



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Mountrail County

Stanley, North Dakota

Audit Report for the Years Ended December 31, 2022 and 2021

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Office of the
State Auditor

MOUNTRAIL COUNTY

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MOUNTRAIL COUNTY

County Officials
December 31, 2022 and 2021

COUNTY OFFICIALS

At December 31, 2022

Chairman	Trudy Ruland
Vice Chairman	Wayne Olson
Commissioner	Joan Hollekim
Commissioner	Jason Rice
Commissioner	John DeGroot
County Auditor	Stephanie Pappa
County Treasurer	Jessica Niemitalo
County Recorder	Melissa Vachal
Sheriff	Corey Bristol
State's Attorney	Wade Enget

At December 31, 2021

Chairman	Trudy Ruland
Vice Chairman	Wayne Olson
Commissioner	Jason Rice
Commissioner	Daniel Uran
Commissioner	Joan Hollekim
County Auditor	Stephanie Pappa
County Treasurer	Jessica Niemitalo
County Recorder	Melissa Vachal
Sheriff	Corey Bristol
State's Attorney	Wade Enget

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INDEPENDENT AUDITOR'S REPORT

Board of Mountrail County Commissioners
Mountrail County
Stanley, 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 Mountrail County, North Dakota, as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise Mountrail 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 basis financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mountrail County, North Dakota, as of December 31, 2022 and December 31, 2021, and the respective changes in modified cash basis financial position for the years then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinion

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

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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. 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 Mountrail County'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 GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with GAAS and GAS, 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 Mountrail 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 Mountrail 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 Mountrail County's basic financial statements. The *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, notes to the required supplementary information, the schedule of expenditures of federal awards and notes to the schedule 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 auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, notes to the required supplementary information, the schedule*

MOUNTRAIL COUNTY

Independent Auditor's Report – Continued

of expenditures of federal awards and notes to the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with GAS, we have also issued our report dated February 23, 2024 on our consideration of Mountrail County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Mountrail County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering Mountrail County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 23, 2024

MOUNTRAIL COUNTY

Statement of Net Position – Modified Cash Basis
December 31, 2022

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Job Development Authority
ASSETS			
Cash and Investments	\$ 247,336,917	\$ 187,255	\$ 1,194,317
Loans Receivable	-	-	45,380
Capital Assets			
Nondepreciable	26,034,716	6,648	-
Depreciable, Net	210,930,997	88,116	-
Total Assets	<u>\$ 484,302,630</u>	<u>\$ 282,019</u>	<u>\$ 1,239,697</u>
LIABILITIES			
Long-Term Liabilities			
Due Within One Year			
Notes Payable	\$ 495,324	\$ -	\$ -
Due After One Year			
Notes Payable	514,604	-	-
Total Liabilities	<u>\$ 1,009,928</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net Investment in Capital Assets	\$ 235,955,785	\$ 94,764	\$ -
Restricted			
Public Safety	399,659	-	-
Highways	126,060,409	-	-
Flood Repair	9,804	-	-
Health and Welfare	734,154	-	-
Culture and Recreation	135,514	-	-
Conservation of Natural Resources	566,765	187,255	-
Economic Development	-	-	1,239,697
Emergencies	1,437,733	-	-
Subsequent Year Appropriations	124,874	-	-
Unrestricted	117,868,005	-	-
Total Net Position	<u>\$ 483,292,702</u>	<u>\$ 282,019</u>	<u>\$ 1,239,697</u>

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

MOUNTRAIL COUNTY

Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	Job Development Authority
Primary Government							
General Government	\$ 9,962,243	\$ 3,989,692	\$ 205,209	\$ -	\$ (5,767,342)	\$ -	\$ -
Public Safety	3,844,472	526,411	45,625	-	(3,272,436)	-	-
Highways	21,964,127	1,206,179	24,906,505	-	4,148,557	-	-
Economic Development	132,804	-	-	-	(132,804)	-	-
Health and Welfare	3,436,111	-	3,351,537	-	(84,574)	-	-
Culture and Recreation	953,087	154,053	175,637	-	(623,397)	-	-
Conser. of Natural Resources	806,058	-	-	-	(806,058)	-	-
Emergency	-	-	5,550	-	5,550	-	-
Flood Repair	5,550	-	-	-	(5,550)	-	-
Interest Expense on Long-Term Debt	58,031	-	-	-	(58,031)	-	-
Total Primary Government	\$ 41,162,483	\$ 5,876,335	\$ 28,690,063	\$ -	\$ (6,596,085)	\$ -	\$ -
Component Unit							
Water Resource District	\$ 34,588	\$ -	\$ -	\$ -		\$ (34,588)	\$ -
Job Development Authority	1,066,974	-	2,057,433	-		-	990,459
Total Component Units	\$ 1,101,562	\$ -	\$ 2,057,433	\$ -		(34,588)	990,459
General Revenues							
Property Taxes					\$ 1,970,366	\$ 1,364	\$ 152,615
Grants and Contributions Not Restricted to Specific Programs					48,479,432	-	-
Gain on Disposal of Assets					174,690	-	-
Interest Revenue					656,744	49	372
Miscellaneous Revenue					539,272	237	774
Total General Revenues					\$ 51,820,504	\$ 1,650	\$ 153,761
Change in Net Position					\$ 45,224,419	\$ (32,938)	\$ 1,144,220
Net Position - January 1					\$ 438,068,283	\$ 314,957	\$ 95,477
Net Position - December 31					\$ 483,292,702	\$ 282,019	\$ 1,239,697

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

MOUNTRAIL COUNTY

Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2022

	General Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 117,868,005	\$ 82,541,552	\$ 46,927,360	\$ 247,336,917
Total Assets	<u>\$ 117,868,005</u>	<u>\$ 82,541,552</u>	<u>\$ 46,927,360</u>	<u>\$ 247,336,917</u>
FUND BALANCES				
Fund Balances				
Restricted				
Public Safety	\$ -	\$ 399,659	\$ -	\$ 399,659
Highways	-	79,133,049	46,927,360	126,060,409
Flood Repair	-	9,804	-	9,804
Health and Welfare	-	734,154	-	734,154
Culture and Recreation	-	135,514	-	135,514
Conservation of Natural Resources	-	566,765	-	566,765
Emergency	-	1,437,733	-	1,437,733
Subsequent Year Appropriations	-	124,874	-	124,874
Unassigned	117,868,005	-	-	117,868,005
Total Fund Balances	<u>\$ 117,868,005</u>	<u>\$ 82,541,552</u>	<u>\$ 46,927,360</u>	<u>\$ 247,336,917</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 117,868,005</u>	<u>\$ 82,541,552</u>	<u>\$ 46,927,360</u>	<u>\$ 247,336,917</u>

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

MOUNTRAIL COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – Modified Cash Basis
December 31, 2022

Total Fund Balances for Governmental Funds \$ 247,336,917

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. 236,965,713

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position.

Notes payable (1,009,928)

Total Net Position of Governmental Activities \$ 483,292,702

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

MOUNTRAIL COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds – Modified Cash Basis
For the Year Ended December 31, 2022

	General Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 59,492	\$ 1,910,874	\$ -	\$ 1,970,366
Intergovernmental	48,572,096	28,597,399	-	77,169,495
Charges for Services	1,004,643	1,677,693	-	2,682,336
Licenses, Permits and Fees	3,088,999	105,000	-	3,193,999
Interest Income	631,737	25,007	-	656,744
Miscellaneous	291,958	247,311	-	539,269
Total Revenues	\$ 53,648,925	\$ 32,563,284	\$ -	\$ 86,212,209
EXPENDITURES				
Current				
General Government	\$ 9,658,459	\$ -	\$ -	\$ 9,658,459
Public Safety	4,509,134	248,847	-	4,757,981
Highways	-	17,548,903	-	17,548,903
Economic Development	132,804	-	-	132,804
Health and Welfare	157,495	3,253,993	-	3,411,488
Culture and Recreation	-	914,276	-	914,276
Conser. of Natural Resources	152,875	603,828	-	756,703
Flood Repair	-	5,550	-	5,550
Capital Outlay	-	320,000	10,693,805	11,013,805
Debt Service				
Principal	-	476,715	-	476,715
Interest & Service Charges	-	58,031	-	58,031
Total Expenditures	\$ 14,610,767	\$ 23,430,143	\$ 10,693,805	\$ 48,734,715
Excess (Deficiency) of Revenues Over Expenditures	\$ 39,038,158	\$ 9,133,141	\$(10,693,805)	\$ 37,477,494
OTHER FINANCING SOURCES (USES)				
Sale of Capital Asset	\$ -	\$ 227,195	\$ -	\$ 227,195
Transfers In	3,401,319	3,142,351	23,437,289	29,980,959
Transfers Out	(6,287,710)	(23,693,249)	-	(29,980,959)
Total Other Financing Sources and Uses	\$ (2,886,391)	\$ (20,323,703)	\$ 23,437,289	\$ 227,195
Net Change in Fund Balances	\$ 36,151,767	\$ (11,190,562)	\$ 12,743,484	\$ 37,704,689
Fund Balance - January 1	\$ 81,716,238	\$ 93,732,114	\$ 34,183,876	\$ 209,632,228
Fund Balance - January 1 as restated	\$ 81,716,238	\$ 93,732,114	\$ 34,183,876	\$ 209,632,228
Fund Balance - December 31	\$ 117,868,005	\$ 82,541,552	\$ 46,927,360	\$ 247,336,917

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

MOUNTRAIL COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 37,704,689

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

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

Current Year Capital Outlay	\$ 19,532,285	
Current Year Depreciation	<u>(12,436,765)</u>	<u>7,095,520</u>

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

Loss on Disposal of Capital Assets	\$ 174,690	
Proceeds from Sale of Capital Assets	<u>(227,195)</u>	<u>(52,505)</u>

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term debt in the statement of net position. The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases liabilities on the statement of net position.

Repayment of Long-Term Debt		<u>476,715</u>
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Change in Net Position of Governmental Activities \$ 45,224,419

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

MOUNTRAIL COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2022

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	<u>\$ 338,660</u>	<u>\$ 3,367,090</u>
NET POSITION		
Restricted		
Funds held in trust	\$ 338,660	\$ -
Funds held for Other Governments	<u>-</u>	<u>3,367,090</u>
Total Net Position	<u>\$ 338,660</u>	<u>\$ 3,367,090</u>

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

MOUNTRAIL COUNTYStatement of Changes in Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2022

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Tax Collections for Other Governments	\$ -	\$ 20,018,089
Grant Collections for Other Governments	-	45,227,291
Miscellaneous Collections	<u>53,478</u>	<u>7,066</u>
Total Additions	<u>\$ 53,478</u>	<u>\$ 65,252,446</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ -	\$ 19,892,748
Grant Disbursements to Other Governments	-	45,227,291
Miscellaneous Disbursements	<u>-</u>	<u>745</u>
Total Deductions	<u>\$ -</u>	<u>\$ 65,120,784</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 53,478</u>	<u>\$ 131,662</u>
Net Position - Beginning	<u>\$ 285,182</u>	<u>\$ 3,235,428</u>
Net Position - Ending	<u>\$ 338,660</u>	<u>\$ 3,367,090</u>

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

MOUNTRAIL COUNTY

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

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Job Development Authority
ASSETS			
Cash and Investments	\$ 209,632,228	\$ 209,764	\$ 95,477
Capital Assets			
Nondepreciable	14,590,513	6,648	-
Depreciable, Net	<u>215,332,185</u>	<u>98,545</u>	<u>-</u>
Total Assets	<u>\$ 439,554,926</u>	<u>\$ 314,957</u>	<u>\$ 95,477</u>
LIABILITIES			
Long-Term Liabilities			
Due Within One Year			
Loans Payable	476,715	-	-
Due After One Year			
Loans Payable	<u>1,009,928</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 1,486,643</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net Investment in Capital Assets	\$ 228,436,055	\$ 105,193	\$ -
Restricted			
Public Safety	200,136	-	-
Highways	124,252,359	-	-
Flood Repair	9,804	-	-
Health and Welfare	577,158	-	-
Culture and Recreation	446,592	-	-
Conservation of Natural Resources	853,742	209,764	-
Economic Development	-	-	95,477
Emergencies	1,437,733	-	-
Subsequent Year Appropriations	138,466	-	-
Special Purposes			
Unrestricted	<u>81,716,238</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 438,068,283</u>	<u>\$ 314,957</u>	<u>\$ 95,477</u>

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

MOUNTRAIL COUNTY

Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	Job Development Authority
Primary Government							
General Government	\$ 5,596,532	\$ 3,236,856	\$ 205,209	\$ -	\$ (2,154,467)	\$ -	\$ -
Public Safety	4,319,971	499,679	40,063	-	(3,780,229)	-	-
Highways	21,735,063	794,289	16,429,272	1,612,374	(2,899,128)	-	-
Economic Development	110,211	-	-	-	(110,211)	-	-
Health and Welfare	3,301,631	-	3,025,673	-	(275,958)	-	-
Culture and Recreation	444,247	155,502	26,682	-	(262,063)	-	-
Conser. of Natural Resources	722,707	-	-	-	(722,707)	-	-
Emergency	-	-	2,451	-	2,451	-	-
Flood Repair	17,343	-	-	-	(17,343)	-	-
Interest Expense on Long-Term Debt	21,389	-	-	-	(21,389)	-	-
Total Primary Government	\$ 36,269,094	\$ 4,686,326	\$ 19,729,350	\$ 1,612,374	\$ (10,241,044)	\$ -	\$ -
Component Units							
Water Resource District	\$ 69,075	\$ -	\$ -	\$ -		\$ (69,075)	\$ -
Job Development Authority	104,974	-	-	-		-	(104,974)
Total Component Units	\$ 174,049	\$ -	\$ -	\$ -		\$ (69,075)	\$ (104,974)
General Revenues							
Property Taxes					\$ 4,242,080	\$ 68,936	\$ 139,486
Grants and Contributions Not Restricted to Specific Programs					33,518,252	-	-
Loss on Disposal of Assets					(650)	-	-
Interest Revenue					563,177	83	188
Miscellaneous Revenue					630,353	-	-
Total General Revenues					\$ 38,953,212	\$ 69,019	\$ 139,674
Change in Net Position					\$ 28,712,168	\$ (56)	\$ 34,700
Net Position - January 1					\$ 410,545,722	\$ 315,013	\$ -
Prior Period Adjustment					\$ (1,189,607)	\$ -	\$ 60,777
Net Position - January 1 as restated					\$ 409,356,115	\$ 315,013	\$ 60,777
Net Position - December 31					\$ 438,068,283	\$ 314,957	\$ 95,477

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

MOUNTRAIL COUNTY

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

	General Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 81,716,238	\$ 93,732,114	\$ 34,183,876	\$ 209,632,228
Total Assets	<u>\$ 81,716,238</u>	<u>\$ 93,732,114</u>	<u>\$ 34,183,876</u>	<u>\$ 209,632,228</u>
FUND BALANCES				
Fund Balances				
Restricted				
Public Safety	\$ -	\$ 200,136	\$ -	\$ 200,136
Highways	-	90,068,483	34,183,876	124,252,359
Flood Repair	-	9,804	-	9,804
Health and Welfare	-	577,158	-	577,158
Culture and Recreation	-	446,592	-	446,592
Conservation of Natural Resources	-	853,742	-	853,742
Emergency	-	1,437,733	-	1,437,733
Subsequent Year Appropriations	-	138,466	-	138,466
Unassigned	81,716,238	-	-	81,716,238
Total Fund Balances	<u>\$ 81,716,238</u>	<u>\$ 93,732,114</u>	<u>\$ 34,183,876</u>	<u>\$ 209,632,228</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 81,716,238</u>	<u>\$ 93,732,114</u>	<u>\$ 34,183,876</u>	<u>\$ 209,632,228</u>

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

MOUNTRAIL COUNTY

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

Total Fund Balances for Governmental Funds \$ 209,632,228

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. 229,922,698

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position.
Notes payable (1,486,643)

Total Net Position of Governmental Activities \$ 438,068,283

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

MOUNTRAIL COUNTY

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

	General Fund	Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 1,908,711	\$ 2,333,369	\$ -	\$ 4,242,080
Intergovernmental	33,711,204	19,536,400	-	53,247,604
Charges for Services	930,992	1,418,023	-	2,349,015
Licenses, Permits and Fees	2,337,311	-	-	2,337,311
Interest Income	374,770	188,407	-	563,177
Miscellaneous	139,482	490,868	-	630,350
Total Revenues	\$ 39,402,470	\$ 23,967,067	\$ -	\$ 63,369,537
EXPENDITURES				
Current				
General Government	\$ 5,241,676	\$ -	\$ -	\$ 5,241,676
Public Safety	4,015,978	196,482	-	4,212,460
Highways	-	18,345,885	-	18,345,885
Economic Development	110,211	-	-	110,211
Health and Welfare	145,835	3,126,756	-	3,272,591
Culture and Recreation	-	450,758	-	450,758
Conser. of Natural Resources	162,859	630,319	-	793,178
Flood Repair	-	17,343	-	17,343
Capital Outlay	-	95,624	14,526,158	14,621,782
Debt Service				
Principal	-	513,357	-	513,357
Interest & Service Charges	-	21,389	-	21,389
Total Expenditures	\$ 9,676,559	\$ 23,397,913	\$ 14,526,158	\$ 47,600,630
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,725,911	\$ 569,154	\$ (14,526,158)	\$ 15,768,907
OTHER FINANCING SOURCES (USES)				
Sale of Capital Asset	\$ 229,754	\$ 70,500	\$ -	\$ 300,254
Loan Proceeds	-	2,000,000	-	2,000,000
Transfers In	1,782,796	5,848,209	48,710,034	56,341,039
Transfers Out	(7,418,383)	(48,922,656)	-	(56,341,039)
Total Other Financing Sources and Uses	\$ (5,405,833)	\$ (41,003,947)	\$ 48,710,034	\$ 2,300,254
Net Change in Fund Balances	\$ 24,320,078	\$ (40,434,793)	\$ 34,183,876	\$ 18,069,161
Fund Balance - January 1	\$ 57,396,160	\$ 134,166,907	\$ -	\$ 191,563,067
Fund Balance - December 31	<u>\$ 81,716,238</u>	<u>\$ 93,732,114</u>	<u>\$ 34,183,876</u>	<u>\$ 209,632,228</u>

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

MOUNTRAIL COUNTY

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

Net Change in Fund Balances - Total Governmental Funds \$ 18,069,161

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

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

Current Year Capital Outlay	\$ 22,175,258	
Current Year Capital Contribution	1,612,374	
Current Year Depreciation	<u>(11,357,078)</u>	12,430,554

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

Gain on Disposal of Capital Assets	\$ (650)	
Proceeds from Sale of Capital Assets	<u>(300,254)</u>	<u>(300,904)</u>

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term debt in the statement of net position. The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases liabilities on the statement of net position.

Issuance of Loans	\$ (2,000,000)	
Repayment of Long-Term Debt	<u>513,357</u>	<u>(1,486,643)</u>

Change in Net Position of Governmental Activities \$ 28,712,168

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

MOUNTRAIL COUNTYStatement of Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2021

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 285,182	\$ 3,235,428
NET POSITION		
Restricted		
Funds held in trust	\$ 285,182	\$ -
Funds held for Other Governments	-	3,235,428
Total Net Position	\$ 285,182	\$ 3,235,428

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

MOUNTRAIL COUNTYStatement of Changes in Fiduciary Net Position – Fiduciary Funds – Modified Cash Basis
December 31, 2021

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Tax Collections for Other Governments	\$ -	\$ 18,269,249
Grant Collections for Other Governments	-	28,527,727
Miscellaneous Collections	36,594	-
Total Additions	<u>\$ 36,594</u>	<u>\$ 46,796,976</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ -	\$ 17,494,799
Grant Disbursements to Other Governments	-	28,527,727
Miscellaneous Disbursements	15,712	-
Total Deductions	<u>\$ 15,712</u>	<u>\$ 46,022,526</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 20,882</u>	<u>\$ 774,450</u>
Net Position - Beginning	<u>\$ 264,300</u>	<u>\$ 2,460,978</u>
Net Position - Ending	<u>\$ 285,182</u>	<u>\$ 3,235,428</u>

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

MOUNTRAIL COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Component Unit

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

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

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

Mountrail County Job Development Authority ("Job Development Authority") - The County's governing board approves the Job Development Authority's tax levies. The County's governing body has the authority to disapprove, amend or modify the job development authority's budget. The County commissioners approve all Job Development Authority board member appointments.

Basis of Presentation

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

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

The County reports the following major governmental funds:

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

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

Capital Project Fund - This fund accounts for the costs associated with construction of infrastructure.

Additionally, the County reports the following fund type:

Custodial Funds. These funds account for assets 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.

Private-Purpose Trust Funds. These funds account for assets held by the County in a trust on behalf of the other entities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus 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 Fund Financial Statements. 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. Only capital assets, job development loans receivable 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.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts, and certificate of deposits with a maturity date of 90 days or less.

The investments of the County during the years ended December 31, 2022 and December 31, 2021 consist of certificates of deposit stated at cost with maturities in excess of 90 days, stated at fair value.

Capital Assets

Primary Government

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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

Assets	Years
Buildings	5-75
Machinery & Equipment	3-30
Infrastructure	25-50

Long-Term Liabilities

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

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

Pension

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

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

Fund Balance

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

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

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

Net Position

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

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

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

Interfund Transactions

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

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

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

NOTE 2: PRIOR PERIOD ADJUSTMENTS

Primary Government

Net position of the County as of January 1, 2021 has been restated for net capital asset adjustments as shown below. The results of the adjustment decreased the beginning net position of the County.

Adjustments to beginning Net Position are as follows:

County - 2021	
Beginning Net Positon, as previously reported	\$ 410,545,722
Adjustment to restate the January 1, 2021 Net Position	
Capital Assets, Net	(1,189,607)
Net Position January 1, as restated	\$ 409,356,115

Job Development Authority

Fund Balance/Net Position of the Job Development Authority has been restated for an opening balance adjustment to properly include the Job Development Authority as a discretely presented component unit. The results of the adjustment increased the beginning net position of the Job Development Authority.

Adjustments to the beginning Fund Balance/Net Position are as follows:

Job Development Authority - 2021	Government Wide
Beginning Fund Balance/Net Positon, as previously reported	\$ -
Adjustment to restate the January 1, 2021 Net Position	
Net Position, Net	60,777
Net Position January 1, as restated	\$ 60,777

NOTE 3: DEPOSITS

Custodial Credit Risk

Credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution’s failure, the County would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The County does not have a formal policy regarding deposits that limits the amount it may invest in any one issuer.

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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

At year ended December 31, 2022, the County’s carrying amount of deposits totaled \$249,467,335, and the bank balances totaled \$250,676,510. Of the bank balances, \$1,500,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

At year ended December 31, 2021, the County’s carrying amount of deposits totaled \$211,605,358, and the bank balances totaled \$212,384,283. Of the bank balances, \$1,500,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

At year ended December 31, 2022, the Water Resource District’s carrying amount of deposits totaled \$187,255, and the bank balances totaled \$187,255, all of which were covered by Federal Depository Insurance.

At year ended December 31, 2021, the Water Resource District’s carrying amount of deposits totaled \$209,764, and the bank balances totaled \$209,764, all of which were covered by Federal Depository Insurance.

At year ended December 31, 2022, the Job Development Authority’s carrying amount of deposits totaled \$1,194,317, and the bank balances totaled \$1,194,317. Of the bank balances, \$301,665 was covered by Federal Depository Insurance. The remaining bank balances of \$892,652 were uninsured and uncollateralized.

At year ended December 31, 2021, the Job Development Authority’s carrying amount of deposits totaled \$95,477, and the bank balances totaled \$95,477, all of which were covered by Federal Depository Insurance.

NOTE 4: PROPERTY TAXES

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

NOTE 5: LONG-TERM LIABILITIES

Primary Government

During the years ended December 31, 2022 and 2021, the following changes occurred in liabilities reported in long-term liabilities:

Primary Government - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Notes Payable	\$ 1,486,643	\$ -	\$ 476,715	\$ 1,009,928	\$ 495,324
Total Long Term Liabilities	\$ 1,486,643	\$ -	\$ 476,715	\$ 1,009,928	\$ 495,324

Primary Government - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Notes Payable	\$ -	\$ 2,000,000	\$ 513,357	\$ 1,486,643	\$ 476,715
Total Long Term Liabilities	\$ -	\$ 2,000,000	\$ 513,357	\$ 1,486,643	\$ 476,715

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

Debt service requirements on long-term debt at December 31, 2022 is as follows:

Primary Government - 2022		
Year Ending Dec 31	Loans Payable	
	Principal	Interest
2023	495,324	39,422
2024	514,604	20,142
Total	\$ 1,009,928	\$ 59,564

NOTE 6: LOANS RECEIVABLE

Job Development Authority

The Mountrail County Job Development Authority provides loans to businesses for startup costs or expansion costs. The Job Development Authority had the following loans receivable activity for the year ended December 31, 2022.

	Balance January 1	New Loans	Principal Payments	Balance December 31
Loans Receivable	\$ -	\$ 45,380	\$ -	\$ 45,380

NOTE 7: TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs. Transfers were also made to close out funds and to open a new capital project fund to finance various road and bridge projects. The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2022 and 2021:

Transfers - 2022	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 3,401,319	\$ 6,287,710
Special Revenue Fund	3,142,351	23,693,249
Capital Project Fund	23,437,289	-
Total Transfers	\$ 29,980,959	\$ 29,980,959

Transfers - 2021	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 1,782,796	\$ 7,418,383
Special Revenue Fund	5,848,209	48,922,656
Capital Project Fund	48,710,034	-
Total Transfers	\$ 56,341,039	\$ 56,341,039

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 8: CAPITAL ASSETS

Primary Government

The following is a summary of changes in capital assets for the years ended December 31, 2022 and 2021:

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Primary Government - 2022					
<i>Capital assets not being depreciated</i>					
Land	\$ 1,661,754	\$ 60,000	\$ -	\$ -	\$ 1,721,754
Construction in Progress	12,928,759	18,379,174	-	(6,994,971)	24,312,962
Total capital assets not being depreciated	\$ 14,590,513	\$ 18,439,174	\$ -	\$ (6,994,971)	\$ 26,034,716
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 215,658,390	\$ -	\$ -	\$ 6,994,971	\$ 222,653,361
Buildings	41,203,836	-	-	-	41,203,836
Machinery, Vehicles, & Equipment	14,753,163	1,093,109	(457,496)	-	15,388,776
Total capital assets, being depreciated	\$ 271,615,389	\$ 1,093,109	\$ (457,496)	\$ 6,994,971	\$ 279,245,973
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 44,826,094	\$ 10,273,393	\$ -	\$ -	\$ 55,099,487
Buildings	3,545,220	580,829	-	-	4,126,049
Machinery, Vehicles, & Equipment	7,911,890	1,582,669	(404,991)	-	9,089,568
Total accumulated depreciation	\$ 56,283,204	\$ 12,436,891	\$ (404,991)	\$ -	\$ 68,315,104
Total capital assets being depreciated, net	\$ 215,332,185	\$ (11,343,782)	\$ (52,505)	\$ 6,994,971	\$ 210,930,869
Total capital assets, net	\$ 229,922,698	\$ 7,095,392	\$ (52,505)	\$ -	\$ 236,965,585

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Primary Government - 2021					
<i>Capital assets not being depreciated</i>					
Land	\$ 1,740,254	\$ -	\$ (78,500)	\$ -	\$ 1,661,754
Construction in Progress	24,597,074	18,903,688	(122,696)	(30,449,307)	12,928,759
Total capital assets not being depreciated	\$ 26,337,328	\$ 18,903,688	\$ (201,196)	\$ (30,449,307)	\$ 14,590,513
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 185,209,083	\$ -	\$ -	\$ 30,449,307	\$ 215,658,390
Buildings	37,367,859	4,095,807	(259,830)	-	41,203,836
Machinery, Vehicles, & Equipment	14,205,739	910,832	(363,408)	-	14,753,163
Total capital assets, being depreciated	\$ 236,782,681	\$ 5,006,639	\$ (623,238)	\$ 30,449,307	\$ 271,615,389
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 35,612,043	\$ 9,214,051	\$ -	\$ -	\$ 44,826,094
Buildings	3,029,167	569,103	(53,050)	-	3,545,220
Machinery, Vehicles, & Equipment	6,685,751	1,573,923	(347,784)	-	7,911,890
Total accumulated depreciation	\$ 45,326,961	\$ 11,357,077	\$ (400,834)	\$ -	\$ 56,283,204
Total capital assets being depreciated, net	\$ 191,455,720	\$ (6,350,438)	\$ (222,404)	\$ 30,449,307	\$ 215,332,185
Total capital assets, net	\$ 217,793,048	\$ 12,553,250	\$ (423,600)	\$ -	\$ 229,922,698

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	2022	2021
General Government	\$ 440,052	\$ 439,410
Public Safety	103,330	107,511
Highways	11,780,592	10,696,191
Health and Welfare	24,623	29,040
Culture and Recreation	49,355	47,436
Conservation of Natural Resources	38,939	37,489
Economic Development	-	-
Total Depreciation Expense	\$ 12,436,891	\$ 11,357,077

Water Resource District

The following is a summary of changes in capital assets for the years ended December 31, 2022 and 2021:

Water Resource District - 2022	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 6,648	\$ -	\$ -	\$ -	\$ 6,648
<i>Capital assets, being depreciated</i>					
Buildings	\$ 39,209	\$ -	\$ -	\$ -	\$ 39,209
Machinery, Vehicles, & Equipment	125,295	-	-	-	125,295
Total capital assets, being depreciated	\$ 164,504	\$ -	\$ -	\$ -	\$ 164,504
<i>Less accumulated depreciation for</i>					
Buildings	\$ 6,440	\$ 2,661	\$ -	\$ -	\$ 9,101
Machinery, Vehicles, & Equipment	59,519	7,768	-	-	67,287
Total accumulated depreciation	\$ 65,959	\$ 10,429	\$ -	\$ -	\$ 76,388
Total capital assets being depreciated, net	\$ 98,545	\$ (10,429)	\$ -	\$ -	\$ 88,116
Total capital assets, net	\$ 105,193	\$ (10,429)	\$ -	\$ -	\$ 94,764

Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 6,648	\$ -	\$ -	\$ -	\$ 6,648
<i>Capital assets, being depreciated</i>					
Buildings	\$ 25,209	\$ 14,000	\$ -	\$ -	\$ 39,209
Machinery, Vehicles, & Equipment	125,295	-	-	-	125,295
Total capital assets, being depreciated	\$ 150,504	\$ 14,000	\$ -	\$ -	\$ 164,504
<i>Less accumulated depreciation for</i>					
Buildings	\$ 3,780	\$ 2,660	\$ -	\$ -	\$ 6,440
Machinery, Vehicles, & Equipment	51,751	7,768	-	-	59,519
Total accumulated depreciation	\$ 55,531	\$ 10,428	\$ -	\$ -	\$ 65,959
Total capital assets being depreciated, net	\$ 94,973	\$ 3,572	\$ -	\$ -	\$ 98,545
Total capital assets, net	\$ 101,621	\$ 3,572	\$ -	\$ -	\$ 105,193

Depreciation expense was charged to the Conservation of Natural Resources function.

NOTE 9: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At December 31, 2022 and 2021, the County's proportionate share of the net pension liability was \$19,526,477 and \$7,106,322 respectively. The net pension liability was measured as of June 30, 2022 and 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2022 and 2021, the County's proportion was .677987 and .681792 percent, respectively, which was a decrease of .003805 percent for 2022 and an decrease of .019858 percent for 2021. The Employer's share of the net pension liability is not reported in financial statements shown under the modified cash basis of accounting.

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.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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.

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

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

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

At December 31, 2022 and 2021, the County's proportionate share of the net pension liability was \$19,526,477 and \$7,106,322 respectively. The net pension liability was measured as of June 30, 2022 and 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2022 and 2021, the County's proportion was .677987 and .681792 percent, respectively, which was a decrease of .003805 percent for 2022 and an decrease of .019858 percent for 2021. The Employer's share of the net pension liability is not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	5.10%, 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.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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

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

Discount rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

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 5.10 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 (4.10 percent) or 1-percentage-point higher (6.12 percent) than the current rate:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Proportionate Share of the Net Pension Liability	\$ 25,773,607	\$ 19,526,477	\$ 14,397,800

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: OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2022 and 2021, the County’s proportionate share of the net OPEB liability was \$738,154 and \$353,347 respectively. The net OPEB liability was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2022 and 2021, the County’s proportion was .614970 and .635319 percent, respectively, which was a decrease of .020349 percent for 2022 and a decrease of .021258 percent for 2021. The Employer’s share of the net OPEB liability is not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not Applicable
Investment Rate of Return	5.75%, 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	35%	0.50%
International Equities	26%	6.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. 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.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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, 2022, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease (5.39%)	Current Discount Rate (6.39%)	1% Increase (7.39%)
Proportionate Share of the OPEB Liability	\$ 942,210	\$ 738,154	\$ 566,855

NOTE 11: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of \$4,000,000 per occurrence for general liability and for automobile, and \$9,773,622 for public assets (mobile equipment and portable property).

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

NOTE 12: JOINT VENTURE

Mountrail County entered into a joint venture with Williams, 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.

Audited summary financial information for the year ended December 31, 2021, the most recent year audited, is as follows:

	Upper Missouri District Health Unit
Total Assets & Deferred Outflows	\$ 4,558,578
Total Liabilities & Deferred Inflows	4,158,520
Net Position	\$ 400,058
Revenues	\$ 4,171,461
Expenses	3,614,704
Change in Net Position	\$ 556,757

Complete financial information can be obtained from the Upper Missouri District Health Unit; 110 W Broadway Suite 101, Williston, ND 58801-5522.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 13: COMMITMENTS

Mountrail County had the following open constructions commitments as of December 31, 2022:

Project	Total Contract With Change Orders	Total Completed	Retainage	Remaining Balance (Includes Retainage)	County Portion	Federal & State Portion
Project 03(71)22 - CR3 - 71st Avenue - From 69th Street to ND50 - Gravel Reconstruction - Engineering	\$ 960,000	\$ 9,925	\$ -	\$ 950,075	\$ 950,075	\$ -
Project 04(74)19 - CR4 - 74th Str. From ND8 to CR7 - HBP Reconstruction - Engineering	1,405,000	1,242,512	-	162,488	162,488	-
Project 04(74)19 - CR4 - 74th Str. From ND8 to CR7 - HBP Reconstruction - Construction	13,781,872	13,104,276	673,704	1,351,301	1,351,301	-
Project 06(68)22 - CR6 - 68th Street from City of White Earth to Williams County Line - R	471,041	417,660	-	53,381	53,381	-
Project 12(42)22 - CR12 - CR3 Dairy Road to Plaza - HMA Surfacing - Engineering	815,000	185,470	-	629,530	629,530	-
Project PM2021 - 2021 Chip Seal Project - Engineering	57,000	55,653	-	1,347	1,347	-
Project PM2021 - 2021 Chip Seal Project - Construction	1,120,849	1,045,405	10,934	86,379	-	86,379
Project PM2022 - 2022 Chip Seal Project - Engineering	45,000	18,013	-	26,987	26,987	-
Project PM2022 - 2022 Chip Seal Project - Construction	1,415,654	-	-	1,415,654	1,415,654	-
Project PM2023 - 2023 Chip Seal Project - Engineering	58,000	-	-	58,000	58,000	-
Project 07(93)22 - CR7 - Manitou Rd - Overlay - Engineering	226,772	148,810	-	77,961	77,961	-
Project 10(51)22 - CR10 - Beldon Rd - Overlay - Engineering	109,000	81,590	-	27,410	27,410	-
Project 10(51)22 - CR10 - Beldon Rd - Overlay - Construction	8,654,736	8,510,183	424,300	568,853	568,853	-
Project 21(92)22 - CR21 - Sanish Rd - Overlay - Engineering	133,228	87,533	-	45,695	45,695	-
Project RW710322 - CR3 - 69th Street to ND50 - ROW Acquisition - Engineering	246,000	1,075	-	244,925	244,925	-
Project BRO-0031(056) - Cottonwood Lake Bridge - Engineering	130,000	121,036	-	8,964	8,964	-
Project BRO-0031(056) - Cottonwood Lake Bridge - Construction	346,790	-	-	346,790	66,133	280,657
BR10625 - Old Scenic Hwy Bridge - Engineering	105,000	40,193	-	64,807	64,807	-
BR10625 - Old Scenic Hwy Bridge - Construction	1,060,197	-	-	1,060,197	1,060,197	-
Project 09(100)19 - 101st / 54th / 100th from ND1804 south to White Earth Bay Enginee	967,960	960,689	-	7,271	7,271	-
Project UO(41)22 - 41st Street - ND1804 west to Cty End ROW in Subdivision - Reconst	391,880	202,507	-	189,373	189,373	-
Project HLC-3115(057) - CR21 - High Friction Surface Treatment - Engineering	30,000	26,459	-	3,542	3,542	-
Project HLC-3115(057) - CR21 - High Friction Surface Treatment - Construction	288,110	-	-	288,110	28,811	259,299
Total	\$ 32,819,089	\$26,258,989	\$ 1,108,938	\$ 7,669,040	\$ 7,042,705	\$ 626,335

NOTE 14: CONTINGENT LIABILITIES

The County is a defendant in various lawsuits incident to its operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the financial condition of the County.

NOTE 15: SUBSEQUENT EVENTS

In 2023, Mountrail County entered into various contracts for engineering and construction of road projects, totaling \$63,235,735.

MOUNTRAIL COUNTY

Budgetary Comparison Schedule - General Fund
 December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 22,000	\$ 22,000	\$ 59,492	\$ 37,492
Intergovernmental	31,581,931	31,581,931	48,572,096	16,990,165
Charges for Services	877,626	877,626	1,004,643	127,017
Licenses, Permits and Fees	1,695,615	1,695,615	3,088,999	1,393,384
Interest Income	1,400,000	1,400,000	631,737	(768,263)
Miscellaneous	159,878	159,878	291,958	132,080
Total Revenues	\$ 35,737,050	\$ 35,737,050	\$ 53,648,925	\$ 17,911,875
EXPENDITURES				
Current				
General Government	\$ 8,413,123	\$ 8,413,123	\$ 9,658,459	\$ (1,245,336)
Public Safety	6,103,035	6,103,035	4,509,134	1,593,901
Economic Development	178,071	178,071	132,804	45,267
Health & Welfare	169,866	169,866	157,495	12,371
Conservation of Natural Resources	170,808	170,808	152,875	17,933
Total Expenditures	\$ 15,034,903	\$ 15,034,903	\$ 14,610,767	\$ 424,136
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,702,147	\$ 20,702,147	\$ 39,038,158	\$ 18,336,011
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 148,309	\$ 148,309	\$ 3,401,319	\$ 3,253,010
Transfers Out	(6,287,710)	(6,287,710)	(6,287,710)	-
Total Other Financing Sources and Uses	\$ (6,139,401)	\$ (6,139,401)	\$ (2,886,391)	\$ 3,253,010
Net Change in Fund Balance	\$ 14,562,746	\$ 14,562,746	\$ 36,151,767	\$ 21,589,021
Fund Balance - January 1	\$ 81,716,238	\$ 81,716,238	\$ 81,716,238	\$ -
Fund Balance - December 31	\$ 96,278,984	\$ 96,278,984	\$ 117,868,005	\$ 21,589,021

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

MOUNTRAIL COUNTY

Budgetary Comparison Schedule – Special Revenue Fund
 December 31, 2022

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,767,668	\$ 1,767,668	\$ 1,910,874	\$ 143,206
Intergovernmental	6,796,901	6,796,901	28,597,399	21,800,498
Charges for Services	999,275	999,275	1,677,693	678,418
Interest Income	50,000	50,000	25,007	(24,993)
Miscellaneous	396,000	396,000	247,311	(148,689)
Total Revenues	\$ 10,009,844	\$ 10,009,844	\$ 32,563,284	\$ 22,553,440
EXPENDITURES				
Current				
Public Safety	\$ 436,331	\$ 436,331	\$ 248,847	\$ 187,484
Highways	31,672,095	31,672,095	17,548,903	14,123,192
Flood Repair	177,915	177,915	5,550	172,365
Health and Welfare	3,290,349	3,290,349	3,253,993	36,356
Culture and Recreation	547,938	911,116	914,276	(3,160)
Conser. of Natural Resources	628,669	628,669	603,828	24,841
Emergency	1,438,043	1,438,043	-	1,438,043
Capital Outlay	1,024,122	1,024,122	320,000	704,122
Total Expenditures	\$ 39,215,462	\$ 39,578,640	\$ 23,430,143	\$ 17,217,989
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (29,205,618)	\$ (29,568,796)	\$ 9,133,141	\$ 38,701,937
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ -	\$ -	\$ 227,195	\$ 227,195
Transfers In	-	-	3,142,351	3,142,351
Transfers Out	(22,944,100)	(22,958,587)	(23,693,249)	(734,662)
Total Other Financing Sources and Uses	\$ (22,944,100)	\$ (22,958,587)	\$ (20,323,703)	\$ 2,634,884
Net Change in Fund Balances	\$ (52,149,718)	\$ (52,527,383)	\$ (11,190,562)	\$ 41,336,821
Fund Balance - January 1	\$ 93,732,114	\$ 93,732,114	\$ 93,732,114	\$ -
Fund Balance - December 31	<u>\$ 41,582,396</u>	<u>\$ 41,204,731</u>	<u>\$ 82,541,552</u>	<u>\$ 41,336,821</u>

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

MOUNTRAIL COUNTYBudgetary Comparison Schedule - General Fund
December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,028,673	\$ 2,028,673	\$ 1,908,711	\$ (119,962)
Intergovernmental	11,208,376	11,208,376	33,711,204	22,502,828
Charges for Services	618,626	618,626	930,992	312,366
Licenses, Permits and Fees	3,787,615	3,787,615	2,337,311	(1,450,304)
Interest Income	2,800,000	2,800,000	374,770	(2,425,230)
Miscellaneous	175,646	175,646	139,482	(36,164)
Total Revenues	\$ 20,618,936	\$ 20,618,936	\$ 39,402,470	\$ 18,783,534
EXPENDITURES				
Current				
General Government	\$ 6,617,844	\$ 6,617,844	\$ 5,241,676	\$ 1,376,168
Public Safety	5,023,732	5,023,732	4,015,978	1,007,754
Economic Development	164,018	164,018	110,211	53,807
Health & Welfare	154,123	154,123	145,835	8,288
Conservation of Natural Resources	167,299	167,299	162,859	4,440
Total Expenditures	\$ 12,127,016	\$ 12,127,016	\$ 9,676,559	\$ 2,450,457
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,491,920	\$ 8,491,920	\$ 29,725,911	\$ 21,233,991
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 1,782,796	\$ 1,782,796
Transfers Out	(22,358,574)	(22,358,574)	(7,418,383)	14,940,191
Total Other Financing Sources and Uses	\$ (22,358,574)	\$ (22,358,574)	\$ (5,405,833)	\$ 16,952,741
Net Change in Fund Balance	\$ (13,866,654)	\$ (13,866,654)	\$ 24,320,078	\$ 38,186,732
Fund Balance - January 1	\$ 57,396,160	\$ 57,396,160	\$ 57,396,160	\$ -
Fund Balance - December 31	\$ 43,529,506	\$ 43,529,506	\$ 81,716,238	\$ 38,186,732

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

MOUNTRAIL COUNTY

Budgetary Comparison Schedule – Special Revenue Fund
 December 31, 2021

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,200,575	\$ 2,200,575	\$ 2,333,369	\$ 132,794
Intergovernmental	4,031,935	4,031,935	19,536,400	15,504,465
Charges for Services	987,387	987,387	1,418,023	430,636
Interest Income	50,000	50,000	188,407	138,407
Miscellaneous	296,000	296,000	490,868	194,868
Total Revenues	\$ 7,565,897	\$ 7,565,897	\$ 23,967,067	\$ 16,401,170
EXPENDITURES				
Current				
Public Safety	\$ 479,556	\$ 479,556	\$ 196,482	\$ 283,074
Highways	23,804,594	24,614,934	18,345,885	6,269,049
Flood Repair	133,257	150,600	17,343	133,257
Health and Welfare	3,327,188	3,327,188	3,126,756	200,432
Culture and Recreation	639,240	639,240	450,758	188,482
Conser. of Natural Resources	659,993	659,993	630,319	29,674
Emergency	1,238,359	1,238,359	-	1,238,359
Capital Outlay	44,374,837	44,374,837	95,624	44,279,213
Total Expenditures	\$ 74,657,024	\$ 75,484,707	\$ 23,397,913	\$ 53,156,286
Excess (Deficiency) of Revenues Over Expenditures	\$ (67,091,127)	\$ (67,918,810)	\$ 569,154	\$ 68,487,964
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ -	\$ -	\$ 70,500	\$ 70,500
Loan Proceeds	-	-	2,000,000	2,000,000
Transfers In	7,461,680	7,461,680	5,848,209	(1,613,471)
Transfers Out	(132,275)	(132,275)	(48,922,656)	(48,790,381)
Total Other Financing Sources and Uses	\$ 7,329,405	\$ 7,329,405	\$ (41,003,947)	\$ (48,333,352)
Net Change in Fund Balances	\$ (59,761,722)	\$ (60,589,405)	\$ (40,434,793)	\$ 20,154,612
Fund Balance - January 1	\$ 134,166,907	\$ 134,166,907	\$ 134,166,907	\$ -
Fund Balance - December 31	\$ 74,405,185	\$ 73,577,502	\$ 93,732,114	\$ 20,154,612

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

MOUNTRAIL COUNTY

Schedule of Employer's Share of Net Pension and Employer Contributions
 For the Years Ended December 31, 2022 and 2021

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.677987%	\$ 19,526,477	\$7,870,319	248.10%	55.03%
2021	0.681792%	7,106,322	7,720,554	92.04%	78.26%
2020	0.701650%	22,074,059	7,740,050	285.19%	48.91%
2019	0.625187%	7,327,644	6,503,005	112.68%	71.66%
2018	0.633723%	10,694,767	6,510,346	164.27%	62.80%
2017	0.628578%	10,103,331	6,416,796	157.45%	61.98%
2016	0.592772%	5,777,141	5,973,748	96.71%	70.46%
2015	0.540752%	3,677,021	4,817,448	76.33%	77.15%
2014	0.480448%	3,527,033	4,047,196	87.15%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 592,769	\$ 579,589	\$ 13,180	\$ 7,907,669	7.33%
2021	463,874	459,430	4,444	7,516,944	6.11%
2020	548,063	530,111	17,952	7,720,554	6.85%
2019	473,456	476,906	(3,450)	6,503,005	7.33%
2018	479,515	464,168	15,347	6,510,346	7.13%
2017	465,296	445,016	20,280	6,416,796	6.94%
2016	432,489	421,492	10,997	5,973,748	7.06%
2015	365,923	367,420	(1,497)	4,817,448	7.63%
2014	288,160	288,160	-	4,047,196	7.12%

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

MOUNTRAIL COUNTY

Schedule of Employer’s Share of Net OPEB Liability and Employer Contributions
 For the Years Ended December 31, 2022 and 2021

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.635319%	\$ 738,154	\$ 6,348,982	11.63%	56.28%
2021	0.635319%	353,347	6,926,611	5.10%	76.63%
2020	0.656577%	552,311	7,484,782	7.38%	63.38%
2019	0.582781%	468,082	6,503,005	7.20%	63.13%
2018	0.594978%	468,586	6,510,346	7.20%	61.89%
2017	0.593137%	469,178	6,416,796	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District’s Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 77,275	\$ 77,335	\$ (60)	\$ 7,907,669	0.98%
2021	83,294	84,179	(885)	7,516,944	1.12%
2020	87,931	83,824	4,107	7,484,782	1.12%
2019	75,630	76,358	(728)	6,503,005	1.17%
2018	76,363	74,318	2,045	6,510,346	1.14%
2017	74,591	71,251	3,340	6,416,796	1.11%

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

MOUNTRAIL COUNTY

Notes to the Supplementary Information
For the Years Ended December 31, 2022 and 2021

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

OPEB

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

MOUNTRAIL COUNTY

Notes to the Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Pension

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

OPEB

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

NOTE 5: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The board of County commissioners amended the County budget for 2022 and 2021 as follows:

2022	Original Budget	Amendment	Amended Budget
EXPENDITURES/TRANSFERS OUT			
Special Revenue Fund	\$ 62,159,562	\$ 377,665	\$ 62,537,227

2021	Original Budget	Amendment	Amended Budget
EXPENDITURES			
Special Revenue Fund	\$ 74,789,299	\$ 827,683	\$ 75,616,982

MOUNTRAIL COUNTY

Schedule of Expenditures of Federal Awards – Modified Cash Basis For the Years Ended December 31, 2022 and 2021

ALN Number	Program Title	Pass-Through Grantor's Number	Fiscal Year 2021 Expenditures	Fiscal Year 2022 Expenditures	Total Expenditures
U.S. DEPARTMENT OF INTERIOR					
Passed through the State Treasurer					
15.227	Distribution of Receipts to State and Local Governments	N/A	\$ 73	\$ 45	\$ 118
15.437	Mineral Leasing Act	N/A	1,668,740	1,519,803	3,188,543
Passed through the State Department of Game and Fish					
15.605	Sport Fish Restoration Program	N/A	4,000	-	4,000
Passed through the State Department of Parks and Recreation					
15.916	Outdoor Recreation Acquisition, Development and Planning	N/A	-	4,250	4,250
Total U.S Department of Interior			\$ 1,672,813	\$ 1,524,098	\$ 3,196,911
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through State Department of Health and Human Services					
93.044	Special Programs for the Aging	S091	\$ 104,278	\$ -	\$ 104,278
93.788	Opioid STR	10.11549(19-21)	36,012	-	36,012
93.563	Child Support Enforcement	N/A	46	-	46
93.136	Injury Prevention and Control Research and State and Community	N/A	-	50.00	50
Total U.S Department of Health and Human Services			\$ 140,336	\$ 50	\$ 140,386
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through the State Department of Emergency Management					
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4509, DR4475	\$ 2,451	\$ 20,697	\$ 23,148
97.047	Pre-Disaster Mitigation	N/A	-	22,307	22,307
97.042	Emergency Management Performance Grants	EMPG2018, EMPG2019	16,449	28,167	44,616
Total U.S Department of Homeland Security			\$ 18,900	\$ 71,171	\$ 90,071
US DEPARTMENT OF THE TREASURY					
Direct Program					
21.027	Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 810,340	\$ 320,875	\$ 1,131,216
Total U.S. Department of the Treasury			\$ 810,340	\$ 320,875	\$ 1,131,216
US DEPARTMENT OF LABOR					
Passed Through State Department of Labor					
17.225	Unemployment Insurance (UI)	N/A	\$ -	\$ 593	\$ 593
Total U.S Department of Housing and Urban Development			\$ -	\$ 593	\$ 593
Total Expenditures of Federal Awards			\$ 2,642,389	\$ 1,916,787	\$ 4,559,177

See notes to the Schedule of Expenditures of Federal Awards

MOUNTRAIL COUNTY

Notes to the Schedule of Federal Awards
For the Years Ended December 31, 2022 and 2021

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified cash basis of accounting. For certain programs shown on the schedule of expenditures of federal awards, federal reimbursements are not based upon specific expenditures, the amounts reported here represent cash received rather than federal expenditures. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The County received federal awards both directly and indirectly through pass-through entities. The County has not provided any federal financial assistance to subrecipients.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Governmental fund types account for the County's federal grant activity. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

NOTE 3 PASS-THROUGH GRANT NUMBER

For federal programs marked "N/A", the County was unable to obtain a pass-through grant number.

NOTE 4 INDIRECT COST RATE

The County does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

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

Independent Auditor's Report

Board of County Commissioners
Mountrail County
Stanley, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mountrail County as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise Mountrail County's basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mountrail 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 Mountrail County's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountrail 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 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings and questioned costs* as item 2022-001, 2022-002, 2022-003, and 2022-004 to be material weaknesses.

MOUNTRAIL COUNTY

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountrail County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying *schedule of audit findings and questioned costs* as item 2022-001.

Mountrail County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mountrail County's response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Mountrail 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 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.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 23, 2024

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of County Commissioners
Mountrail County
Stanley, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mountrail 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 Mountrail County's major federal programs for the years ended December 31, 2022 and December 31, 2021. Mountrail 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, Mountrail 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, 2022 and 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 (GAS); 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 Mountrail 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 Mountrail 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 Mountrail County's federal programs.

MOUNTRAIL COUNTY

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance - Continued

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 Mountrail 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 Mountrail 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 Mountrail 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 Mountrail 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 Mountrail 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.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota

February 23, 2024

MOUNTRAIL COUNTY

Summary of Auditor's Results
 For the Years Ended December 31, 2022 and 2021

Financial Statements

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

Internal control over financial reporting

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

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None	noted
Reportable conditions identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None	noted
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 CFR §200.516 (Uniform Guidance) requirements?	<u> </u> Yes	<u> X </u> None	noted

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
15.437	Mineral Leasing Act
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

MOUNTRAIL COUNTY

Schedule of Audit Findings and Questioned Costs
For the Years Ended December 31, 2022 and 2021

2022-001 – COUNTY BUDGET - MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition

Mountrail County did not prepare its 2022 and 2021 budgets in accordance with state laws listed below:

- The estimated cash amount for the mill levy calculation did not have proper supporting documentation in accordance with N.D.C.C. §57-15-31(1).
- The preliminary and final budget files for 2022 and 2021 did not include the 5th required element included in N.D.C.C. §11-23-02.

Criteria

N.D.C.C. §57-15-31(1) states, "The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes must be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance;
2. Estimated revenues from sources other than direct property taxes;
3. The total estimated collections from tax levies for previous years;
4. Expenditures that must be made from bond sources;
5. The amount of distributions received from an economic growth increment pool under section 57-15-61; and
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03."

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

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

Cause

Mountrail County may not have procedures in place to ensure the preliminary budget, final budget, and mill levy calculations have supporting documentation that include all of the elements required by N.D.C.C. §11-23-02 and N.D.C.C. §57-15-31(1).

Effect

The estimates for year-end cash and the 5th element identified in N.D.C.C. §11-23-02 are key components in the tax levy calculation in any budget year. Thus, Mountrail County may have improperly calculated the tax levies for the 2021 and 2022 preliminary and final budgets.

MOUNTRAIL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

Repeat Finding

Yes.

Recommendation

We recommend that Mountrail County implement procedures to ensure its compliance with all aspects of N.D.C.C. §57-15-31(1) and N.D.C.C. §11-23-02.

Mountrail County's Response

See Corrective Action Plan

MOUNTRAIL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2022-002 – ADJUSTING JOURNAL ENTRIES – REVENUE MISCLASSIFICATION - MATERIAL WEAKNESS

Condition

Material auditor-identified adjusting entries for the reclassification of miscellaneous revenue to intergovernmental revenue and charge for services totaling \$1,469,225 and \$385,271 for 2021 and 2022, respectively, were proposed to properly reflect the financial statements in accordance with the modified cash basis of accounting. The financial statements reflect the adjustments and were approved by management.

Criteria

Mountrail County is responsible for ensuring its annual financial statements, including revenues and other financing sources, are reliable, accurate, free of material misstatement, and in accordance with modified cash basis of accounting.

Cause

Mountrail County, at times, records various transactions as miscellaneous revenue instead of the appropriate categories in accordance with the modified cash basis of accounting.

Effect

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

Repeat Finding

Yes.

Recommendation

We recommend that Mountrail County review all revenue transactions carefully to ensure the appropriate classification and presentation in the financial statements, in accordance with modified cash basis of accounting.

Mountrail County's Response

See Corrective Action Plan

MOUNTRAIL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2022-003 – JOB DEVELOPMENT AUTHORITY - MATERIAL WEAKNESS

Condition

The Mountrail County Job Development Authority (JDA) is a discretely presented component unit that was not included in any of Mountrail County's prior years financial statements. Audit adjustments were proposed and accepted by management and the JDA is currently included in the financial statements accurately.

Criteria

Mountrail County is responsible for ensuring its annual financial statements, including its component units, are reliable, accurate, free of material misstatement, and in accordance with modified cash basis of accounting.

The Government Accounting Standards Board (GASB) established GASB 14, GASB 61, GASB 80, GASB 85, and GASB 90 that together relate to the reporting of various types of entities and one type would be a discretely presented component unit to the primary government. Discrete presentation entails reporting component unit financial data in a separate column in the general-purpose financial statements (GPFS) and presenting appropriate note disclosures in the notes to the primary government's financial statements.

Cause

Mountrail County was not aware the JDA was a discretely presented component unit and should have been included its financial statements.

Effect

The financial statements of Mountrail County would have been materially misstated if the JDA had not been included as a discretely presented component unit.

Repeat Finding

No.

Recommendation

We recommend that Mountrail County ensure that all required discretely presented component units are included in its financial statements.

Mountrail County's Response

See Corrective Action Plan

MOUNTRAIL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued
For the Years Ended December 31, 2022 and 2021

2022-004 – SEGREGATION OF DUTIES – WRD - MATERIAL WEAKNESS

Condition

Mountrail County Water Resource District has one Secretary/Treasurer responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the check register, maintain the general ledger, and perform bank reconciliations.

Criteria

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel, so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the district.

Cause

Management has chosen to allocate economic resources to other functions of the Water Resource District.

Effect

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the Mountrail County Water Resource District's financial condition, whether due to error or fraud.

Repeat Finding

Yes.

Recommendation

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Mountrail County Water Resource District's Response

See Corrective Action Plan

MOUNTRAIL COUNTY

Management's Corrective Action Plan
For the Years Ended December 31, 2022 and 2021

**Office of the Mountrail County Auditor
State of North Dakota**

Stephanie A Pappa - County Auditor
Mountrail County Courthouse
101 North Main Street - Box 69
Stanley, North Dakota 58784-0069
Tel. (701) 628-2145 Fax (701) 628-2276
Email: stephp@co.mountrail.nd.us

Date: February 8, 2024
To: Joshua C. Gallion, ND State Auditor
From: Steph Pappa, County Auditor
RE: Mountrail County – FY2022 Management's Response

Contact Person Responsible for Corrective Acton Plan: Steph Pappa, County Auditor

Section I – Financial Statement Findings:

2022-001 COUNTY BUDGET – MATERIAL WEAKNESS

Condition:

Mountrail County did not prepare it's 2022 and 2021 budgets in accordance with state laws listed below:

- The estimated cash amount for the mill levy calculation did not have proper supporting documentation in accordance with N.D.C.C. §57-15-31(1).
- The preliminary and final budget files for 2022 and 2021 did not include the 5th required element included in N.D.C.C. §11-23-02.

Management's Response:

We Agree: The County has made changes to make the estimated cash balance closer along with more supporting documentation. The County Budget will include the preceding, current and ensuing balances for all years.

Anticipated Completion Date:

Fiscal Year 2023

2022-002 – ADJUSTING JOURNAL ENTRIES – REVENUE MISCLASSIFICATION - MATERIAL WEAKNESS

Condition:

Material auditor-identified adjusting entries for the reclassification of miscellaneous revenue to intergovernmental revenue and charges for services totaling \$1,347,564 and \$250,000 for 2021 and 2022, respectively, were proposed to properly reflect the financial statements in accordance with the modified cash basis of accounting. The financial statements reflect the adjustments and were approved by management.

Management's Response:

We Agree: The County each year is trying to clarify/breakdown revenue received and expenditures out of the Miscellaneous accounts and will be brought forward to the attention to the Auditors for the sale of assets.

Anticipated Completion Date:

Fiscal Year 2023

2022-003 JOB DEVELOPMENT AUTHORITY- MATERIAL WEAKNESS

Condition:

The Mountrail County Job Development Authority (JDA) is a discretely presented component unit that was not included in any of Mountrail County's prior years financial statements. Audit adjustments were proposed and accepted by management and the JDA is currently included the in the financial statements accurately.

Management's Response:

We Agree: The County was unaware that this was a component, as the Mountrail County Job Development Authority (JDA) has been a political subdivision organized under N.D.C.C. Chapter 11-11.1 for over 30 years. This is the first time that any auditor has determined that the Mountrail County Job Development Authority (JDA) was a component, and required to be part of the Audit. In that the County has now been made aware of that, the County accepts that decision and has no issue having it has a component unit.

Anticipated Completion Date:

Fiscal Year 2023 will continue to be a component unit.

MOUNTRAIL COUNTY

Management's Corrective Action Plan - Continued

MOUNTRAIL COUNTY WATER RESOURCE DISTRICT

Date: February 5, 2024
To: Joshua C. Gallion, ND State Auditor
From: Ilene Enerson Secretary/Treasurer
RE: Mountrail County Water Resource District – FY2022 Management's Response

Contact Person Responsible for Corrective Acton Plan: Ilene Enerson Secretary/Treasurer

Section I – Financial Statement Findings:

2022-004 – SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT

Condition:

Mountrail County Water Resource District has one Secretary/Treasurer responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the check register, maintain the general ledger, and perform bank reconciliations.

Management's Response:

We Agree: The Water Resource Board will segregate duties when it becomes feasible to do so.

Anticipated Completion Date:

N/A

MOUNTRAIL COUNTY

Status of Prior Recommendations
 For the Years Ended December 31, 2022 and 2021

**Office of the Mountrail County Auditor
 State of North Dakota**

Stephanie A Pappa - County Auditor
 Mountrail County Courthouse
 101 North Main Street - Box 69
 Stanley, North Dakota 58784-0069
 Tel. (701) 628-2145 Fax (701) 628-2276
 Email: stephp@co.mountrail.nd.us

Date: 11/16/2023
 To: Joshua C. Gallion, ND State Auditor
 From: Stephanie Pappa, County Auditor
 RE: Mountrail County – FY2022 Schedule of Prior Year Findings

2020-001 – LACK OF SUPPORTING DOCUMENTATION FOR BUDGETED ESTIMATED CASH - MATERIAL WEAKNESS

Condition:

Mountrail County's estimated cash amount for the 2020 General Fund budget did not agree to the supporting documentation for the estimate.

Fund	Amounts		Difference	
	Preliminary Budget Estimated Cash	Supporting Schedule	Amount	Percentage
General Fund \$	22,652,599	\$ 52,124,806	\$(29,472,207)	-57%

Recommendation:

We recommend that Mountrail County ensure its compliance with all aspects of N.D.C.C. §57-15-31(1) and resolve any current circumstances if deemed appropriate by management. We further recommend that Mountrail County review budgeted cash estimates carefully to ensure proper documentation exists to support the estimated cash used in the preliminary and final budgets prior to approval.

Current Status of Recommendation:

Partially Implemented/Completed in Fiscal Year 2023 budget

2020-002 INTERIM FUND – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Mountrail County's interim fund for the 2020 General Fund and 2020 Road & Bridge Fund budgets were in excess of the 75% maximum allowed by N.D.C.C. §57-15-27 by \$4,388,693 and \$2,965,392, respectively. See schedule below for amounts above the maximum amount:

	Amounts		75% Max		Amount Above 75% Max	
	Current Year Appropriation	Upcoming Budgeted Interim Fund	Amount	Percentage	Amount	Percentage
General fund \$	29,895,688	\$ 26,810,459	\$22,421,766	75%	\$4,388,693	15%
Road and Bridge Fund	65,774,551	52,296,305	49,330,913	75%	2,965,392	5%

Recommendation:

MOUNTRAIL COUNTY
Status of Prior Recommendations - Continued

We recommend that Mountrail County ensure its compliance with all aspects of N.D.C.C. §57-15-27 and resolve any current circumstances if deemed appropriate by management. We further recommend that Mountrail County review its interim fund calculation for all budgets to ensure it is appropriate prior to approval.

Current Status of Recommendation:

Partially Implemented/Completed for the 2023 budget year

2020-003 – ADJUSTING JOURNAL ENTRIES – REVENUE MISCLASSIFICATION - SIGNIFICANT DEFICIENCY

Condition:

Material auditor-identified adjusting entries for the reclassification of miscellaneous revenue totaling \$408,488 for 2020, was proposed to properly reflect the financial statements in accordance with the modified cash basis of accounting. The financial statements reflect the adjustments and were approved by management.

Recommendation:

We recommend that Mountrail County review all revenue transactions carefully to ensure the appropriate classification and presentation in the financial statements, in accordance with modified cash basis of accounting.

Current Status of Recommendation:

Partially Implemented

2020-004 – IMPROPER BANK RECONCILIATION – SIGNIFICANT DEFICIENCY

Condition:

Mountrail County failed to perform a proper bank reconciliation for the payroll checking account as of December 31, 2020. The bank reconciliation was then performed by the ND State Auditor's Office and was reviewed during the audit.

Recommendation:

We recommend Mountrail County review its bank reconciliation procedures and update if necessary, to ensure that all bank reconciliations are completed in a timely manner and are accurate on a monthly basis.

Current Status of Recommendation:

Fully Implemented

2020-005 – COUNTY BUDGET - MATERIAL WEAKNESS - MATERIAL NONCOMPLIANCE

Condition:

Each of Mountrail County's approved 2020 preliminary and final budget files did not include all the required elements of N.D.C.C. §11-23-02.

Recommendation:

We recommend that Mountrail County ensure its compliance with all aspects of N.D.C.C. §11-23-02 and resolve any current circumstances if deemed appropriate by management.

Current Status of Recommendation:

Partially Implemented/Completed for the 2023 budget

2020-006 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNIT – SIGNIFICANT DEFICIENCY

Condition:

Mountrail County Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to

MOUNTRAIL COUNTY

Status of Prior Recommendations - Continued

vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

Recommendation:

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements and credit memos should be reviewed by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Current Status of Recommendation:

Not Implemented/The Water Resource Board is still trying to find a solution for the segregation of duties


Stephanie Pappa
County Auditor, Mountrail County

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

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OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. Boulevard Ave. Dept. 117
Bismarck, North Dakota, 58505

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GOVERNANCE COMMUNICATION

February 23, 2024

Board of County Commissioners
Mountrail County
Stanley, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mountrail County, North Dakota, for the years ended December 31, 2022 and December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 12, 2023. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mountrail County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022 and 2021. We noted no transactions entered into by Mountrail County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

2022 Adjustments	Audit Adjustments	
	Debit	Credit
Special Revenue Fund		
<i>Carryforward Cash Adjustment</i>		
Fund Balance	\$ 213,014	\$ -
Cash	-	213,014
Governmental Activities		
<i>To Reclassify Miscellaneous Revenues</i>		
Miscellaneous Revenue	385,271	-
Charges for Services - Licenses and Permits Revenue	-	105,000
Charges for Services Revenue	-	250,000
Intergovernmental Revenue		30,271

2021 Adjustments	Audit Adjustments	
	Debit	Credit
Special Revenue Fund		
<i>To Reclassify Trade in Value</i>		
Sale of Assets - Other Financing Sources	\$ 75,000	\$ -
Miscellaneous Revenue	-	75,000
<i>To Adjust Interest Revenue and Cash</i>		
Interest Revenue	213,014	
Cash		213,014
Governmental Activities		
<i>To Reclassify Miscellaneous Revenues</i>		
Miscellaneous Revenue	1,469,225	-
Intergovernmental Revenue	-	1,469,225

All the activity of the Job Development Authority is included as an audit adjustment.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 23, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Mountrail County’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to

MOUNTRAIL COUNTY

Governance Communication - Continued

determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the *budgetary comparison schedules, schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 23, 2024



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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