



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Trail County

Hillsboro, North Dakota

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

Client Code: PS49000



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Office of the
State Auditor

TRAIL COUNTY

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TRAILL COUNTY

County Officials

December 31, 2022 and 2021

COUNTY OFFICIALS

At December 31, 2022 and 2021

Kurt Elliott
Ken Nesvig
Thomas Eblen
Larry Young
Les Amb

Chairperson
Vice Chairperson
Commissioner
Commissioner
Commissioner

Glenda Haugen
Carla Swanson
Marlene Eblen
Steven Hunt
Charlie Stock

County Auditor
County Treasurer
County Recorder
Sheriff
State's Attorney

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Traill County
Hillsboro, North Dakota

Report on the Audit of the Financial Statements

Opinions

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 Traill County, North Dakota, as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Traill 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 financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County, North Dakota, as of December 31, 2022 and 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

TRAILL COUNTY

Independent Auditor's Report – Continued

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 Traill 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 Traill 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 Traill County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

TRAILL COUNTY

Independent Auditor’s Report – Continued

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Traill County’s basic financial statements. 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 *schedule 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 March 1, 2024 on our consideration of Traill 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 Traill 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 Traill County’s internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 1, 2024

TRAIL COUNTY
Statement of Net Position
December 31, 2022

	Primary	Component Units		
	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 12,283,715	\$ 8,239,921	\$ 377,434	\$ 327,113
Intergovernmental Receivable	347,849	-	-	-
Accounts Receivable	41,953	37,555	4,987	-
Road Receivables	3,413	-	-	-
Taxes Receivable	101,860	4,377	4,408	4,515
Special Assessments Receivable	-	3,913,646	-	-
Economic Development Loans Receivable	-	-	-	70,911
Capital Assets				
Nondepreciable	562,174	4,629,047	-	-
Depreciable, Net	33,629,981	9,389,907	58,922	-
Total Assets	\$ 46,970,945	\$ 26,214,453	\$ 445,751	\$ 402,539
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	\$ 7,070,018	\$ 55,539	\$ 384,095	\$ 284,007
LIABILITIES				
Accounts Payable	\$ 417,960	\$ 380,613	\$ 3,570	\$ 7,241
Salaries Payable	73,219	-	-	-
Other Liability	-	-	4,726	-
Interest Payable	-	55,018	-	-
Retainages Payable	-	69,627	-	-
Grants Received in Advance	1,298,942	-	-	-
Long-Term Liabilities				
Due Within One Year				
Long-Term Debt	-	1,435,178	-	-
Compensated Absences Payable	20,335	71	1,591	513
Due After One Year				
Long-Term Debt	-	9,539,765	-	-
Compensated Absences Payable	183,017	635	14,327	4,622
Net Pension Liability	9,725,719	81,436	533,902	284,678
Total Liabilities	\$ 11,719,192	\$ 11,562,343	\$ 558,116	\$ 297,054
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	\$ 3,994,011	\$ 70,771	\$ 202,387	\$ 106,120
Taxes Received in Advance	1,890,037	-	-	-
Total Deferred Inflows of Resources	\$ 5,884,048	\$ 70,771	\$ 202,387	\$ 106,120
NET POSITION				
Net Investment In Capital Assets	\$ 34,192,155	\$ 2,919,366	\$ 58,922	\$ -
Restricted				
Capital Projects	2,045,974	-	-	-
Highways and Bridges	1,830,725	-	-	-
Health and Welfare	-	-	10,421	-
Conservation of Natural Resources	187,816	11,717,512	-	-
Emergencies	479,499	-	-	-
Economic Development	-	-	-	283,372
Unrestricted	(2,298,446)	-	-	-
Total Net Position	\$ 36,437,723	\$ 14,636,878	\$ 69,343	\$ 283,372

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

TRAIL COUNTY
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units			
						Primary Government	Water Resource District	Health Unit	Job Development Authority
Primary Government									
Governmental Activities									
General Government	\$ 2,315,558	\$ 97,644	\$ 123,132	\$ -	\$ (2,094,782)				
Public Safety	2,031,336	942,675	72,626	-	(1,016,035)				
Highways and Bridges	4,502,678	137,968	2,694,385	235,177	(1,435,148)				
Flood Repair	10,291	-	744,256	-	733,965				
Emergencies	315,258	-	-	-	(315,258)				
Health and Welfare	2,796,405	122,463	2,173,443	-	(500,499)				
Culture and Recreation	945	-	-	-	(945)				
Conserv. of Natural Resources	155,931	8,810	9,899	-	(137,222)				
Total Governmental Activities	\$ 12,128,402	\$ 1,309,560	\$ 5,817,741	\$ 235,177	\$ (4,765,924)				
Component Units									
Water Resource District	\$ 2,385,171	\$ 1,157,263	\$ 48,866	\$ 499,660	\$ (679,382)	\$ -	\$ -	\$ -	\$ -
District Health Unit	494,244	30,523	85,743	-	-	(377,978)	-	-	-
Job Development Authority	296,847	-	-	-	-	-	-	(296,847)	-
Total Component Units	\$ 3,176,262	\$ 1,187,786	\$ 134,609	\$ 499,660	\$ (679,382)	\$ (377,978)	\$ (296,847)	\$ (296,847)	\$ (296,847)
General Revenues									
Property Taxes				\$ 5,446,218	\$ 259,811	\$ 255,323	\$ 267,444		
Non Restricted Grants and Contributions				1,533,450	-	53,329	-		
Interest Income				-	10,586	-	-		
Loss on Sale of Capital Asset				(48,480)	-	-	-		
Unrestricted Investment Earnings				39,711	-	3,833	-		
Miscellaneous Revenue				78,916	21,371	186	(1,723)		
Total General Revenues				\$ 7,049,815	\$ 291,768	\$ 312,671	\$ 265,721		
Change in Net Position				\$ 2,283,891	\$ (387,614)	\$ (65,307)	\$ (31,126)		
Net Position - January 1				\$ 34,153,832	\$ 15,024,492	\$ 134,650	\$ 314,498		
Net Position - December 31				\$ 36,437,723	\$ 14,636,878	\$ 69,343	\$ 283,372		

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

TRAILL COUNTY

Balance Sheet – Governmental Funds

December 31, 2022

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 2,761,771	\$ 7,405,169	\$ 2,116,775	\$ 12,283,715
Intergovernmental Receivable	58,173	289,676	-	347,849
Accounts Receivable	6,555	34,633	765	41,953
Road Receivables	-	3,413	-	3,413
Taxes Receivable	44,442	49,825	7,593	101,860
Total Assets	\$ 2,870,941	\$ 7,782,716	\$ 2,125,133	\$ 12,778,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 50,297	\$ 318,853	\$ 48,810	\$ 417,960
Salaries Payable	10,042	63,177	-	73,219
Grants Received In Advance	-	1,298,942	-	1,298,942
Total Liabilities	\$ 60,339	\$ 1,680,972	\$ 48,810	\$ 1,790,121
Deferred Inflows of Resources				
Road Receivable	\$ -	\$ 3,413	\$ -	\$ 3,413
Taxes Receivable	44,442	49,825	7,593	101,860
Taxes Received in Advance	932,427	927,261	30,349	1,890,037
Total Deferred Inflows of Resources	\$ 976,869	\$ 980,499	\$ 37,942	\$ 1,995,310
Total Liabilities and Deferred Inflows of Resources	\$ 1,037,208	\$ 2,661,471	\$ 86,752	\$ 3,785,431
Fund Balances				
Restricted				
Capital Projects	\$ -	\$ -	\$ 2,038,381	\$ 2,038,381
Public Safety	-	344,953	-	344,953
Highways and Bridges	-	3,116,535	-	3,116,535
Health and Welfare	-	362,609	-	362,609
Conservation of Natural Resources	-	245,957	-	245,957
Emergencies	-	571,185	-	571,185
General Government	-	480,006	-	480,006
Unassigned	1,833,733	-	-	1,833,733
Total Fund Balances	\$ 1,833,733	\$ 5,121,245	\$ 2,038,381	\$ 8,993,359
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,870,941	\$ 7,782,716	\$ 2,125,133	\$ 12,778,790

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

TRAILL COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2022

Total Fund Balances for Governmental Funds		\$ 8,993,359
<p>Total <i>net position</i> reported for government activities in the statement of net position is different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		34,192,155
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Taxes Receivable	\$ 101,860	
Road Receivables	<u>3,413</u>	105,273
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Derived From Pensions and OPEB	\$ 7,070,018	
Deferred Inflows Derived From Pensions and OPEB	<u>(3,994,011)</u>	3,076,007
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.		
Compensated Absences	\$ (203,352)	
Net Pension Liability	<u>(9,725,719)</u>	<u>(9,929,071)</u>
Total Net Position of Governmental Activities		<u><u>\$ 36,437,723</u></u>

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

TRAIL COUNTYStatement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2022

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 2,314,826	\$ 2,534,059	\$ 576,014	\$ 5,424,899
Intergovernmental	787,133	6,657,864	68,821	7,513,818
Charges For Services	795,805	380,520	129,707	1,306,032
Licenses, Permits and Fees	1,145	-	-	1,145
Interest Income	24,191	10,708	4,812	39,711
Miscellaneous	61,122	17,794	-	78,916
Total Revenues	\$ 3,984,222	\$ 9,600,945	\$ 779,354	\$ 14,364,521
EXPENDITURES				
Current				
General Government	\$ 1,992,500	\$ 9,813	\$ -	\$ 2,002,313
Public Safety	1,312,461	463,146	17,865	1,793,472
Highways and Bridges	-	4,604,613	-	4,604,613
Flood Repairs And Maintenance	-	10,291	-	10,291
Emergencies	-	300,005	-	300,005
Health and Welfare	127,339	2,182,072	-	2,309,411
Conserv. of Natural Resources	-	164,537	-	164,537
Capital Outlay	-	-	428,808	428,808
Total Expenditures	\$ 3,432,300	\$ 7,734,477	\$ 446,673	\$ 11,613,450
Excess (Deficiency) of Revenues Over Expenditures	\$ 551,922	\$ 1,866,468	\$ 332,681	\$ 2,751,071
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 335,456	\$ 363,202	\$ 698,658
Transfers Out	(15,500)	(683,158)	-	(698,658)
Total Other Financing Sources and Uses	\$ (15,500)	\$ (347,702)	\$ 363,202	\$ -
Net Change in Fund Balances	\$ 536,422	\$ 1,518,766	\$ 695,883	\$ 2,751,071
Fund Balances - January 1	\$ 1,297,311	\$ 3,602,479	\$ 1,342,498	\$ 6,242,288
Fund Balances - December 31	\$ 1,833,733	\$ 5,121,245	\$ 2,038,381	\$ 8,993,359

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

TRAILL COUNTY

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

Net Change in Fund Balances - Total Governmental Funds \$ 2,751,071

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	\$ 1,994,379	
Capital Contribution	72,550	
Current Year Depreciation	<u>(1,368,531)</u>	698,398

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences		(34,544)
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Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Change in Taxes Receivable	\$ 21,319	
Net Change in Road Department Receivables	<u>2,383</u>	23,702

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

Net Change in Net Pension and OPEB Liability	\$ (6,691,655)	
Net Change in Deferred Outflows of Resources Derived from Pension and OPEB	3,514,952	
Net Change in Deferred Inflows of Resources Derived from Pension and OPEB	<u>2,070,447</u>	(1,106,256)

In the statement of activities, only the loss on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Loss on Disposals of Capital Assets		<u>(48,480)</u>
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Change in Net Position of Governmental Activities \$ 2,283,891

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

TRAIL COUNTY
Statement of Net Position
December 31, 2021

	Primary	Component Units		
	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 9,445,919	\$ 4,455,031	\$ 382,396	\$ 316,169
Intergovernmental Receivable	141,219	-	-	-
Accounts Receivable	52,245	515,258	-	-
Road Receivables	1,030	-	-	-
Taxes Receivable	80,541	3,702	3,422	3,793
Special Assessments Receivable	-	4,275,988	-	-
Economic Development Loans Receivable	-	-	-	52,818
Capital Assets				
Nondepreciable	809,282	3,791,409	-	-
Depreciable, Net	32,732,955	9,613,726	67,937	-
Total Assets	\$ 43,263,191	\$ 22,655,114	\$ 453,755	\$ 372,780
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	\$ 3,555,066	\$ 66,884	\$ 223,205	\$ 240,511
LIABILITIES				
Accounts Payable	\$ 162,522	\$ 41,573	\$ -	\$ 7,405
Salaries Payable	60,497	-	-	-
Other Liability	-	-	2,757	-
Interest Payable	-	37,073	-	-
Retainages Payable	-	69,627	-	-
Grants Received in Advance	1,004,569	-	-	-
Long-Term Liabilities				
Due Within One Year				
Long-Term Debt	-	877,536	-	-
Compensated Absences Payable	16,881	43	2,016	923
Due After One Year				
Long-Term Debt	-	6,499,442	-	-
Compensated Absences Payable	151,927	385	18,150	8,304
Net Pension Liability	3,034,064	58,579	181,907	99,535
Total Liabilities	\$ 4,430,460	\$ 7,584,258	\$ 204,830	\$ 116,167
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	\$ 6,064,458	\$ 113,248	\$ 337,480	\$ 182,626
Taxes Received in Advance	2,169,507	-	-	-
Total Deferred Inflows of Resources	\$ 8,233,965	\$ 113,248	\$ 337,480	\$ 182,626
NET POSITION				
Net Investment In Capital Assets	\$ 33,542,237	\$ 5,921,457	\$ 67,937	\$ -
Restricted				
Capital Projects	1,346,453	-	-	-
Highways and Bridges	275,663	-	-	-
Health and Welfare	9,019	-	66,713	-
Conservation of Natural Resources	157,336	9,103,035	-	-
Emergencies	562,279	-	-	-
Economic Development	-	-	-	314,498
Unrestricted	(1,739,155)	-	-	-
Total Net Position	\$ 34,153,832	\$ 15,024,492	\$ 134,650	\$ 314,498

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
					Governmental Activities	Water Resource District	Health Unit	Job Development Authority
Primary Government								
Governmental Activities								
General Government	\$ 2,128,469	\$ 66,848	\$ 116,352	\$ -	\$ (1,945,269)			
Public Safety	1,653,371	764,530	82,676	-	(806,165)			
Highways and Bridges	3,383,564	38,163	818,259	1,220,006	(1,307,136)			
Flood Repair	138,796	-	138,796	-	-			
Emergencies	123,208	-	-	-	(123,208)			
Health and Welfare	1,598,482	115,758	1,150,093	-	(332,631)			
Culture and Recreation	945	-	-	-	(945)			
Conserv. of Natural Resources	172,198	11,991	1,080	-	(159,127)			
Total Governmental Activities	\$ 9,199,033	\$ 997,290	\$ 2,307,256	\$ 1,220,006	\$ (4,674,481)			
Component Units								
Water Resource District	\$ 2,269,386	\$ 806,295	\$ -	\$ 1,625,742	\$ 162,651	\$ -	\$ -	\$ -
District Health Unit	369,113	20,070	43,533	-	-	(305,510)	-	-
Job Development Authority	97,594	-	-	-	-	-	-	(97,594)
Total Component Units	\$ 2,736,093	\$ 826,365	\$ 43,533	\$ 1,625,742	\$ 162,651	\$ (305,510)	\$ (97,594)	
General Revenues								
Property Taxes					\$ 4,788,421	\$ 235,752	\$ 255,649	\$ 259,600
Non Restricted Grants and Contributions					947,425	18,511	221,843	-
Interest Income					-	12,658	-	-
Gain on Sale of Capital Asset					21,300	-	-	-
Unrestricted Investment Earnings					35,184	-	-	2,581
Miscellaneous Revenue					124,666	42,729	1,017	5,864
Total General Revenues					\$ 5,916,996	\$ 309,650	\$ 478,509	\$ 268,045
Change in Net Position					\$ 1,242,515	\$ 472,301	\$ 172,999	\$ 170,451
Net Position - January 1					\$ 32,919,345	\$ 13,407,956	\$ (38,349)	\$ 144,047
Prior Period Adjustments					\$ (8,028)	\$ 1,144,235	\$ -	\$ -
Net Position - January 1, as restated					\$ 32,911,317	\$ 14,552,191	\$ (38,349)	\$ 144,047
Net Position - December 31					\$ 34,153,832	\$ 15,024,492	\$ 134,650	\$ 314,498

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

TRAILL COUNTY

Balance Sheet – Governmental Funds

December 31, 2021

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 2,245,882	\$ 5,624,913	\$ 1,575,124	\$ 9,445,919
Intergovernmental Receivable	32,249	108,970	-	141,219
Accounts Receivable	6,450	45,376	419	52,245
Road Receivables	-	1,030	-	1,030
Taxes Receivable	35,472	41,114	3,955	80,541
Total Assets	\$ 2,320,053	\$ 5,821,403	\$ 1,579,498	\$ 9,720,954
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 55,792	\$ 106,390	\$ 340	\$ 162,522
Salaries Payable	9,269	51,228	-	60,497
Grants Received In Advance	-	1,004,569	-	1,004,569
Total Liabilities	\$ 65,061	\$ 1,162,187	\$ 340	\$ 1,227,588
Deferred Inflows of Resources				
Road Receivable	\$ -	\$ 1,030	\$ -	\$ 1,030
Taxes Receivable	35,472	41,114	3,955	80,541
Taxes Received in Advance	922,209	1,014,593	232,705	2,169,507
Total Deferred Inflows of Resources	\$ 957,681	\$ 1,056,737	\$ 236,660	\$ 2,251,078
Total Liabilities and Deferred Inflows of Resources	\$ 1,022,742	\$ 2,218,924	\$ 237,000	\$ 3,478,666
Fund Balances				
Restricted				
Capital Projects	\$ -	\$ -	\$ 1,342,498	\$ 1,342,498
Public Safety	-	395,942	-	395,942
Highways and Bridges	-	1,578,941	-	1,578,941
Health and Welfare	-	268,128	-	268,128
Conservation of Natural Resources	-	225,944	-	225,944
Emergencies	-	644,794	-	644,794
General Government	-	488,730	-	488,730
Unassigned	1,297,311	-	-	1,297,311
Total Fund Balances	\$ 1,297,311	\$ 3,602,479	\$ 1,342,498	\$ 6,242,288
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,320,053	\$ 5,821,403	\$ 1,579,498	\$ 9,720,954

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

TRAILL COUNTY

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

Total Fund Balances for Governmental Funds		\$ 6,242,288
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		33,542,237
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Taxes Receivable	\$ 80,541	
Road Receivables	<u>1,030</u>	81,571
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Derived From Pensions and OPEB	\$ 3,555,066	
Deferred Inflows Derived From Pensions and OPEB	<u>(6,064,458)</u>	(2,509,392)
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.		
Compensated Absences	\$ (168,808)	
Net Pension Liability	<u>(3,034,064)</u>	<u>(3,202,872)</u>
Total Net Position of Governmental Activities		<u><u>\$ 34,153,832</u></u>

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

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

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 2,071,329	\$ 2,481,013	\$ 251,850	\$ 4,804,192
Intergovernmental	619,704	2,549,912	85,066	3,254,682
Charges For Services	715,877	280,652	-	996,529
Licenses, Permits and Fees	1,185	-	-	1,185
Interest Income	14,089	11,553	9,542	35,184
Miscellaneous	86,741	37,924	-	124,665
Total Revenues	\$ 3,508,925	\$ 5,361,054	\$ 346,458	\$ 9,216,437
EXPENDITURES				
Current				
General Government	\$ 1,748,642	\$ 52,000	\$ -	\$ 1,800,642
Public Safety	1,257,213	46,785	72,420	1,376,418
Highways and Bridges	-	3,628,560	-	3,628,560
Flood Repairs And Maintenance	-	138,796	-	138,796
Emergencies	-	118,803	-	118,803
Health and Welfare	105,494	1,378,765	-	1,484,259
Conserv. of Natural Resources	-	171,287	-	171,287
Capital Outlay	-	-	340,407	340,407
Total Expenditures	\$ 3,111,349	\$ 5,534,996	\$ 412,827	\$ 9,059,172
Excess (Deficiency) of Revenues Over Expenditures	\$ 397,576	\$ (173,942)	\$ (66,369)	\$ 157,265
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 4,066	\$ 453,714	\$ 460,000	\$ 917,780
Transfers Out	(180,000)	(737,780)	-	(917,780)
Total Other Financing Sources and Uses	\$ (175,934)	\$ (284,066)	\$ 460,000	\$ -
Net Change in Fund Balances	\$ 221,642	\$ (458,008)	\$ 393,631	\$ 157,265
Fund Balances - January 1	\$ 1,075,669	\$ 4,088,437	\$ 948,867	\$ 6,112,973
Prior Period Adjustments	\$ -	\$ (27,950)	\$ -	\$ (27,950)
Fund Balances - Jan. 1 as restated	\$ 1,075,669	\$ 4,060,487	\$ 948,867	\$ 6,085,023
Fund Balances - December 31	\$ 1,297,311	\$ 3,602,479	\$ 1,342,498	\$ 6,242,288

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

TRAILL COUNTY

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

For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 157,265

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	\$ 1,398,617	
Current Year Depreciation	<u>(1,256,103)</u>	1,362,520

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (2,750)	
Net Change in Retainage Payable	<u>37,638</u>	34,888

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

Net Change in Taxes Receivable	\$ (15,771)	
Net Change in Road Department Receivables	<u>(424)</u>	(16,195)

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

Net Change in Net Pension and OPEB Liability	\$ 6,254,269	
Net Change in Deferred Outflows of Resources Derived from Pension and OPEB	(2,030,455)	
Net Change in Deferred Inflows of Resources Derived from Pension and OPEB	<u>(4,519,777)</u>	<u>(295,963)</u>

Change in Net Position of Governmental Activities \$ 1,242,515

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

TRAILL COUNTYStatement of Fiduciary Net Position – Fiduciary Funds
December 31, 2022 and 2021

	Custodial Funds	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	<u>\$ 4,139,830</u>	<u>\$ 4,651,638</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES		
Liabilities		
Funds Held for Other Governmental Units	<u>\$ 61,188</u>	<u>\$ 46,896</u>
Deferred Inflows of Resources		
Taxes Received in Advance	<u>\$ 4,078,642</u>	<u>\$ 4,604,742</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 4,139,830</u>	<u>\$ 4,651,638</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

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

TRAILL COUNTYStatement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Years Ended December 31, 2022 and 2021

	Custodial Funds	
	2022	2021
ADDITIONS		
Tax Collections for Other Governments	\$ 19,042,527	\$ 18,615,185
Grant Collections for Other Governments	1,097,029	1,008,331
Total Additions	<u>\$ 20,139,556</u>	<u>\$ 19,623,516</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ 19,042,527	\$ 18,615,185
Grant Disbursements to Other Governments	1,097,029	1,008,331
Total Deductions	<u>\$ 20,139,556</u>	<u>\$ 19,623,516</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>	<u>\$ -</u>
Net Position - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

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

Reporting Entity

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

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

Component Unit

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

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

Traill County District Health Unit ("Health Unit") - The County's governing board appoints a voting majority of the members of the Health District Board. The County has the authority to approve or modify the Health District operational and capital budgets. The County's governing board must approve the tax levy established by the Health Unit.

Traill County Water Resource District ("Water Resource District")- The County's governing board appoints a voting majority of the members of the Water Resource District Board. The County has the authority to approve or modify the Water Resource District's operational and capital budgets. The County's governing board must approve the tax levy established by the Water Resource District

Traill County Job Development Authority ("Job Development Authority") - The County's governing board appoints a voting majority of the members of the Job Development Authority Board. The County has the authority to approve or modify the Job Development Authority's operational and capital budgets. The County's governing board must approve the tax levy established by the Job Development Authority.

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 units. 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.

TRAIL COUNTY

Notes to the Financial Statements – Continued

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.

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 a jail project and capital improvements. The major sources of revenue are a restricted tax levy and interest income

Additionally, the County reports the following fiduciary fund type:

Custodial Fund. 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County during the years ended December 31, 2022 consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

Primary Government

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

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

Assets	County	Health Unit	Job Development Authority	Water Resource District
Buildings	25 - 100	---	---	---
Machinery and Equipment	5 - 20	---	---	5 - 7
Infrastructure	40	---	---	50
Vehicles	3 - 20	5 - 7	---	5 - 7
Office Equipment	3 - 15	3 - 5	7	---
Technology	---	---	3	---
Land Improvements	---	---	---	50

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end by social service employees, and up to 80 hours of vacation leave may be carried over at year-end by other County employees. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Up to 800 hours of sick leave hours may be carried over and employees are paid for one-tenth of their accumulated sick leave at retirement to a limit of 800 hours. On December 31st of each year if an employee has accumulated 880 hours of sick leave or more, the employee may trade 80 hours of sick leave for 8 hours of vacation. A liability for the vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

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.

TRAIL COUNTY

Notes to the Financial Statements – Continued

Pension

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

Other Post-Employment Benefits (OPEB)

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

Fund Balance

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

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

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Net Position/Fund Balance of the County and Water Resource District as of January 1, 2021 has been restated for adjustments as shown below. The results of the adjustments decreased Net Position/Fund Balance for the County and increased Net Position for the Water Resource District.

	Primary Government		Water Resource District
	Gov't Wide	Special Revenue Fund	
Beginning Net Position/Fund Balance, as previously reported	\$ 32,919,345	\$ 4,088,437	\$ 13,407,956
Adjustments to restate the January 1, 2021 Net Position/Fund Balance			
Special Assessments Receivable	-	-	1,184,844
Intergovernmental Receivable	(27,752)	(27,752)	-
Accounts Payable	(198)	(198)	-
Long Term Debt	11,042	-	-
Interest Payable	80	-	(40,609)
Capital Assets, Net	8,800	-	-
Net Position/Fund Balance January 1, as restated	\$ 32,911,317	\$ 4,060,487	\$ 14,552,191

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial 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.

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 \$16,419,022 and the bank balances totaled \$16,518,296. Of the bank balances, \$7,748,605 was held at the Bank of North Dakota and \$1,529,346 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 \$8,240,210 and the bank balances totaled \$8,254,921. Of the bank balances, \$1,000,000 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 Health Unit's carrying amount of deposits totaled \$379,391 and the bank balances totaled \$384,325, all of which was covered by Federal Depository Insurance.

At year ended December 31, 2022, The Job Development Authority's carrying amount of deposits totaled \$332,385, and the bank balances totaled \$331,282. Of the bank balances, \$329,640 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.

TRAIL COUNTY

Notes to the Financial Statements – Continued

At year ended December 31, 2021, the County’s carrying amount of deposits totaled \$14,095,440 and the bank balances totaled \$14,565,803. Of the bank balances, \$6,699,807 was held at the Bank of North Dakota and \$1,528,803 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2021, the Water Resource District’s carrying amount of deposits totaled \$4,455,541 and the bank balances totaled \$5,713,093. Of the bank balances, \$3,005,781 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 Health Unit’s carrying amount of deposits totaled \$382,396 and the bank balances totaled \$386,753. Of the bank balances, \$347,465 was covered by Federal Depository Insurance. The remaining balances were uncollateralized and unpledged.

At year ended December 31, 2021, The Job Development Authority’s carrying amount of deposits totaled \$323,058, and the bank balances totaled \$330,409. Of the bank balances, \$328,945 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.

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 CAPITAL ASSETS

Primary Government

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

Primary Government - 2022	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction Progress	429,690	1,515,891	-	(1,399,228)	546,353
Machinery and Equipment in Transit	363,770	-	-	(363,770)	-
Total Capital Assets, not being depreciated	\$ 809,282	\$ 1,515,891	\$ -	\$ (1,762,998)	\$ 562,175
<i>Capital assets being depreciated</i>					
Machinery and Equipment	\$ 3,758,804	\$ 150,870	\$ 276,900	\$ 363,770	\$ 3,996,544
Office Equipment	251,002	340,591	-	-	591,593
Vehicles	1,446,430	158,778	-	-	1,605,208
Buildings	2,972,829	-	-	-	2,972,829
Infrastructure	34,474,395	-	-	1,399,228	35,873,623
Total Capital Assets, Being Depreciated	\$ 42,903,460	\$ 650,239	\$ 276,900	\$ 1,762,998	\$ 45,039,797
<i>Less Accumulated Depreciation for</i>					
Machinery and Equipment	\$ 2,112,039	\$ 249,928	\$ 129,220	\$ -	\$ 2,232,747
Office Equipment	239,552	36,409	-	-	275,961
Vehicles	1,010,371	118,229	-	-	1,128,600
Buildings	901,947	67,125	-	-	969,072
Infrastructure	5,906,596	896,841	-	-	6,803,437
Total Accumulated Depreciation	\$ 10,170,505	\$ 1,368,532	\$ 129,220	\$ -	\$ 11,409,817
Total Capital Assets Being Depreciated, Net	\$ 32,732,955	\$ (718,293)	\$ 147,680	\$ 1,762,998	\$ 33,629,980
Total Capital Assets, Net	\$ 33,542,237	\$ 797,598	\$ 147,680	\$ -	\$ 34,192,155

TRAILL COUNTY

Notes to the Financial Statements – Continued

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Primary Government - 2021					
<i>Capital assets not being depreciated</i>					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction Progress	3,554,150	1,980,698	-	(5,105,158)	429,690
Machinery and Equipment in Transit	-	363,770	-	-	363,770
Total Capital Assets, not being depreciated	\$ 3,569,972	\$ 2,344,468	\$ -	\$ (5,105,158)	\$ 809,282
<i>Capital assets being depreciated</i>					
Machinery and Equipment	\$ 3,653,304	\$ 186,000	\$ 80,500	\$ -	\$ 3,758,804
Office Equipment	251,002	-	-	-	251,002
Vehicles	1,358,276	88,154	-	-	1,446,430
Buildings	2,972,829	-	-	-	2,972,829
Infrastructure	29,369,237	-	-	5,105,158	34,474,395
Total Capital Assets, Being Depreciated	\$ 37,604,648	\$ 274,154	\$ 80,500	\$ 5,105,158	\$ 42,903,460
<i>Less Accumulated Depreciation for</i>					
Machinery and Equipment	\$ 1,962,543	\$ 229,996	\$ 80,500	\$ -	\$ 2,112,039
Office Equipment	237,202	2,350	-	-	239,552
Vehicles	915,599	94,772	-	-	1,010,371
Buildings	834,822	67,125	-	-	901,947
Infrastructure	5,044,736	861,860	-	-	5,906,596
Total Accumulated Depreciation	\$ 8,994,902	\$ 1,256,103	\$ 80,500	\$ -	\$ 10,170,505
Total Capital Assets Being Depreciated, Net	\$ 28,609,746	\$ (981,949)	\$ -	\$ 5,105,158	\$ 32,732,955
Total Capital Assets, Net	\$ 32,179,718	\$ 1,362,519	\$ -	\$ -	\$ 33,542,237

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

Primary Government	2022	2021
General Government	\$ 35,326	\$ 35,326
Public Safety	157,124	95,719
Highways and Bridges	1,146,844	1,097,980
Health and Welfare	26,133	26,133
Culture and Recreation	944	945
Conservation of Natural Resources	2,161	-
Total Depreciation Expense	\$ 1,368,532	\$ 1,256,103

Discretely Presented Component Units

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

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Water Resource District - 2022					
<i>Capital assets not being depreciated</i>					
Land and Easements	\$ 2,190,959	\$ 94,183	\$ -	\$ -	\$ 2,285,142
Construction Progress	1,600,450	743,455	-	-	2,343,905
Total Capital Assets, not being depreciated	\$ 3,791,409	\$ 837,638	\$ -	\$ -	\$ 4,629,047
<i>Capital assets being depreciated</i>					
Equipment	\$ 15,946	\$ -	\$ -	\$ -	\$ 15,946
Infrastructure	11,184,413	-	-	-	11,184,413
Total Capital Assets, Being Depreciated	\$ 11,200,359	\$ -	\$ -	\$ -	\$ 11,200,359
<i>Less Accumulated Depreciation for</i>					
Equipment	\$ 13,094	\$ 711	\$ -	\$ -	\$ 13,805
Infrastructure	1,573,539	223,108	-	-	1,796,647
Total Accumulated Depreciation	\$ 1,586,633	\$ 223,819	\$ -	\$ -	\$ 1,810,452
Total Capital Assets Being Depreciated, Net	\$ 9,613,726	\$ (223,819)	\$ -	\$ -	\$ 9,389,907
Total Capital Assets, Net	\$ 13,405,135	\$ 613,819	\$ -	\$ -	\$ 14,018,954

TRAIL COUNTY

Notes to the Financial Statements – Continued

Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land and Easements	\$ 1,674,995	\$ 515,964	\$ -	\$ -	\$ 2,190,959
Construction Progress	479,583	2,817,004	-	(1,696,137)	1,600,450
Total Capital Assets, not being depreciated	\$ 2,154,578	\$ 3,332,968	\$ -	\$ (1,696,137)	\$ 3,791,409
<i>Capital assets being depreciated</i>					
Equipment	\$ 28,559	\$ -	\$ 12,613	\$ -	\$ 15,946
Infrastructure	9,488,276	-	-	1,696,137	11,184,413
Total Capital Assets, Being Depreciated	\$ 9,516,835	\$ -	\$ 12,613	\$ 1,696,137	\$ 11,200,359
<i>Less Accumulated Depreciation for</i>					
Equipment	\$ 24,996	\$ 711	\$ 12,613	\$ -	\$ 13,094
Infrastructure	1,350,037	223,502	-	-	1,573,539
Total Accumulated Depreciation	\$ 1,375,033	\$ 224,213	\$ 12,613	\$ -	\$ 1,586,633
Total Capital Assets Being Depreciated, Net	\$ 8,141,802	\$ (224,213)	\$ -	\$ 1,696,137	\$ 9,613,726
Total Capital Assets, Net	\$ 10,296,380	\$ 3,108,755	\$ -	\$ -	\$ 13,405,135

Depreciation expense was charged to the conservation of natural resources function.

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

Health Unit - 2022	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Vehicles	\$ 62,816	\$ -	\$ -	\$ -	\$ 62,816
Equipment	41,000	-	-	-	41,000
Total Capital Assets, Being Depreciated	\$ 103,816	\$ -	\$ -	\$ -	\$ 103,816
<i>Less Accumulated Depreciation for</i>					
Vehicles	\$ 30,413	\$ 6,282	\$ -	\$ -	\$ 36,695
Equipment	5,466	2,733	-	-	8,199
Total Accumulated Depreciation	\$ 35,879	\$ 9,015	\$ -	\$ -	\$ 44,894
Total Capital Assets, Net	\$ 67,937	\$ (9,015)	\$ -	\$ -	\$ 58,922

Health Unit - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Vehicles	\$ 62,816	\$ -	\$ -	\$ -	\$ 62,816
Equipment	41,000	-	-	-	41,000
Total Capital Assets, Being Depreciated	\$ 103,816	\$ -	\$ -	\$ -	\$ 103,816
<i>Less Accumulated Depreciation for</i>					
Vehicles	\$ 24,131	\$ 6,282	\$ -	\$ -	\$ 30,413
Equipment	2,733	2,733	-	-	5,466
Total Accumulated Depreciation	\$ 26,864	\$ 9,015	\$ -	\$ -	\$ 35,879
Total Capital Assets, Net	\$ 76,952	\$ (9,015)	\$ -	\$ -	\$ 67,937

Depreciation expense was charged to the health and welfare function.

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

Job Development Authority - 2022	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
<i>Less Accumulated Depreciation for</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
Total Capital Assets, Net	\$ -	\$ -	\$ -	\$ -	\$ -

TRAIL COUNTY

Notes to the Financial Statements – Continued

Job Development Authority - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets being depreciated</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
<i>Less Accumulated Depreciation for</i>					
Office Equipment	\$ 16,650	\$ 205	\$ -	\$ -	\$ 16,855
Total Capital Assets, Net	\$ 205	\$ (205)	\$ -	\$ -	\$ -

Depreciation expense was charged to the economic development function.

NOTE 6 LONG-TERM LIABILITIES

Primary Government

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

Primary Government - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 168,808	\$ 34,544	\$ -	\$ 203,352	\$ 20,335
Net Pension Liability *	3,034,064	6,691,655	-	9,725,719	-
Total Primary Government	\$ 3,202,872	\$ 6,726,199	\$ -	\$ 9,929,071	\$ 20,335

Primary Government - 2021	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences *	\$ 166,058	\$ 2,750	\$ -	\$ 168,808	\$ 16,881
Net Pension Liability *	9,288,333	-	6,254,269	3,034,064	-
Total Primary Government	\$ 9,454,391	\$ 2,750	\$ 6,254,269	\$ 3,202,872	\$ 16,881

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

Discretely Presented Component Units

During the year ended December 31, 2022 and 2021, the following changes occurred in governmental long-term liabilities of the Water Resource District:

Water Resource District - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 7,421,765	\$ 5,114,000	\$ 1,471,503	\$ 11,064,262	\$ 1,442,379
Bond Discounts	(44,787)	(48,500)	3,968	(89,319)	(7,201)
Total Long-Term Debt	\$ 7,376,978	\$ 5,065,500	\$ 1,475,471	\$ 10,974,943	\$ 1,435,178
Compensated Absences *	\$ 428	\$ 2,613	\$ 2,335	\$ 706	\$ 71
Net Pension Liability *	58,579	22,857	-	81,436	-
Total Water Resource District	\$ 7,435,985	\$ 5,090,970	\$ 1,477,806	\$ 11,057,085	\$ 1,435,249

TRAIL COUNTY

Notes to the Financial Statements – Continued

Water Resource District - 2021	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 8,986,958	\$ 1,265,000	\$ 2,830,193	\$ 7,421,765	\$ 881,503
Bond Discounts	(33,972)	(14,313)	3,498	(44,787)	(3,967)
Total Long-Term Debt	\$ 8,952,986	\$ 1,250,687	\$ 2,833,691	\$ 7,376,978	\$ 877,536
Compensated Absences *	\$ -	\$ 7,614	\$ 7,186	\$ 428	\$ 43
Net Pension Liability *	167,117	-	108,538	58,579	-
Total Water Resource District	\$ 9,120,103	\$ 1,258,301	\$ 2,949,415	\$ 7,435,985	\$ 877,579

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

Debt service requirements on long-term debt is as follows:

Year Ending Dec 31	Bonds Payable		Bond Discount
	Principal	Interest	
2023	\$ 1,442,379	\$ 248,496	\$ (7,201)
2024	645,290	322,695	(7,201)
2025	657,274	307,572	(7,201)
2026	569,276	291,214	(7,201)
2027	540,078	274,154	(7,201)
2028 - 2032	2,449,965	1,137,864	(27,803)
2033 - 2037	2,580,000	748,011	(24,271)
2038 - 2042	2,180,000	271,980	(1,240)
Total	\$ 11,064,262	\$ 3,601,986	\$ (89,319)

During the year ended December 31, 2022 and 2021, the following changes occurred in governmental long-term liabilities of the Health Unit:

Health Unit - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 20,166	\$ 17,274	\$ 21,522	\$ 15,918	\$ 1,591
Net Pension Liability *	181,907	351,995	-	533,902	-
Total Health Unit	\$ 202,073	\$ 369,269	\$ 21,522	\$ 549,820	\$ 1,591

Health Unit - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 19,375	\$ 25,514	\$ 24,723	\$ 20,166	\$ 2,016
Net Pension Liability	526,715	-	344,808	181,907	-
Total Health Unit	\$ 546,090	\$ 25,514	\$ 369,531	\$ 202,073	\$ 2,016

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

During the year ended December 31, 2022 and 2021, the following changes occurred in governmental long-term liabilities of the Job Development Authority:

Job Development Authority - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 9,227	\$ 4,007	\$ 8,099	\$ 5,135	\$ 513
Net Pension Liability *	99,535	185,143	-	284,678	-
Total Governmental Activities	\$ 108,762	\$ 189,150	\$ 8,099	\$ 289,813	\$ 513

TRAIL COUNTY

Notes to the Financial Statements – Continued

Job Development Authority - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 4,180	\$ 7,059	\$ 2,012	\$ 9,227	\$ 923
Net Pension Liability	286,369	-	186,834	99,535	-
Total Governmental Activities	\$ 290,549	\$ 7,059	\$ 188,846	\$ 108,762	\$ 923

* The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change.

NOTE 7: 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.

TRAIL 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 following net pension liabilities were reported:

	2022	2021
Primary Government	\$ 9,365,660	\$ 2,883,149
Water Resource District	77,791	55,503
Health Unit	512,450	172,355
Job Development Authority	271,936	94,307

TRAIL COUNTY

Notes to the Financial Statements – Continued

The net pension 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 pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2022 and reported the following pension expense for the year ended December 31, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 and 2020 Measurement	Pension Expense
Primary Government			
2022	0.325189%	0.048575%	\$ 1,354,383
2021	0.276614%	-0.011327%	385,731
Water Resource District			
2022	0.002701%	-0.002624%	\$ (4,127)
2021	0.005325%	0.000013%	563
Health Unit			
2022	0.017793%	0.001257%	\$ 73,119
2021	0.016536%	0.000216%	26,876
Job Development Authority			
2022	0.009442%	0.000394%	\$ 70,504
2021	0.009048%	0.000171%	48,418

At December 31, 2022 and 2021, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

Primary Government - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 48,853	\$ 178,900
Changes in Assumptions	5,600,802	3,472,187
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	342,781	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	749,047	329,110
Employer Contributions Subsequent to the Measurement Date	144,444	-
Total Primary Government	\$ 6,885,927	\$ 3,980,197

Primary Government - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 49,779	\$ 294,265
Changes in Assumptions	3,191,086	4,160,510
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	1,069,315
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	140,603	469,945
Employer Contributions Subsequent to the Measurement Date	115,540	-
Total Primary Government	\$ 3,497,008	\$ 5,994,035

TRAIL COUNTY

Notes to the Financial Statements – Continued

Water Resource District - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 406	\$ 1,486
Changes in Assumptions	46,520	28,840
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	2,847	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	423	39,158
Employer Contributions Subsequent to the Measurement Date	3,082	-
Total Discretely Presented Component Units	\$ 53,278	\$ 69,484

Water Resource District - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 959	\$ 5,665
Changes in Assumptions	61,430	80,093
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	20,585
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	943	5,692
Employer Contributions Subsequent to the Measurement Date	2,172	-
Total Discretely Presented Component Units	\$ 65,504	\$ 112,035

Health Unit - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,673	\$ 9,789
Changes in Assumptions	306,453	189,984
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	18,756	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	19,994	2,425
Employer Contributions Subsequent to the Measurement Date	22,883	-
Total Discretely Presented Component Units	\$ 370,759	\$ 202,198

Health Unit - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,976	\$ 17,591
Changes in Assumptions	190,763	248,715
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	63,924
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	4,934	3,704
Employer Contributions Subsequent to the Measurement Date	18,702	-
Total Discretely Presented Component Units	\$ 217,375	\$ 333,934

TRAIL COUNTY

Notes to the Financial Statements – Continued

Job Development Authority - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,418	\$ 5,194
Changes in Assumptions	162,622	100,816
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	9,953	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	95,852	-
Employer Contributions Subsequent to the Measurement Date	4,103	-
Total Discretely Presented Component Units	\$ 273,948	\$ 106,010

Job Development Authority - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,628	\$ 9,625
Changes in Assumptions	104,380	136,090
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	34,977
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	124,274	-
Employer Contributions Subsequent to the Measurement Date	3,701	-
Total Discretely Presented Component Units	\$ 233,983	\$ 180,692

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023:

Primary Government	\$ 144,444
Water Resource District	3,082
Health Unit	22,883
Job Development Authority	4,103

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

	Primary Government	Water Resource District	Health Unit	Job Development Authority
2023	766,135	(5,580)	41,184	53,837
2024	847,630	(4,598)	47,063	57,237
2025	172,076	(10,194)	7,298	26,836
2026	-	1,084	50,133	-

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	5.75%
International Equity	21%	6.45%
Private Equity	7%	9.20%
Domestic Fixed Income	23%	0.34%
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%.

TRAIL COUNTY

Notes to the Financial Statements – Continued

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the 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 (6.10 percent) than the current rate:

Proportionate Share of the Net Pension Liability	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Primary Government	\$ 12,362,027	\$ 9,365,660	\$ 6,905,746
Discretely Presented Component Units			
Water Resource District	102,678	77,791	57,359
Health Unit	676,399	512,450	377,854
Job Development Authority	358,937	271,936	200,511

Pension Plan Fiduciary Net Position

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

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

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

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

At December 31, 2022 and 2021, the following net OPEB liabilities were reported:

	2022	2021
Primary Government	\$ 360,059	\$ 150,915
Water Resource District	3,645	3,076
Health Unit	21,452	9,552
Job Development Authority	12,742	5,228

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. The entities had the following proportions and change in proportions at June 30, 2022 and reported the following OPEB expense for the year ended December 31, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 and 2020 Measurement	OPEB Expense
Primary Government			
2022	0.299972%	0.028626%	\$ 61,683
2021	0.271346%	-0.001674%	18,501
Water Resource District			
2022	0.003037%	-0.002494%	\$ 389
2021	0.005531%	0.000390%	499
Health Unit			
2022	0.017872%	0.000697%	\$ 3,828
2021	0.017175%	0.001383%	1,461
Job Development Authority			
2022	0.010616%	0.001219%	\$ 3,365
2021	0.009397%	0.000980%	1,818

TRAIL COUNTY

Notes to the Financial Statements – Continued

At December 31, 2022 and 2021, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

Primary Government - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,535	\$ 3,096
Changes in Assumptions	90,695	
Net Difference Between Projected and Actual Investment	-	
Earnings on Pension Plan Investments	48,481	
Changes in Proportion and Differences Between Employer	-	
Contributions and Proportionate Share of Contributions	19,730	10,718
Employer Contributions Subsequent to the Measurement Date	16,649	-
Total Primary Government	\$ 184,090	\$ 13,814

Primary Government - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,666	\$ 4,137
Changes in Assumptions	23,371	-
Net Difference Between Projected and Actual Investment	-	
Earnings on Pension Plan Investments	-	51,707
Changes in Proportion and Differences Between Employer	-	
Contributions and Proportionate Share of Contributions	9,201	14,579
Employer Contributions Subsequent to the Measurement Date	16,820	-
Total Primary Government	\$ 58,058	\$ 70,423

Water Resource District - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 86	\$ 31
Changes in Assumptions	918	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	491	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	272	1,256
Employer Contributions Subsequent to the Measurement Date	494	-
Total Discretely Presented Component Units	\$ 2,261	\$ 1,287

Water Resource District - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 177	\$ 84
Changes in Assumptions	476	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	1,054
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	380	75
Employer Contributions Subsequent to the Measurement Date	348	-
Total Discretely Presented Component Units	\$ 1,381	\$ 1,213

TRAIL COUNTY

Notes to the Financial Statements – Continued

Health Unit - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 509	\$ 184
Changes in Assumptions	5,403	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	2,888	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	872	5
Employer Contributions Subsequent to the Measurement Date	3,664	-
Total Discretely Presented Component Units	\$ 13,336	\$ 189

Health Unit - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 549	\$ 262
Changes in Assumptions	1,479	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	3,273
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	808	11
Employer Contributions Subsequent to the Measurement Date	2,994	-
Total Discretely Presented Component Units	\$ 5,830	\$ 3,546

Job Development Authority - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 302	\$ 110
Changes in Assumptions	3,210	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	1,716	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	4,174	-
Employer Contributions Subsequent to the Measurement Date	657	-
Total Discretely Presented Component Units	\$ 10,059	\$ 110

Job Development Authority - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 300	\$ 143
Changes in Assumptions	809	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	1,791
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	4,826	-
Employer Contributions Subsequent to the Measurement Date	593	-
Total Discretely Presented Component Units	\$ 6,528	\$ 1,934

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023:

Primary Government	\$ 16,649
Water Resource District	494
Health Unit	3,664
Job Development Authority	657

TRAIL COUNTY

Notes to the Financial Statements – Continued

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

	Primary Government	Water Resource District	Health Unit	Job Development Authority
2023	39,505	164	2,507	2,581
2024	27,119	118	2,362	2,491
2025	33,201	48	2,074	2,330
2026	43,802	150	2,540	1,890

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 or 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
Broad US Equities	39%	5.75%
Core-Plus Fixed Income	35%	0.22%
International Equities	26%	6.00%

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.

TRAIL 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 (5.39 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Primary Government	\$ 459,594	\$ 360,059	\$ 276,503
Discretely Presented Component Units			
Water Resource District	4,653	3,645	2,799
Health Unit	27,382	21,452	16,474
Job Development Authority	16,265	12,742	9,785

NOTE 9 TRANSFERS

The following is reconciliation between cash transfers in and transfers out as reported in the basic financial statements for the years ended December 31, 2022 and 2021:

Governmental Funds	2022		2021	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Major Funds				
General Fund	\$ -	\$ 15,500	\$ 4,066	\$ 180,000
Special Revenue Fund	335,456	683,158	453,714	737,780
Capital Project Fund	363,202	-	460,000	-
Total Transfers	\$ 698,658	\$ 698,658	\$ 917,780	\$ 917,780

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.

NOTE 10 RISK MANAGEMENT

The County is exposed to various risks of loss related 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 joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability, two million for automobile, and \$3,463,303 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 two million dollars 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.

TRAILL COUNTY

Notes to the Financial Statements – Continued

NOTE 11 CONDUIT DEBT

From time to time, Traill County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there are Industrial Revenue Bonds to the South Dakota Health and Educational Facilities Authority with an amount outstanding totaling \$151,055,000.

NOTE 12 JOINT VENTURES

Red River Joint WRD

Under authorization of state statutes, Traill County Water Resource District joined Southeast Cass Water Resource District, North Cass Water Resource District, Maple River Water Resource District, Rush River Water Resource District, and the water resource districts of Richland County, Grand Forks County, Pembina County, Traill County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for the water management districts located within the Red River Valley. Known as the Red River Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2022, which is the most current audited information available:

Governmental Activities	Red River Joint Joint WRD
Total Assets	\$ 18,790,636
Total Liabilities	170,802
Net Position	\$ 18,619,834
Revenues	\$ 2,870,300
Expenses	1,307,454
Change in Net Position	\$ 1,562,846

Complete financial statements for the Red River Joint Water Resource District may be obtained from the Treasurer's office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

NOTE 13 CONSTRUCTION COMMITMENTS

The WRD had one construction commitment as of December 31, 2022 as follows:

	Total Contract	Total Completed	Retainage	Remaining Balance	Percent Completed
Thompson Improvement District No. 72	\$ 1,392,536	\$ 1,286,917	\$ 69,627	\$ 175,246	92.42%

TRAILL COUNTY

Budgetary Comparison Schedule - General Fund For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Taxes	\$ 2,422,853	\$ 2,422,853	\$ 2,314,826	\$ (108,027)	\$ 421,200	\$ 421,200	\$ 2,071,329	\$ 1,650,129
Intergovernmental	548,533	548,533	787,133	238,600	1,948,611	1,948,611	619,704	(1,328,907)
Charges for Services	744,700	744,700	795,805	51,105	47,190	47,190	715,877	668,687
Licenses, Permits and Fees	-	-	1,145	1,145	260	260	1,185	925
Interest Income	10,000	10,000	24,191	14,191	6,000	6,000	14,089	8,089
Miscellaneous	90,000	90,000	61,122	(28,878)	7,000	7,000	86,741	79,741
Total Revenues	\$ 3,816,086	\$ 3,816,086	\$ 3,984,222	\$ 168,136	\$ 2,430,261	\$ 2,430,261	\$ 3,508,925	\$ 1,078,664
EXPENDITURES								
Current								
General Government	\$ 2,293,449	\$ 2,293,449	\$ 1,992,500	\$ 300,949	\$ 1,992,770	\$ 1,992,770	\$ 1,748,642	\$ 244,128
Public Safety	1,699,745	1,699,745	1,312,461	387,284	1,573,056	1,573,056	1,257,213	315,843
Health & Welfare	114,542	114,542	127,339	(12,797)	114,542	114,542	105,494	9,048
Total Expenditures	\$ 4,107,736	\$ 4,107,736	\$ 3,432,300	\$ 675,436	\$ 3,680,368	\$ 3,680,368	\$ 3,111,349	\$ 569,019
Excess (Deficiency) of Revenues Over Expenditures	\$ (291,650)	\$ (291,650)	\$ 551,922	\$ 843,572	\$ (1,250,107)	\$ (1,250,107)	\$ 397,576	\$ 1,647,683
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,066	\$ 4,066
Transfers Out	-	-	(15,500)	(15,500)	-	-	(180,000)	(180,000)
Net Change in Fund Balances	\$ (291,650)	\$ (291,650)	\$ 536,422	\$ 828,072	\$ (1,250,107)	\$ (1,250,107)	\$ 221,642	\$ 1,471,749
Fund Balances - January 1	\$ 1,297,311	\$ 1,297,311	\$ 1,297,311	\$ -	\$ 1,075,669	\$ 1,075,669	\$ 1,075,669	\$ -
Fund Balances - December 31	\$ 1,005,661	\$ 1,005,661	\$ 1,833,733	\$ 828,072	\$ (174,438)	\$ (174,438)	\$ 1,297,311	\$ 1,471,749

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

TRAILL COUNTY

Budgetary Comparison Schedule - Special Revenue Fund For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Taxes	\$ 2,685,723	\$ 2,685,723	\$ 2,534,059	\$ (151,664)	\$ 2,900,855	\$ 2,900,855	\$ 2,481,013	\$ (419,842)
Intergovernmental	2,828,856	2,828,856	6,657,864	3,829,008	2,754,318	2,754,318	2,549,912	(204,406)
Charges for Services	185,503	185,503	380,520	195,017	283,458	283,458	280,652	(2,806)
Interest Income	-	-	10,708	10,708	100	100	11,553	11,453
Miscellaneous	31,000	31,000	17,794	(13,206)	32,000	32,000	37,924	5,924
Total Revenues	\$ 5,731,082	\$ 5,731,082	\$ 9,600,945	\$ 3,869,863	\$ 5,970,731	\$ 5,970,731	\$ 5,361,054	\$ (609,677)
EXPENDITURES								
Current								
General Government	\$ -	\$ 8,518	\$ 9,813	\$ (1,295)	\$ 9,791	\$ 9,791	\$ 52,000	\$ (42,209)
Public Safety	14,352	453,193	463,146	(9,953)	14,352	43,368	46,785	(3,417)
Highways and Bridges	4,087,003	4,876,439	4,604,613	271,826	4,566,038	4,566,038	3,628,560	937,478
Flood Repairs And Maintenance	-	10,291	10,291	-	-	-	138,796	(138,796)
Emergencies	165,503	346,953	300,005	46,948	344,747	346,785	118,803	227,982
Health and Welfare	1,419,270	2,179,844	2,182,072	(2,228)	1,313,430	1,321,435	1,378,765	(57,330)
Conservation of Natural Resources	219,559	246,185	164,537	81,648	216,973	216,973	171,287	45,686
Total Expenditures	\$ 5,905,687	\$ 8,121,423	\$ 7,734,477	\$ 386,946	\$ 6,465,331	\$ 6,504,390	\$ 5,534,996	\$ 969,394
Excess (Deficiency) of Revenues Over Expenditures	\$ (174,605)	\$ (2,390,341)	\$ 1,866,468	\$ 4,256,809	\$ (494,600)	\$ (533,659)	\$ (173,942)	\$ 359,717
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ -	\$ -	\$ 335,456	\$ 335,456	\$ -	\$ -	\$ 453,714	\$ 453,714
Transfers Out	-	(182,456)	(683,158)	(500,702)	-	(125,714)	(737,780)	(612,066)
Total Other Financing Sources (Uses)	\$ -	\$ (182,456)	\$ (347,702)	\$ (165,246)	\$ -	\$ (125,714)	\$ (284,066)	\$ (158,352)
Net Change in Fund Balances	\$ (174,605)	\$ (2,572,797)	\$ 1,518,766	\$ 4,091,563	\$ (494,600)	\$ (659,373)	\$ (458,008)	\$ 201,365
Fund Balances - January 1	\$ 3,602,479	\$ 3,602,479	\$ 3,602,479	\$ -	\$ 4,088,437	\$ 4,088,437	\$ 4,088,437	\$ -
Prior Period Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,950)	\$ -
Fund Balances - Jan. 1 as restated	\$ 3,602,479	\$ 3,602,479	\$ 3,602,479	\$ -	\$ 4,088,437	\$ 4,088,437	\$ 4,060,487	\$ -
Fund Balances - December 31	\$ 3,427,874	\$ 1,029,682	\$ 5,121,245	\$ 4,091,563	\$ 3,593,837	\$ 3,429,064	\$ 3,602,479	\$ 201,365

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

TRAILL 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**

Primary Government	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	0.325189%	\$ 9,365,660	\$ 3,774,913	248.10%	54.47%
2021	0.276614%	2,883,149	3,132,347	92.04%	78.26%
2020	0.287941%	9,058,670	3,274,257	276.66%	48.91%
2019	0.312803%	3,666,282	3,352,422	109.36%	71.66%
2018	0.288557%	4,869,706	3,061,477	159.06%	62.80%
2017	0.290388%	4,667,488	2,964,411	157.45%	61.98%
2016	0.270400%	2,635,310	2,724,995	96.71%	70.46%
2015	0.282479%	1,920,808	2,516,548	76.33%	77.15%
2014	0.282392%	2,073,075	2,378,805	87.15%	77.70%

Economic Development Commission	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	0.009442%	\$ 271,936	\$ 109,602	248.11%	54.47%
2021	0.009048%	94,307	103,957	90.72%	78.26%
2020	0.008877%	279,288	96,591	289.15%	48.91%
2019	0.009493%	111,260	98,896	112.50%	71.66%
2018	0.009450%	159,487	97,049	164.34%	62.80%
2017	0.009005%	145,546	92,439	157.45%	61.98%
2016	0.008778%	85,552	88,463	96.71%	70.46%
2015	0.008872%	60,329	79,040	76.33%	77.15%
2014	0.008869%	65,111	74,714	87.15%	77.70%

TRAIL COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

Health District	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	0.017793%	\$ 512,450	\$ 206,551	248.10%	54.47%
2021	0.016536%	172,355	187,248	92.05%	78.26%
2020	0.016320%	513,431	180,024	285.20%	48.91%
2019	0.016804%	196,955	174,786	112.68%	71.66%
2018	0.016518%	278,759	169,692	164.27%	62.80%
2017	0.016138%	259,391	164,748	157.45%	61.98%
2016	0.015868%	154,649	159,912	96.71%	70.46%
2015	0.017423%	118,473	155,214	76.33%	77.15%
2014	0.017792%	112,930	149,880	75.35%	77.70%

Water Resource District	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	0.002701%	\$ 77,791	\$ 31,350	248.14%	54.47%
2021	0.005325%	55,503	60,299	92.05%	78.26%
2020	0.005300%	167,117	58,602	285.17%	48.91%
2019	0.005500%	64,909	57,600	112.69%	71.66%
2018	0.005600%	94,624	57,600	164.28%	62.80%
2017	0.005400%	86,008	54,630	157.44%	61.98%
2016	0.010400%	101,426	104,874	96.71%	70.46%
2015	0.011400%	77,674	103,878	74.77%	77.70%

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

TRAIL COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

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

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 284,315	\$ 245,725	\$ 38,590	\$ 3,766,013	6.52%
2021	230,997	241,006	(10,009)	3,147,384	7.66%
2020	231,846	236,351	(4,505)	3,225,919	7.33%
2019	244,076	232,778	11,298	3,352,422	6.94%
2018	225,491	215,586	9,905	3,061,477	7.04%
2017	214,956	204,605	10,351	2,964,411	6.90%
2016	197,285	194,989	2,296	2,724,995	7.16%
2015	190,956	187,607	3,349	2,516,548	7.45%
2014	169,371	169,371	-	2,378,805	7.12%

Economic Development Commission	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 8,255	\$ 7,120	\$ 1,135	\$ 110,122	6.47%
2021	7,556	3,701	3,855	99,719	3.71%
2020	6,839	6,972	(133)	100,966	6.91%
2019	7,200	6,867	333	98,896	6.94%
2018	7,148	6,834	314	97,049	7.04%
2017	6,703	6,380	323	92,439	6.90%
2016	6,405	6,330	75	88,463	7.16%
2015	6,004	5,898	106	79,040	7.46%
2014	5,320	5,320	-	74,714	7.12%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 15,557	\$ 13,963	\$ 1,594	\$ 196,556	7.10%
2021	13,809	13,278	531	191,818	6.92%
2020	12,748	12,786	(38)	182,684	7.00%
2019	12,726	12,414	312	174,786	7.10%
2018	12,499	12,052	447	169,692	7.10%
2017	11,946	11,701	245	164,748	7.10%
2016	11,577	11,357	220	159,912	7.10%
2015	11,790	11,051	739	155,214	7.12%
2014	10,671	10,671	-	149,880	7.12%

TRAIL COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 2,362	\$ 3,000	\$ (638)	\$ 47,700	6.29%
2021	4,447	4,657	(210)	48,783	7.71%
2020	4,172	4,172	-	58,602	7.12%
2019	4,101	4,101	-	57,600	7.12%
2018	4,101	4,101	-	57,600	7.12%
2017	3,890	3,890	-	54,630	7.12%
2016	7,467	7,467	-	104,874	7.12%
2015	7,396	7,396	-	103,878	7.12%

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

TRAILL 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**

Primary Government	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	0.299972%	\$ 360,059	\$ 3,096,923	11.63%	56.28%
2021	0.281346%	150,915	2,958,372	5.10%	76.63%
2020	0.273020%	229,663	3,208,300	7.16%	63.38%
2019	0.291586%	234,199	3,352,422	6.99%	63.13%
2018	0.291586%	234,199	3,061,477	7.65%	61.89%
2017	0.274015%	216,749	2,964,411	7.31%	59.78%

Economic Development Commission	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	0.010616%	\$ 12,742	\$ 109,602	11.63%	56.28%
2021	0.009397%	5,228	102,456	5.10%	76.63%
2020	0.008417%	7,081	94,645	7.48%	63.38%
2019	0.008849%	7,107	98,896	7.19%	63.13%
2018	0.008849%	6,988	97,049	7.20%	61.89%
2017	0.009055%	145,546	92,439	157.45%	59.78%

Health District	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	0.017872%	\$ 21,452	\$ 184,509	11.63%	56.28%
2021	0.017175%	9,552	187,248	5.10%	76.63%
2020	0.015792%	13,284	182,684	7.27%	63.38%
2019	0.015664%	12,581	174,786	7.20%	63.13%
2018	0.015664%	12,214	169,692	7.20%	61.89%
2017	0.015228%	12,046	164,748	7.31%	59.78%

TRAIL COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions - Continued

Water Resource District	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	0.003037%	\$ 3,645	\$ 31,350	11.63%	56.28%
2021	0.005531%	3,076	60,299	5.10%	76.63%
2020	0.005141%	4,325	58,602	7.38%	63.38%
2019	0.005162%	4,146	57,600	7.20%	63.13%
2018	0.005264%	4,146	57,600	7.20%	61.89%
2017	0.005050%	3,995	54,630	7.31%	59.78%

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

TRAIL COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions - Continued

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

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 37,693	\$ 35,351	\$ 2,342	\$ 3,766,013	0.94%
2021	35,575	36,312	(737)	3,147,384	1.23%
2020	37,691	37,454	237	3,225,919	1.16%
2019	38,989	37,271	1,718	3,352,422	1.11%
2018	35,909	34,518	1,391	3,061,477	1.13%
2017	34,459	32,760	1,699	2,964,411	1.11%

Economic Development Commission	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 1,334	\$ 1,140	\$ 194	\$ 110,122	1.04%
2021	1,232	593	639	99,719	0.59%
2020	1,112	1,105	7	100,966	1.09%
2019	1,150	1,099	51	98,896	1.11%
2018	1,138	1,094	44	97,049	1.13%
2017	1,075	1,022	53	92,439	1.11%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 2,246	\$ 2,121	\$ 125	\$ 196,556	1.08%
2021	2,252	2,126	126	191,818	1.11%
2020	2,115	2,047	68	182,684	1.12%
2019	2,033	1,988	45	174,786	1.14%
2018	1,990	1,930	60	169,692	1.14%
2017	1,915	1,874	41	164,748	1.14%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2022	\$ 382	\$ 480	\$ (98)	\$ 47,700	1.01%
2021	725	744	(19)	48,783	1.53%
2020	688	666	22	58,602	1.14%
2019	670	657	13	57,600	1.14%
2018	676	657	19	57,600	1.14%
2017	635	879	(244)	54,630	1.61%

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

TRAILL COUNTY

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

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

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, 2021.

TRAIL COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Pension

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

OPEB

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 as follows:

Fund	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
Special Revenue Fund	\$ 5,905,687	\$ 2,398,192	\$ 8,303,879

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

Fund	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
Special Revenue Fund	\$ 6,465,331	\$ 164,773	\$ 6,630,104
Capital Projects Fund	265,000	240,021	505,021

TRAILL COUNTY

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

ALN Number	Program Title	Grantor's Number	2022 Expenditures	2021 Expenditures	Total Expenditures
US DEPARTMENT OF TRANSPORTATION					
Passed through North Dakota Department of Transportation					
20.616	National Priority Safety Programs	HSPID2110/HSPPOP2105/ HSPOP2205	\$ 2,720	\$ 4,612	\$ 7,332
20.600	State and Community Highway Safety	HSPSC2107/HSPSC2207/ HSPOP2305	4,647	2,800	7,447
Total U.S. Department of Transportation			<u>\$ 7,367</u>	<u>\$ 7,412</u>	<u>\$ 14,779</u>
US DEPARTMENT OF LABOR					
Passed through the North Dakota Department of Labor					
17.225	Unemployment Insurance	J2422	\$ 40	\$ -	\$ 40
US DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through North Dakota Department of Human Services					
93.566	Refugee and Entrant Assistance	N/A	\$ 753,635	\$ -	\$ 753,635
93.563	Child Support Services	N/A	-	47	47
93.778	Medical Assistance Program	N/A	-	9,486	9,486
21.019	COVID-19 - Coronavirus Relief Fund	N/A	-	10,809	10,809
Total US Department of Health and Human Services			<u>\$ 753,635</u>	<u>\$ 20,342</u>	<u>\$ 773,977</u>
US DEPARTMENT OF JUSTICE					
Passed through the State Department of Corrections and Rehabilitations					
16.575	Crime Victim Assistance	N/A	\$ -	\$ 10,990	\$ 10,990
16.576	Crime Victim Compensation	N/A	10,990	-	10,990
Total U.S. Department of Justice			<u>\$ 10,990</u>	<u>\$ 10,990</u>	<u>\$ 21,980</u>
US DEPARTMENT OF HOMELAND SECURITY					
Passed through the State Department Emergency Management					
97.042	Emergency Management Performance Grants	EMPG2020-2021	\$ 15,225	\$ 14,571	\$ 29,796
97.067	Homeland Security Grant Programs	HLS 2017, HLS 2018	-	25,255	25,255
97.036	Disaster Grants - Public Assistance	DR4509/DR4553/DR4475	615,599	134,310	749,909
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HMEP19	21,875	-	21,875
Total U.S. Department of Homeland Security Pass Through Programs			<u>\$ 652,699</u>	<u>\$ 174,136</u>	<u>\$ 826,835</u>
US DEPARTMENT OF TREASURY					
Direct Program					
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 369,160	\$ -	\$ 369,160
Total Expenditures of Federal Awards			<u>\$ 1,793,891</u>	<u>\$ 212,880</u>	<u>\$ 2,006,771</u>

See notes to the Schedule of Expenditures of Federal Awards

TRAILL COUNTY

Notes to the Schedule of Expenditures 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 under programs of the federal government for the year ended December 31, 2022 and 2021. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

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
Traill County
Hillsboro, 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 Traill County as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Traill County's basic financial statements, and have issued our report thereon dated March 1, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Traill 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 Traill County's internal control. Accordingly, we do not express an opinion on the effectiveness of Traill 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 items 2022-001 through 2022-004 to be material weaknesses.

TRAIL 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 Traill 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 2022-002.

Traill County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Traill County's response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Traill 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
March 1, 2024

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
Traill County
Hillsboro, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Traill 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 Traill County's major federal programs for the years ended December 31, 2022 and 2021. Traill 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, Traill 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 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Traill 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 Traill 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 Traill County's federal programs.

TRAILL 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 Trill 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 Trill 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 Trill 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 Trill 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 Trill 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters

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.

TRAIL COUNTY

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

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
March 1, 2024

TRAIL 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

ALN Number	Name of Federal Program or Cluster
93.566	Refugee and Entrant Assistance
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

TRAILL COUNTY

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

SECTION I – FINANCIAL STATEMENT FINDINGS

2022-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

During the audit of the Traill County, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP) The adjustments were approved by management and are reflected in the financial statements.

Effect

There is an increased risk of material misstatement to the Traill County's financial statements.

Cause

The Traill County may not have procedures in place to ensure the financial statements are complete and accurate.

Criteria

The Traill County is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

Prior Recommendation

No.

Recommendation

We recommend the Traill County review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Traill County's Response

See Corrective Action Plan

TRAILL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2022-002 COUNTY BUDGET – MATERIAL WEAKENSS & MATERIAL NONCOMPLIANCE

Condition

Trall 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 2nd, 3rd, and 5th required element included in N.D.C.C. §11-23-02.

Effect

The estimates for year-end cash and the 2nd, 3rd, and 5th element identified in N.D.C.C. §11-23-02 are key components in the tax levy calculation in any budget year. Thus, Traill County may have improperly calculated the tax levies for the 2021 and 2022 preliminary and final budgets.

Cause

Trall 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).

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.

TRAILL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

Prior Recommendation

No.

Recommendation

We recommend that Traill 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.

Traill County's Response

See Corrective Action Plan

TRAILL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2022-003 AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT - MATERIAL WEAKNESS

Condition

During the audit of the Traill County Water Resource District, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP) The adjustments were approved by management and are reflected in the financial statements.

Effect

There is an increased risk of material misstatement to the Traill County Water Resource District's financial statements.

Cause

The Traill County Water Resource District may not have procedures in place to ensure the financial statements are complete and accurate.

Criteria

The Traill County Water Resource District is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

Prior Recommendation

No.

Recommendation

We recommend the Traill County Water Resource District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Traill County Water Resource District's Response

See Water Resource District's Corrective Action Plan

TRAILL COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2022-004 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition

The Traill County Water Resource District have 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 vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

Effect

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the Traill County Water Resource District’s financial condition.

Cause

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

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 districts.

Repeat Finding

Yes.

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.

Traill County Water Resource District’s Response

See Water Resource District’s Corrective Action Plan

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TRAILL COUNTY AUDITOR

Date: February 20, 2024
To: Joshua C. Gallion, ND State Auditor
FROM: Glenda Haugen, County Auditor
RE: Traill County 2022-2021 Corrective Action Plan

Contact Person Responsible for Corrective Acton Plan: Glenda Haugen, County Auditor

Section I – Financial Statement Findings:

2022-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

During the audit of the Traill County, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP) The adjustments were approved by management and are reflected in the financial statements.

Corrective Action Plan:

Agree with the findings. Auditors will adjust report.

Anticipated Completion Date:

02-20-24

2022-002 COUNTY BUDGET – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Traill 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 2nd, 3rd, and 5th required element included in N.D.C.C. §11-23-02.

Corrective Action Plan:

Traill County implemented the budget forms suggested by the State Auditors for 2024 year and going forward. Will report the Interim Fund Balance (cash balance carry over) in accordance to state laws.

Anticipated Completion Date:

02-20-24

Sincerely,

Glenda Haugen

Glenda Haugen, Traill County Auditor

Traill County places significant importance on the safety and well-being of its employees and the public it serves.



Trail County Water Resource District
102 1st St SW · PO Box 10
Hillsboro, ND 58045

Date: February 20, 2024
To: Joshua C. Gallion, ND State Auditor
FROM: Jessica Spaeth, Secretary-Treasurer
RE: Trail County WRD 2022-2021 Corrective Action Plan

Contact Person Responsible for Corrective Acton Plan: Jessica Spaeth, Secretary-Treasurer

Section I – Financial Statement Findings:

2022-003 AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT - MATERIAL WEAKNESS

Condition:

During the audit of the Traill County Water Resource District, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP) The adjustments were approved by management and are reflected in the financial statements.

Corrective Action Plan:

We agree. To ensure compliance with generally accepted accounting principles (GAAP), Traill County Water Resource District will review all financial transactions for accuracy and completeness. Policy and procedures will be updated, and a review/documentation process will be implemented monthly to maintain transparency and uphold the integrity of our financial reporting practices.

Anticipated Completion Date:

Immediately. February 20, 2024.

2022-004 LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition:

The Traill County Water Resource District have 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 vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

Corrective Action Plan:

We agree. Traill County Water Resource District will conduct monthly bank reconciliations with a Manager present. Other duties will be separated upon hiring additional personnel.

Anticipated Completion Date:

Immediately. February 20, 2024. Additional personnel will be hired when resources are available.



TRAILL COUNTY
Glenda Haugen, County Auditor
PO Box 429 Hillsboro ND 58045
Phone: (701) 636-4458
Fax: 701-636-5418
Email: glenda.haugen@co.trail.nd.us

TRAILL COUNTY AUDITOR

Date: November 30, 2023
To: Joshua C. Gallion, ND State Auditor
FROM: Glenda Haugen, County Auditor
RE: Traill County– FY2022 Schedule of Prior Year Findings

2020-001 FRAUD RISK ASSESSMENT – MATERIAL WEAKNESS

Condition

Traill County does not currently prepare a fraud risk assessment of the entire entity.

Recommendation

We recommend Traill County prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

Current Status

PARTIALLY COMPLETED: Traill County Department heads have completed their risk assessment, and the Fraud Risk Assessment Team will meet on December 5, 2023, at 9:30 a.m. to review the department forms and present a review to the County Commissioners on December 19, 2023.

If you have any questions, feel free to give me a call at 701-636-4458.

Sincerely,

Glenda Haugen

Glenda Haugen
Traill County Auditor
701-636-4458

Traill County places significant importance on the safety and well-being of its employees and the public it serves.

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

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

ndsao@nd.gov

GOVERNANCE COMMUNICATION

March 1, 2024

Board of County Commissioners
Traill County
Hillsboro, 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 Traill County, North Dakota, for the years ended December 31, 2022 and 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 July 26, 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 Traill 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 or 2021. We noted no transactions entered into by Traill 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.

TRAIL COUNTY
 Governance Communication – Continued

Corrected and Uncorrected Misstatements

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

2022	General Fund		Special Revenue Fund		Capital Projects Fund		Government Wide	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Primary Government								
<u>To Record Payable Adjustment</u>								
Expenditures	253	-	9,803	-	30,044	-	40,100	-
Accounts Payable	-	253	-	9,803	-	30,044	-	40,100
<u>To Record Receivable Adjustment</u>								
Intergovernmental Receivable	-	-	109,748	-	-	-	109,748	-
Revenue	-	-	76,907	-	-	-	76,907	-
Road Receivable	-	-	-	186,655	-	-	-	186,655
<u>To Record Revenue Reclassification</u>								
Miscellaneous Revenue	-	-	-	-	63,000	-	63,000	-
Intergovernmental Revenue	-	-	-	-	-	63,000	-	63,000
Water Resource District								
<u>To Record Capital Asset Adjustment</u>								
Capital Assets, Net	-	-	-	-	-	-	1,601,616	-
Beginning Net Position	-	-	-	-	-	-	-	846,418
Expenditures	-	-	-	-	-	-	-	755,198
<u>To Record Unearned Revenue Adjustment</u>								
Revenue	-	-	-	-	-	-	20,000	-
Unearned Revenue	-	-	-	-	-	-	-	20,000
<u>To Record Payable Adjustment</u>								
Expenditures	-	-	-	-	-	-	272,892	-
Accounts Payable	-	-	-	-	-	-	-	272,892
2021								
Primary Government								
<u>To Record Receivable Adjustment</u>								
Intergovernmental Receivable	-	-	1,918,673	-	-	-	1,918,673	-
Revenue	-	-	-	1,918,673	-	-	-	1,918,673
<u>To Record Fund Level Prior Period Adjustment</u>								
Beginning Fund Balance/Net Position	-	-	27,950	-	-	-	27,950	-
Accounts Payable	-	-	-	198	-	-	-	198
Intergovernmental Receivable	-	-	-	27,752	-	-	-	27,752
<u>To Record Revenue Reclassification</u>								
Miscellaneous Revenue	-	-	-	-	82,676	-	82,676	-
Intergovernmental Revenue	-	-	-	-	-	82,676	-	82,676
<u>To Record Government Wide Prior Period Adjustment</u>								
Long Term Debt	-	-	-	-	-	-	11,042	-
Interest Payable	-	-	-	-	-	-	80	-
Capital Assets, Net	-	-	-	-	-	-	8,800	-
Beginning Net Position	-	-	-	-	-	-	-	19,922

TRAILL COUNTY
 Governance Communication – Continued

Water Resource District	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
<u>To Record Capital Asset Adjustment</u>								
Capital Assets, Net	-	-	-	-	-	-	847,418	-
Expenditures	-	-	-	-	-	-	-	847,418
<u>To Record Payable Adjustment</u>								
Expenditures	-	-	-	-	-	-	23,912	-
Accounts Payable	-	-	-	-	-	-	-	23,912
<u>To Record Unearned Revenue Adjustment</u>								
Revenue	-	-	-	-	-	-	20,000	-
Unearned Revenue	-	-	-	-	-	-	-	20,000
<u>To Record Prior Period Adjustment</u>								
Special Assessments Receivable	-	-	-	-	-	-	1,184,844	-
Interest Payable	-	-	-	-	-	-	-	40,609
Beginning Net Position	-	-	-	-	-	-	-	1,144,235

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 March 1, 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 Trill County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the *budgetary comparison information, schedule of district's share of net pension liability and district contributions, schedule of district's share of net OPEB liability and district contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

TRAILL COUNTY

Governance Communication – Continued

We were engaged to report on the *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 Traill County board members and management of Traill 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 Traill 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 Traill County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 1, 2024



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505