financial statements, the County has elected to use the modified cash basis of accounting effective January 1, 2020. Accordingly, a restatement has been made to the net position of the governmental activities and fund balance of each major fund and nonmajor governmental funds as of January 1, 2020, to remove items not reported under the modified cash basis of accounting. Our opinions are not modified with respect to this matter.

Correction of Errors

As discussed in Note 9 to the financial statements, the County did not record the advanced taxes received into the fund that levied the taxes. The County did not record 2019 construction in progress. The County did not record infrastructure and the related depreciation as on December 31, 2019. Accordingly, a restatement has been made to the governmental activities, general fund, Road & Bridge fund, aggregate remaining funds and fiduciary funds fund balance/net position/fiduciary cash as of January 1, 2020, to correct the error. 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, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the 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 the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Valley County, North Dakota's basic financial statements. The budgetary comparison schedules and schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedules and schedules of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Bismarck, North Dakota
May 21, 2024

Golden Valley County
Statement of Net Position – Modified Cash Basis – 2021
December 31, 2021

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 10,449,977
Capital assets not being depreciated	
Land	23,435
Capital assets, net of accumulated depreciation	
Buildings	1,412,232
Infrastructure	8,601,844
Machinery and equipment	570,748
	<u>\$ 21,058,236</u>
Net position	
Net investment in capital assets	\$ 10,608,259
Restricted	7,402,593
Unrestricted	3,047,384
	<u>3,047,384</u>
Total net position	<u>\$ 21,058,236</u>

Golden Valley County
Statement of Activities – Modified Cash Basis – 2021
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Grants and Contributions	Governmental Activities
Primary government				
Governmental activities				
General government	\$ 1,063,570	\$ 23,304	\$ -	\$ (1,040,266)
Public safety	457,564	130,061	-	(327,503)
Public Works	2,662,281	33,715	-	(2,628,566)
Public Health	33,043	-	-	(33,043)
Culture and recreation	111,684	-	-	(111,684)
Conservation of natural resources	107,825	-	-	(107,825)
Total primary government	<u>\$ 4,435,967</u>	<u>\$ 187,080</u>	<u>\$ -</u>	<u>(4,248,887)</u>
General revenues				
Taxes				
Oil and gas production taxes				506,211
Property taxes				648,463
Licenses and permits				47,067
Unrestricted Federal/State shared revenues				2,517,338
Miscellaneous				353,934
Total general revenues				<u>4,073,013</u>
Change in net position				(175,874)
Net position - January 1, 2021				<u>21,234,110</u>
Net position - December 31, 2021				<u>\$ 21,058,236</u>

Golden Valley County
Balance Sheet – Governmental Funds – Modified Cash Basis – 2021
December 31, 2021

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Road & Bridge		
Assets				
Cash and investments	\$ 3,047,384	\$ 6,735,307	\$ 667,286	\$ 10,449,977
Total assets	<u>\$ 3,047,384</u>	<u>\$ 6,735,307</u>	<u>\$ 667,286</u>	<u>\$ 10,449,977</u>
Fund Balances				
Restricted	\$ -	\$ 6,735,307	\$ 667,286	\$ 7,402,593
Unassigned	<u>3,047,384</u>	<u>-</u>	<u>-</u>	<u>3,047,384</u>
Total fund balances	<u>\$ 3,047,384</u>	<u>\$ 6,735,307</u>	<u>\$ 667,286</u>	<u>\$ 10,449,977</u>

Golden Valley County

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

2021

December 31, 2021

Total fund balances for governmental funds	\$ 10,449,977
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	20,254,524
Less accumulated depreciation	(9,646,265)
Net capital assets	<u>10,608,259</u>
Total net position of governmental activities	<u>\$ 21,058,236</u>

Golden Valley County
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds –
Modified Cash Basis – 2021
Year Ended December 31, 2021

	Major Funds		Other	Total
	General	Road & Bridge	Governmental Funds	Governmental Funds
Revenues				
Taxes/assessments	\$ 774,156	\$ 173,647	\$ 206,871	\$ 1,154,674
Licenses, permits, fines	47,067	-	-	47,067
Intergovernmental revenues	444,113	1,843,882	229,343	2,517,338
Charges for services	23,304	33,715	130,061	187,080
Interest Income	45,849	-	-	45,849
Miscellaneous revenues	209,461	92,291	6,333	308,085
Total revenues	<u>1,543,950</u>	<u>2,143,535</u>	<u>572,608</u>	<u>4,260,093</u>
Expenditures				
Current				
General government	910,891	-	105,057	1,015,948
Public safety	377,784	-	47,598	425,382
Public works	3,751	1,675,978	4,183	1,683,912
Health and welfare	16,211	-	16,832	33,043
Culture and recreation	29,844	-	81,840	111,684
Conservation of natural resources	-	-	102,355	102,355
Capital outlay	20,407	14,585	-	34,992
Total expenditures	<u>1,358,888</u>	<u>1,690,563</u>	<u>357,865</u>	<u>3,407,316</u>
Excess (deficiency) of revenues over expenditures	<u>185,062</u>	<u>452,972</u>	<u>214,743</u>	<u>852,777</u>
Other Financing Sources (Uses)				
Transfers in	-	29,976	34,140	64,116
Transfers out	(15,116)	-	(49,000)	(64,116)
Total other financing sources and uses	<u>(15,116)</u>	<u>29,976</u>	<u>(14,860)</u>	<u>-</u>
Net change in fund balances	<u>169,946</u>	<u>482,948</u>	<u>199,883</u>	<u>852,777</u>
Fund balance - January 1, 2021	<u>2,877,438</u>	<u>6,252,359</u>	<u>467,403</u>	<u>9,597,200</u>
Fund balance - December 31, 2021	<u>\$ 3,047,384</u>	<u>\$ 6,735,307</u>	<u>\$ 667,286</u>	<u>\$ 10,449,977</u>

Golden Valley County

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

Net change in fund balances - total governmental funds	<u>\$ 852,777</u>
The change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	163,388
Depreciation Expense	<u>(1,192,039)</u>
Change in net position of governmental activities	<u><u>\$ (175,874)</u></u>

Golden Valley County
Statement of Net Position – Modified Cash Basis – 2020
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 9,597,200
Capital assets not being depreciated	
Land	23,435
Construction in progress	193,538
Capital assets, net of accumulated depreciation	
Buildings	1,463,354
Infrastructure	9,278,815
Machinery and equipment	677,768
	<u>\$ 21,234,110</u>
Net position	
Net investment in capital assets	\$ 11,636,910
Restricted	6,719,762
Unrestricted	<u>2,877,438</u>
Total net position	<u>\$ 21,234,110</u>

Golden Valley County
Statement of Activities – Modified Cash Basis – 2020
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Grants and Contributions	Governmental Activities
Primary government				
Governmental activities				
General government	\$ 1,123,652	\$ 24,912	\$ -	\$ (1,098,740)
Public safety	503,201	135,410	-	(367,791)
Public Works	2,606,144	28,366	-	(2,577,778)
Public Health	109,077	-	-	(109,077)
Culture and recreation	113,677	-	-	(113,677)
Conservation of natural resources	230,938	-	-	(230,938)
Total primary government	<u>\$ 4,686,689</u>	<u>\$ 188,688</u>	<u>\$ -</u>	<u>(4,498,001)</u>
General revenues				
Taxes				
Oil and gas production taxes				316,732
Property taxes				615,794
Licenses and permits				20,391
Unrestricted Federal/State shared revenues				3,896,557
Miscellaneous				501,159
Total general revenues				<u>5,350,633</u>
Change in net position				852,632
Net position - January 1, 2020, as restated, see note 9				<u>20,381,478</u>
Net position - December 31, 2020				<u>\$ 21,234,110</u>

Golden Valley County
Balance Sheet – Governmental Funds – Modified Cash Basis – 2020
December 31, 2020

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Road & Bridge		
Assets				
Cash and investments	\$ 2,877,438	\$ 6,252,359	\$ 467,403	\$ 9,597,200
Total assets	<u>\$ 2,877,438</u>	<u>\$ 6,252,359</u>	<u>\$ 467,403</u>	<u>\$ 9,597,200</u>
Fund Balances				
Restricted	\$ -	\$ 6,252,359	\$ 467,403	\$ 6,719,762
Unassigned	<u>2,877,438</u>	<u>-</u>	<u>-</u>	<u>2,877,438</u>
Total fund balances	<u>\$ 2,877,438</u>	<u>\$ 6,252,359</u>	<u>\$ 467,403</u>	<u>\$ 9,597,200</u>

Golden Valley County

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

Total fund balances for governmental funds	\$ 9,597,200
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	20,155,127
Less accumulated depreciation	(8,518,217)
Net capital assets	<u>11,636,910</u>
Total net position of governmental activities	<u>\$ 21,234,110</u>

Golden Valley County
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds –
Modified Cash Basis – 2020
Year Ended December 31, 2020

	Major Funds		Other	Total
	General	Road & Bridge	Governmental Funds	Governmental Funds
Revenues				
Taxes/assessments	\$ 575,892	\$ 164,094	\$ 192,540	\$ 932,526
Licenses, permits, fines	20,391	-	-	20,391
Intergovernmental revenues	562,141	3,283,704	50,712	3,896,557
Charges for services	24,912	28,366	135,410	188,688
Interest Income	74,153	-	-	74,153
Miscellaneous revenues	253,009	39,715	134,282	427,006
Total revenues	<u>1,510,498</u>	<u>3,515,879</u>	<u>512,944</u>	<u>5,539,321</u>
Expenditures				
Current				
General government	946,830	-	128,918	1,075,748
Public safety	425,404	-	48,534	473,938
Public works	4,924	1,565,809	3,142	1,573,875
Health and welfare	16,152	-	92,925	109,077
Culture and recreation	30,027	-	83,650	113,677
Conservation of natural resources	-	-	225,468	225,468
Capital outlay	19,458	586,429	-	605,887
Total expenditures	<u>1,442,795</u>	<u>2,152,238</u>	<u>582,637</u>	<u>4,177,670</u>
Excess (deficiency) of revenues over expenditures	<u>67,703</u>	<u>1,363,641</u>	<u>(69,693)</u>	<u>1,361,651</u>
Other Financing Sources (Uses)				
Transfers in	-	30,000	48,840	78,840
Transfers out	(17,000)	(31,840)	(30,000)	(78,840)
Total other financing sources and uses	<u>(17,000)</u>	<u>(1,840)</u>	<u>18,840</u>	<u>-</u>
Net change in fund balances	<u>50,703</u>	<u>1,361,801</u>	<u>(50,853)</u>	<u>1,361,651</u>
Fund balance - January 1, 2020, as restated, see note 9	<u>2,826,735</u>	<u>4,890,558</u>	<u>518,256</u>	<u>8,235,549</u>
Fund balance - December 31, 2020	<u>\$ 2,877,438</u>	<u>\$ 6,252,359</u>	<u>\$ 467,403</u>	<u>\$ 9,597,200</u>

Golden Valley County

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

Net change in fund balances - total governmental funds	<u>\$ 1,361,651</u>
The change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	668,259
Depreciation Expense	<u>(1,177,278)</u>
Change in net position of governmental activities	<u><u>\$ 852,632</u></u>

Golden Valley County

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

December 31, 2021 and 2020

	Custodial Funds	
	2021	2020
Assets		
Cash and investments	<u>\$ 672,339</u>	<u>\$ 555,119</u>
Net Position		
Restricted	<u>\$ 672,339</u>	<u>\$ 555,119</u>

Golden Valley County

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

	Custodial Funds	
	2021	2020
Additions		
Taxes	\$ 1,822,842	\$ 1,662,693
Intergovernmental	502,417	254,186
Charges for services	2,984	1,687
Miscellaneous revenue	80,354	58,229
Total revenues	<u>2,408,597</u>	<u>1,976,795</u>
Deductions		
General government	<u>2,291,377</u>	<u>1,956,314</u>
Total expenditures	<u>2,291,377</u>	<u>1,956,314</u>
Change in net position	117,220	20,481
Net position, beginning, as restated	<u>555,119</u>	<u>534,638</u>
Net position, ending	<u><u>\$ 672,339</u></u>	<u><u>\$ 555,119</u></u>

Note 1 - Summary of Significant Accounting Policies

The financial statements of Golden Valley County, Beach, 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.

Financial Reporting Entity

The accompanying financial statements present the activities of Golden Valley 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 Golden Valley 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 Golden Valley County.

Based on these criteria, there are no component units within the County's reporting entity.

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 on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities are normally supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from certain legally separate component unit for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental funds are reported using the current financial resources measurement focus and the 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.

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 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.

Road & Bridge Fund– This fund is used to build and maintain the County’s roads. Revenue is from oil and gas royalties.

Additionally, the County reports the following fund types:

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

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

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

Equity Classifications

Government-wide statements

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

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

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

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

Restricted and Unrestricted Resources

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

Fund Balance Classification Policies and Procedures

The County classifies governmental fund balances as follows:

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

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

Cash and Investments

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

Investments consist of certificates of deposit and commercial paper, with maturity dates in excess of 90 days. The certificates of deposit are stated at cost and the commercial paper is stated at market.

Legal Compliance – Budgets

The county commission adopts an “appropriated budget” on the modified cash basis of accounting. The County auditor prepares an annual budget for the General Fund and each special revenue fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them. The current budget, except for property taxes, may be amended throughout the year for revenues or appropriations anticipated when the budget was prepared. NDCC 57-15-31.1. Each budget is controlled by the County auditor at the revenue and expenditure function/object level. All appropriations lapse at year-end. When expenditures are in excess of appropriations, the County will fund these items through revenues in excess of budget, cash reserves of the fund, or from a cash transfer from other funds.

The County 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, infrastructure 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. 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:

<u>Assets</u>	<u>Years</u>
Buildings and Infrastructure	25 to 50 years
Vehicles	5 to 15 years
Machinery and Equipment	10 to 20 years

Tax Revenues

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.

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.

Pension

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS's 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 5, is shown as additional information to the users of the financial statements.

Other Postemployment 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 6, is shown as additional information to the users of the financial statements.

Note 2 - Changes in Accounting Policy

As of January 1, 2020, the County adopted GASB 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. There is no impact to beginning net position as a result of the implementation of this standard and the impact to the financial statements is insignificant.

Note 3 - Cash 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.

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

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

As of the years ended December 31, 2021 and 2020, the carrying amounts of the County's deposits for all County funds and custodial funds were \$11,122,316 and \$10,152,319, respectively, and the bank balances were \$11,115,134 and \$10,340,568, respectively. Of the bank balances at December 31, 2021 and 2020, \$1,000,000 was covered by Federal Depository Insurance. As of December 31, 2021 and 2020, the remaining balance was covered by pledged collateral held by a joint agent of the depository and the County, jointly in the name of the depository and the County.

Investments

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.

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 three financial institutions: Bank of the West, First State Bank, and Stockman Bank.

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 and 2020, the County held certificates of deposit in the amount of \$5,339,750 and \$4,975,408. The certificates of deposit are all considered deposits and are included in the above amount of total deposits.

As of December 31, 2021 and 2020, the County held the following investments:

<u>2021</u>	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>Thereafter</u>	<u>Total</u>
Certificates of Deposit	\$ 2,551,662	\$ 2,848,088	\$ -	\$ 5,399,750
	<u>\$ 2,551,662</u>	<u>\$ 2,848,088</u>	<u>\$ -</u>	<u>\$ 5,399,750</u>
 <u>2020</u>	 <u>Within 1 Year</u>	 <u>1 to 5 Years</u>	 <u>Thereafter</u>	 <u>Total</u>
Certificates of Deposit	\$ 1,524,764	\$ 3,450,644	\$ -	\$ 4,975,408
	<u>\$ 1,524,764</u>	<u>\$ 3,450,644</u>	<u>\$ -</u>	<u>\$ 4,975,408</u>

Note 4 - Capital Assets

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

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 23,435	\$ -	\$ -	\$ 23,435
Construction in progress	193,538	14,585	(208,123)	-
	<u>216,973</u>	<u>14,585</u>	<u>(208,123)</u>	<u>23,435</u>
Capital assets being depreciated				
Buildings	2,146,051	-	-	2,146,051
Infrastructure	14,927,426	208,123	-	15,135,549
Machinery and equipment	2,864,677	148,803	(63,991)	2,949,489
Total capital assets, being depreciated	<u>19,938,154</u>	<u>356,926</u>	<u>(63,991)</u>	<u>20,231,089</u>
Less accumulated depreciation for				
Buildings	(682,697)	(51,122)	-	(733,819)
Infrastructure	(5,648,611)	(885,094)	-	(6,533,705)
Machinery and equipment	(2,186,909)	(255,823)	63,991	(2,378,741)
Total accumulated depreciation	<u>(8,518,217)</u>	<u>(1,192,039)</u>	<u>63,991</u>	<u>(9,646,265)</u>
Total capital assets being depreciated, net	<u>11,419,937</u>	<u>(835,113)</u>	<u>-</u>	<u>10,584,824</u>
Governmental activities - capital assets, net	<u>\$ 11,636,910</u>	<u>\$ (820,528)</u>	<u>\$ (208,123)</u>	<u>\$ 10,608,259</u>

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

Governmental Activities	
General government	\$ 47,622
Public safety	32,182
Public works	1,106,765
Conservation	5,470
Total depreciation expenses - governmental activities	<u>\$ 1,192,039</u>

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

	Balance 1/1/2020 as restated	Increases	Decreases	Balance 12/31/2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 23,435	\$ -	\$ -	\$ 23,435
Construction in progress	48,319	145,219	-	193,538
	<u>71,754</u>	<u>145,219</u>	<u>-</u>	<u>216,973</u>
Capital assets being depreciated				
Buildings	2,146,051	-	-	2,146,051
Infrastructure	14,486,216	441,210	-	14,927,426
Machinery and equipment	2,885,154	81,830	(102,307)	2,864,677
Total capital assets, being depreciated	<u>19,517,421</u>	<u>523,040</u>	<u>(102,307)</u>	<u>19,938,154</u>
Less accumulated depreciation for				
Buildings	(631,575)	(51,122)	-	(682,697)
Infrastructure	(4,768,356)	(880,255)	-	(5,648,611)
Machinery and equipment	(2,043,315)	(245,901)	102,307	(2,186,909)
Total accumulated depreciation	<u>(7,443,246)</u>	<u>(1,177,278)</u>	<u>102,307</u>	<u>(8,518,217)</u>
Total capital assets being depreciated, net	<u>12,074,175</u>	<u>(654,238)</u>	<u>-</u>	<u>11,419,937</u>
Governmental activities - capital assets, net	<u>\$ 12,145,929</u>	<u>\$ (509,019)</u>	<u>\$ -</u>	<u>\$ 11,636,910</u>

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

Governmental Activities	
General government	\$ 47,904
Public safety	29,263
Public works	1,094,641
Conservation	<u>5,470</u>
Total depreciation expenses - governmental activities	<u>\$ 1,177,278</u>

Note 5 - Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

Pension Contributions

During the years ended December 31, 2021 and December 31, 2020, the County made employer cash contributions for the pension plans of \$68,624 and \$65,627, respectively.

Note 6 - Other Postemployment Benefits

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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

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

OPEB Contributions

During the years ended December 31, 2021 and December 31, 2020, the County made employer cash contributions for the OPEB plans of \$9,148 and \$10,040, respectively.

Note 7 - Risk Management

The County participates in the North Dakota Insurance Reserve Fund, North Dakota Fire and Tornado Fund, and the North Dakota Worker's Compensation Bureau to control their risk of loss. During the years ended December 31, 2021, and December 31, 2020, the County managed its risks as follows:

Liability Insurance

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Golden Valley County pays an annual premium to NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of four million dollars per occurrence for general liability, four million for automobile, and \$2,375,508, and \$2,367,158 for public assets/mobile equipment and portable property.

Property and Bond Insurance

Golden Valley County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Golden Valley County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides Golden Valley 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. Golden Valley County has workers compensation with the North Dakota Workforce Safety and Insurance. The County pays for a single policy health insurance from a commercial insurance carrier. There have been no settled claims that exceeded the insurance coverage in any of the past three fiscal years.

Note 8 - 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.

<u>Year Ending December 31, 2021 Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 15,116
Road and Bridge Fund	29,976	-
Other Governmental Funds	34,140	49,000
	<u>\$ 64,116</u>	<u>\$ 64,116</u>
<u>Year Ending December 31, 2020 Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 17,000
Road and Bridge Fund	30,000	31,840
Other Governmental Funds	48,840	30,000
	<u>\$ 78,840</u>	<u>\$ 78,840</u>

Note 9 - Restatements

Change in Accounting Method

Effective January, 2020, the County has elected to present its financial statements under the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This method was adopted to more accurately reflect how the County is managed. As a result, net position of the governmental activities and fund balances of each major governmental fund and the nonmajor governmental funds at January 1, 2020, have been restated to remove certain assets, deferred inflows of resources, liabilities, and deferred outflows of resources not reported under the modified cash basis of accounting. Additionally, several funds were restated to the correct fund type. A summary of these changes is included at the end of this note.

The County did not record the advanced taxes received into the fund that levied the taxes. The County did not record 2019 construction in progress. The County did not record infrastructure and the related depreciation as of December 31, 2019. Accordingly, a restatement has been made to the governmental activities, general fund, Road & Bridge fund, aggregate remaining funds and fiduciary funds fund balance/net position/fiduciary cash as of January 1, 2020, to correct the error. A summary of these changes is included at the end of this note.

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds	Governmental Activities	Agency Funds
Fund balance/net position/Agency cash, January 1, as previously reported	\$ 2,698,412	\$ 6,174,455	\$ 539,190	\$ 9,412,057	\$ 11,701,042	\$ 735,289
Restatement due to fund reorganization	5,456	68,122	(55,958)	17,620	17,620	(17,620)
Restatement due to change in accounting methods to modified cash basis of accounting	43,660	(1,403,107)	(17,712)	(1,377,159)	(1,276,090)	-
Restatement due to 2019 advance taxes recorded within a custodial fund	79,207	51,088	52,736	183,031	183,031	(183,031)
Restatement due to CIP not recorded					48,319	
Restatement due to reporting infrastructure and related depreciation	-	-	-	-	9,707,556	-
Fund Balance/Net position, January 1, 2020, as restated	<u>\$ 2,826,735</u>	<u>\$ 4,890,558</u>	<u>\$ 518,256</u>	<u>\$ 8,235,549</u>	<u>\$ 20,381,478</u>	<u>\$ 534,638</u>



Supplementary Information
December 31, 2021 and 2020

Golden Valley County, North Dakota

Golden Valley County
Budgetary Comparison Schedule – General Fund – 2021
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes/assessments	\$ 678,255	\$ 678,255	\$ 774,156	\$ 95,901
Licenses, Permits, Fees	18,400	18,400	47,067	28,667
Intergovernmental Revenue	305,600	305,600	444,113	138,513
Charges for Services	21,500	21,500	23,304	1,804
Fines and Forfeitures	8,000	8,000	-	(8,000)
Interest Income	50,000	50,000	45,849	(4,151)
Miscellaneous Revenue	182,242	182,242	209,461	27,219
Total Revenues	1,263,997	1,263,997	1,543,950	279,953
Expenditures				
Current				
General Government	1,276,032	1,050,035	910,891	139,144
Public Safety	472,017	472,017	377,784	94,233
Public Works	10,047	10,047	3,751	6,296
Health and Welfare	23,650	23,650	16,211	7,439
Culture and Recreation	29,262	29,262	29,844	(582)
Capital Outlay	-	-	20,407	(20,407)
Total Expenditures	1,811,008	1,585,011	1,358,888	226,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(547,011)	(321,014)	185,062	(506,076)
Other Financing Sources (Uses)				
Transfers Out	(24,003)	(274,003)	(15,116)	(258,887)
Total Other Financing Sources (Uses)	(24,003)	(274,003)	(15,116)	(258,887)
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	\$ (571,014)	\$ (595,017)	169,946	\$ (764,963)
Fund Balance - January 1			2,877,438	
Fund Balance - December 31			\$ 3,047,384	

Golden Valley County
Budgetary Comparison Schedule – County Road and Bridge Fund – 2021
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes/assessments	\$ 176,523	\$ 176,523	\$ 173,647	\$ (2,876)
Intergovernmental Revenue	3,233,563	3,233,563	1,843,882	(1,389,681)
Charges for Services	46,500	46,500	33,715	(12,785)
Miscellaneous Revenue	-	-	92,291	92,291
Total Revenues	<u>3,456,586</u>	<u>3,456,586</u>	<u>2,143,535</u>	<u>(1,313,051)</u>
Expenditures				
Current				
Public Works	<u>3,252,812</u>	<u>3,252,812</u>	<u>1,675,978</u>	<u>1,576,834</u>
Total Expenditures	<u>3,252,812</u>	<u>3,252,812</u>	<u>1,690,563</u>	<u>1,562,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>203,774</u>	<u>203,774</u>	<u>452,972</u>	<u>(2,875,300)</u>
Other Financing Sources (Uses)				
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>29,976</u>	<u>24</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>\$ 233,774</u>	<u>\$ 233,774</u>	<u>482,948</u>	<u>\$ (2,875,276)</u>
Fund Balances - January 1			<u>6,252,359</u>	
Fund Balances - December 31			<u>\$ 6,735,307</u>	

Golden Valley County
Budgetary Comparison Schedule – General Fund – 2020
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes/assessments	\$ 818,255	\$ 818,255	\$ 575,892	\$ (242,363)
Licenses, Permits, Fees	17,400	17,400	20,391	2,991
Intergovernmental Revenue	523,622	523,622	562,141	38,519
Charges for Services	26,500	26,500	24,912	(1,588)
Fines and Forfeitures	3,500	3,500	-	(3,500)
Interest Income	50,000	50,000	74,153	24,153
Miscellaneous Revenue	220,986	220,986	253,009	32,023
Total Revenues	<u>1,660,263</u>	<u>1,660,263</u>	<u>1,510,498</u>	<u>(149,765)</u>
Expenditures				
Current				
General Government	1,169,594	1,169,594	946,830	222,764
Public Safety	532,877	532,877	425,404	107,473
Public Works	9,997	9,997	4,924	5,073
Health and Welfare	23,800	23,800	16,152	7,648
Culture and Recreation	29,262	29,262	30,027	(765)
Capital Outlay	-	-	19,458	(19,458)
Total Expenditures	<u>1,765,530</u>	<u>1,765,530</u>	<u>1,442,795</u>	<u>322,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(105,267)</u>	<u>(105,267)</u>	<u>67,703</u>	<u>(172,970)</u>
Other Financing Uses				
Transfers - In	5,000	5,000	-	5,000
Transfers - Out	(29,216)	(29,216)	(17,000)	(12,216)
Total Other Financing Uses	<u>(24,216)</u>	<u>(24,216)</u>	<u>(17,000)</u>	<u>(7,216)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (129,483)</u>	<u>\$ (129,483)</u>	<u>50,703</u>	<u>\$ (180,186)</u>
Fund Balance - January 1, as restated			<u>2,826,735</u>	
Fund Balance - December 31			<u>\$ 2,877,438</u>	

Golden Valley County
Budgetary Comparison Schedule – County Road and Bridge Fund – 2020
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 177,043	\$ 177,043	\$ 164,094	\$ (12,949)
Intergovernmental Revenue	3,311,941	3,311,941	3,283,704	(28,237)
Charges for Services	86,000	86,000	28,366	(57,634)
Miscellaneous Revenue	-	-	39,715	39,715
Total Revenues	<u>3,574,984</u>	<u>3,574,984</u>	<u>3,515,879</u>	<u>(59,105)</u>
Expenditures				
Current				
Public Works	3,728,475	3,728,475	1,565,809	2,162,666
Capital Outlay	-	-	586,429	(586,429)
Total Expenditures	<u>3,728,475</u>	<u>3,728,475</u>	<u>2,152,238</u>	<u>1,576,237</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(153,491)</u>	<u>(153,491)</u>	<u>1,363,641</u>	<u>(1,635,342)</u>
Other Financing Sources				
Transfers - In	34,000	34,000	30,000	4,000
Transfers - Out	-	-	(31,840)	31,840
Total Other Financing Uses	<u>34,000</u>	<u>34,000</u>	<u>(1,840)</u>	<u>35,840</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (119,491)</u>	<u>\$ (119,491)</u>	<u>1,361,801</u>	<u>\$ (1,599,502)</u>
Fund Balances - January 1, as restated			<u>4,890,558</u>	
Fund Balances - December 31			<u>\$ 6,252,359</u>	



Other Information

December 31, 2021 and 2020

Golden Valley County, North Dakota



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
Golden Valley County
Beach, 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 (*Government Auditing Standards*), the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Golden Valley County's basic financial statements, and have issued our report thereon dated May 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Golden Valley 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 Golden Valley County's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Valley 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Golden Valley 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005.

Golden Valley County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Golden Valley County's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Golden Valley County's responses were not subjected to the other auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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

Bismarck, North Dakota
May 21, 2024



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
Golden Valley County
Beach, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Golden Valley County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Golden Valley County's major federal programs for the years ended December 31, 2021 and 2020. Golden Valley County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Golden Valley County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2021 and 2020.

Basis for Opinion on Each Major Federal Program

We conducted our audits 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 Golden Valley County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Golden Valley County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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

Bismarck, North Dakota
May 21, 2024

Golden Valley County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Expenditures</u>
U. S. Department of Agriculture			
<u>Direct Program</u>			
School and Roads - Grant to Counties (Bankhead-Jones)	10.666	N/A	<u>\$ 1,494,367</u>
U.S. Department of Treasury			
<u>Passed through ND State Treasurer</u>			
COVID-19 Coronavirus Relief Fund	21.019	Unknown	<u>22,534</u>
U.S. Department of Interior			
<u>Direct Program</u>			
Payments in Lieu of Tax	15.226	Unknown	<u>30,000</u>
<u>Passed through ND State Treasurer</u>			
Taylor Grazing	15.227	Unknown	268
Mineral Leasing Act (Public Domain Royalties)	15.437	Unknown	<u>78,698</u>
Total U.S. Department of Interior			<u>78,966</u>
Total Federal Financial Assistance			<u>\$ 1,625,867</u>

Note A - Basis of Presentation

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

Note B - Significant Accounting Policies

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

Note C – Indirect Cost Rate

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued Financial Statement	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	Yes

Federal Awards

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

Identification of major programs:

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

Golden Valley County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Financial Assistance Listing/ Federal CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
U. S. Department of Agriculture			
<u>Direct Program</u>			
School and Roads - Grant to Counties (Bankhead-Jones)	10.666	N/A	\$ 1,285,866
U.S. Department of Treasury			
<u>Passed through ND State Treasurer</u>			
COVID-19 Coronavirus Relief Fund	21.019	Unknown	205,411
U.S. Department of Interior			
<u>Direct Program</u>			
Payments in Lieu of Tax	15.226	Unknown	30,000
<u>Passed through ND State Treasurer</u>			
Taylor Grazing	15.227	Unknown	267
Mineral Leasing Act (Public Domain Royalties)	15.437	Unknown	67,754
Total U.S. Department of Interior			68,021
Total Federal Financial Assistance			\$ 1,589,298

Note A - Basis of Presentation

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

Financial Statements

Type of auditors' report issued Financial Statement	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	Yes

Federal Awards

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

Identification of major programs:

	Federal Financial Assistance Listing/ Federal CFDA Number
<u>Name of Federal Programs</u>	
School and Roads - Grants to Counties	10.666
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 related Footnotes, Schedule of Federal Awards, and
Restatement
Material Weakness**

Criteria: A good system of internal accounting control contemplates an adequate system for the preparation of financial statements, accompanying notes to the financial statements and a schedule of federal expenditures that are materially correct.

Condition: The County does not have an internal control system designed to provide for the preparation of the financial statements, notes to the financial statements and federal expenditures being audited. The County did not record the advanced taxes received into the fund that levied the taxes. The County did not record 2019 construction in progress. The County did not record infrastructure and the related depreciation as on December 31, 2019. As auditors, we were requested to draft the financial statements, and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause: The County does not have staff trained in 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 the financial statements, accompanying notes to the financial statements and schedule of federal expenditures without material errors.

Recommendation: Management and the Board should continually be aware of the financial reporting of Golden Valley County and changes in reporting requirements.

Views of Responsible Officials: Management agrees with the finding. See corrective action plan.

**2021-002 Segregation of Duties
Material Weakness**

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

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

Cause: The County has limited staff to adequately segregate duties.

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

Recommendation: All accounting functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the County.

Views of Responsible Officials: Management agrees with the finding. See corrective action plan.

2021-003 Recording of Transactions
Material Weakness

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

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

Cause – The County has not trained staff in the recording of certain transactions.

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

Recommendation – We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted. Also, any adjustments needed to present the financial statements on a modified cash basis should be recorded.

Views of Responsible Officials – Management agrees with the finding. See corrective action plan.

State Compliance Item

**2021-004 Excess Cash Reserves
Material Noncompliance**

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

Condition: For the year ended December 31, 2020, Golden Valley County has the general fund and one nonmajor special revenue fund that have cash reserve balances that were in excess of 75% of the annual appropriation. The general fund has cash reserves above 75% of the annual appropriation in the amount of approximately \$2,413,000. The nonmajor special revenue fund has cash reserves above 75% of the annual appropriation in the amount of approximately \$1,537,000.

For the year ended December 31, 2021, Golden Valley County has one nonmajor special revenue fund that has cash reserve balances that were in excess of 75% of the annual appropriation. The nonmajor special revenue fund has cash reserves above 75% of the annual appropriation in the amount of approximately \$1,467,000.

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 2020 and 2021.

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

Views of Responsible Officials: Management agrees with the finding. See corrective action plan.

**2021-005 Financial Statements Prepared in Accordance with Generally Accepted Accounting Principles
Material Noncompliance**

Criteria: N.D.C.C. 11-11-11, item 4, requires the County Commissioners before November fifteenth of each year, shall have the county auditor prepare general purpose financial statements in accordance with generally accepted accounting principles. Public notice that financial statements have been prepared and are available for inspection must be published in the official newspaper.

Condition: For the years ended December 31, 2021 and 2020, the County did not meet this requirement.

Cause: The County was not aware of this specific requirement within N.D.C.C. 11-11-11.

Effect: The County being out of compliance with the financial statement requirements of N.D.C.C. 11-11-011 during 2020 and 2021. There is no other effect to the County.

Recommendation: The North Dakota State Auditor requires Counties to submit the December 31, 2023 report in compliance with N.D.C.C. 11-11-11. We recommend that the County develop a plan to comply with N.D.C.C. 11-11-11 for the December 31, 2023 report.

Views of Responsible Officials: Management agrees with the finding. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None identified