



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Bottineau County

Bottineau, North Dakota

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

Client Code: PS5000



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Office of the
State Auditor

BOTTINEAU COUNTY

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BOTTINEAU COUNTY

County Officials
December 31, 2022 and 2021

December 31, 2022

Lance Kjelshus	Chairman
Nathaniel Buynak	Vice-Chairman
Rodney Hiatt	Commissioner
Benjamin Tonneson	Commissioner
Jeff Beyers	Commissioner
Emily Deschamp	Auditor
Ann Monson	Treasurer
Steve Watson	Sheriff
Bobbi Milbrath	Recorder
Tammy Knudson	Clerk of Court
Seymour Jordan	State's Attorney
Ashley Pedie	Tax Director
Ritchie Gimbel	Road Supervisor
Kelly Jensen	Social Services Director

December 31, 2021

LeRoy Rude	Chairman
Lance Kjelshus	Vice-Chairman
Daniel Marquardt	Commissioner
Jeff Beyer	Commissioner
Nathaniel Buynak	Commissioner
Emily Deschamp	Auditor
Ann Monson	Treasurer
Steve Watson	Sheriff
Bobbi Milbrath	Recorder
Tammy Knudson	Clerk of Court
Seymour Jordan	State's Attorney
Ashley Pedie	Tax Director
Ritchie Gimbel	Road Supervisor
Kelly Jensen	Social Services Director

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Bottineau County
Bottineau, 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 Bottineau County, North Dakota, as of and for the year ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise Bottineau 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 Bottineau County, North Dakota, as of December 31, 2022 and December 31, 2021, and the respective changes in financial position, 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 Bottineau County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

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 Bottineau 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 Responsibility 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 Bottineau 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 Bottineau 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bottineau 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 November 7, 2023 on our consideration of Bottineau 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 Bottineau 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 Bottineau County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
November 7, 2023

BOTTINEAU COUNTY

Statement of Net Position

December 31, 2022

	Governmental Activities	
	Primary Government	Component Units
ASSETS		
Cash and Investments	\$ 8,165,438	\$ 295,587
Intergovernmental Receivable	502,547	49,941
Accounts Receivable	57,220	-
Interest Receivable	5,213	-
Taxes Receivable	146,126	7,790
Road Receivables	319,225	-
Special Assessments Receivable	-	900,655
Capital Assets		
Nondepreciable	6,951,994	900,649
Depreciable, Net	53,877,423	6,197,316
Total Assets	<u>\$ 70,025,186</u>	<u>\$ 8,351,938</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB	\$ 6,049,135	\$ -
Total Assets and Deferred Outflows of Resources	<u>\$ 76,074,321</u>	<u>\$ 8,351,938</u>
LIABILITIES		
Accounts Payable	\$ 524,642	\$ 77,987
Salaries Payable	41,095	-
Payroll Liability	-	1,316
Grants Received in Advance	650,424	-
Retainage Payable	89,625	16,951
Prepaid Taxes	660,550	-
Interest Payable	32,251	17,331
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	988,860	587,607
Compensated Absences Payable	35,387	-
Due After One Year		
Long Term Debt	4,196,656	2,101,688
Compensated Absences Payable	318,482	-
Net Pension and OPEB Liability	8,844,368	-
Total Liabilities	<u>\$ 16,382,340</u>	<u>\$ 2,802,880</u>
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	\$ 4,008,403	\$ -
Total Liabilities and Deferred Intflows of Resources	<u>\$ 20,390,743</u>	<u>\$ 2,802,880</u>
NET POSITION		
Net Investment in Capital Assets	\$ 55,522,025	\$ -
Restricted for		
Debt Service	644,240	-
Highways	402,413	-
Culture and Recreation	287,039	-
Conservation of Natural Resources	223,796	5,549,058
Emergencies	651,686	-
Unrestricted	(2,047,621)	-
Total Net Position	<u>\$ 55,683,578</u>	<u>\$ 5,549,058</u>

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

BOTTINEAU 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	
					Primary Government	Component Units
Primary Government						
General Government	\$ 3,094,793	\$ 204,638	\$ 806,225	\$ -	\$ (2,083,930)	\$ -
Public Safety	2,749,555	584,436	165,805	-	(1,999,314)	-
Highways	5,870,656	1,196,718	2,822,689	2,996,892	1,145,643	-
Flood Repair	-	-	66,921	-	66,921	-
Health and Welfare	1,783,670	-	1,567,284	-	(216,386)	-
Culture and Recreation	388,030	-	-	-	(388,030)	-
Conserv. of Natural Resources	339,125	-	-	-	(339,125)	-
Emergency	2	-	-	-	(2)	-
Other	114,055	-	-	-	(114,055)	-
Interest on Long-Term Debt	131,794	-	-	-	(131,794)	-
Total Primary Government	\$ 14,471,680	\$ 1,985,792	\$ 5,428,924	\$ 2,996,892	\$ (4,060,072)	\$ -
Component Units	\$ 804,971	\$ -	\$ 370	\$ 909,203	\$ -	\$ 104,602
General Revenues						
Property Taxes					\$ 4,261,252	\$ 83,254
Non Restricted Grants and Contributions					3,197,941	-
Gain on Sale of Capital Assets					137,301	-
Earnings on Investments					36,673	3,908
Miscellaneous Revenue					458,880	4,015
Total General Revenues					\$ 8,092,047	\$ 91,177
Change in Net Position					\$ 4,031,975	\$ 195,779
Net Position - January 1					\$ 51,651,603	\$ 5,353,279
Net Position - December 31					\$ 55,683,578	\$ 5,549,058

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

BOTTINEAU COUNTY

Balance Sheet – Governmental Funds

December 31, 2022

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,392,773	\$ 4,128,425	\$ 644,240	\$ 8,165,438
Intergovernmental Receivable	121,698	380,849	-	502,547
Accounts Receivable	6,278	50,942	-	57,220
Interest Receivable	-	5,213	-	5,213
Taxes Receivable	96,525	49,601	-	146,126
Road Receivables	-	319,225	-	319,225
Total Assets	<u>\$ 3,617,274</u>	<u>\$ 4,934,255</u>	<u>\$ 644,240</u>	<u>\$ 9,195,769</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 155,825	\$ 368,817	\$ -	\$ 524,642
Salaries Payable	35,283	5,812	-	41,095
Retainage Payable	-	89,625	-	89,625
Grants Received in Advance	573,713	76,711	-	650,424
Total Liabilities	<u>\$ 764,821</u>	<u>\$ 540,965</u>	<u>\$ -</u>	<u>\$ 1,305,786</u>
Deferred Inflows of Resources				
Taxes Receivable	\$ 96,525	\$ 49,601	\$ -	\$ 146,126
Prepaid Taxes	417,922	242,628	-	660,550
Road Receivables	-	319,225	-	319,225
Total Deferred Inflows of Resources	<u>\$ 514,447</u>	<u>\$ 611,454</u>	<u>\$ -</u>	<u>\$ 1,125,901</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,279,268</u>	<u>\$ 1,152,419</u>	<u>\$ -</u>	<u>\$ 2,431,687</u>
Fund Balances				
Restricted				
Public Safety	\$ -	\$ 152,976	\$ -	\$ 152,976
Highways	-	1,856,090	-	1,856,090
Health and Welfare	-	342,956	-	342,956
Culture and Recreation	-	425,649	-	425,649
Conservation of Natural Resources	-	294,056	-	294,056
Emergency	-	649,540	-	649,540
General Government	-	127,727	-	127,727
Debt Service	-	-	644,240	644,240
Unassigned	2,338,006	(67,158)	-	2,270,848
Total Fund Balances	<u>\$ 2,338,006</u>	<u>\$ 3,781,836</u>	<u>\$ 644,240</u>	<u>\$ 6,764,082</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,617,274</u>	<u>\$ 4,934,255</u>	<u>\$ 644,240</u>	<u>\$ 9,195,769</u>

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

BOTTINEAU COUNTY

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

Total Fund Balances of Governmental Funds \$ 6,764,082

Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 60,829,417

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 revenues in the funds.

Property Taxes Receivable	\$ 146,126	
Road Receivables	<u>319,225</u>	465,351

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$ 6,049,135	
Deferred Inflows Related to Pensions and OPEB	<u>(4,008,403)</u>	2,040,732

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

Long-Term Debt	\$ (5,185,516)	
Interest Payable	(32,251)	
Retainage Payable	-	
Compensated Absences Payable	(353,869)	
Net Pension and OPEB Liability	<u>(8,844,368)</u>	<u>(14,416,004)</u>

Total Net Position of Governmental Activities \$ 55,683,578

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

BOTTINEAU COUNTY

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

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,843,621	\$ 1,398,867	\$ -	\$ 4,242,488
Intergovernmental	2,360,764	5,680,132	585,968	8,626,864
Charges for Services	778,877	1,166,388	-	1,945,265
Licenses, Permits and Fees	9,726	-	-	9,726
Interest Income	-	36,673	-	36,673
Miscellaneous	94,223	364,659	-	458,882
Total Revenues	\$ 6,087,211	\$ 8,646,719	\$ 585,968	\$ 15,319,898
EXPENDITURES				
Current				
General Government	\$ 2,825,320	\$ 61,328	\$ -	\$ 2,886,648
Public Safety	2,001,968	384,450	-	2,386,418
Highways and Bridges	-	7,478,525	-	7,478,525
Health and Welfare	-	1,590,437	-	1,590,437
Culture and Recreation	156,219	208,329	-	364,548
Conserv. of Natural Resources	7,379	319,785	-	327,164
Emergency	-	2	-	2
Other	114,055	-	-	114,055
Debt Service				
Principal	80,051	648,492	389,132	1,117,675
Interest & Service Charges	2,778	88,913	50,868	142,559
Total Expenditures	\$ 5,187,770	\$ 10,780,261	\$ 440,000	\$ 16,408,031
Excess (Deficiency) of Revenues Over Expenditures	\$ 899,441	\$ (2,133,542)	\$ 145,968	\$ (1,088,133)
OTHER FINANCING SOURCES (USES)				
Notes Payable Proceeds	\$ -	\$ 855,807	\$ -	\$ 855,807
Transfers In	-	305,360	-	305,360
Transfers Out	(305,360)	-	-	(305,360)
Total Other Financing Sources and Uses	\$ (305,360)	\$ 1,161,167	\$ -	\$ 855,807
Net Change in Fund Balances	\$ 594,081	\$ (972,375)	\$ 145,968	\$ (232,326)
Fund Balance - January 1	\$ 1,743,925	\$ 4,754,211	\$ 498,272	\$ 6,996,408
Fund Balance - December 31	<u>\$ 2,338,006</u>	<u>\$ 3,781,836</u>	<u>\$ 644,240</u>	<u>\$ 6,764,082</u>

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

BOTTINEAU 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 \$ (232,326)

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.

Capital Outlay	\$ 4,504,150	
Capital contribution	2,996,892	
Depreciation Expense	<u>(2,972,919)</u>	4,528,123

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

Gain on Sales of Capital Assets	<u>\$ 137,301</u>	137,301
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The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Repayment	\$ 1,117,675	
Notes Payable Financing	<u>(855,807)</u>	261,868

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	\$ 46,738	
Net Change in Interest Payable	<u>10,765</u>	57,503

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	\$ 18,764	
Net Change in Road Receivables	<u>30,800</u>	49,564

The Net Pension and OPEB 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	\$ (5,197,599)	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	1,526,500	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>2,901,041</u>	<u>(770,058)</u>

Change in Net Position of Governmental Activities \$ 4,031,975

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

BOTTINEAU COUNTYStatement of Fiduciary Net Position – Fiduciary Funds
December 31, 2022

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	<u>\$ 14,189</u>	<u>\$ 2,173,163</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES		
Liabilities		
Funds Held for Other Governments	\$ -	\$ 71,025
Funds Held for Payroll Withholding	-	42,922
Funds Held for Tax Collections	-	313,308
Funds Held for Private Purpose Trust	14,189	-
Funds Held for Other Purposes	<u>-</u>	<u>64,420</u>
Total Liabilities	<u>\$ 14,189</u>	<u>\$ 491,675</u>
Deferred Inflows of Resources		
Taxes Received in Advance	<u>\$ -</u>	<u>\$ 1,681,488</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 14,189</u>	<u>\$ 2,173,163</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

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

BOTTINEAU COUNTYStatement of Changes in Fiduciary Net Position – Fiduciary Funds
December 31, 2022

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Tax Collections for Other Governments	\$ -	\$ 13,156,407
Clerk of Court Collections	-	117,711
Turnkey Collections	50,558	-
Payroll Withholding Collections	-	80,223
Grant Collections for Other Governments	-	1,090,549
Miscellaneous Collections	-	11,078
	<u>50,558</u>	<u>14,455,968</u>
Total Additions	<u>\$ 50,558</u>	<u>\$ 14,455,968</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ -	\$ 13,156,407
Clerk of Court Disbursements	-	117,711
Turnkey Disbursement	50,558	-
Payroll Withholding Disbursements	-	80,223
Grant Disbursements to Other Governments	-	1,090,549
Miscellaneous Disbursements	-	11,078
	<u>50,558</u>	<u>14,455,968</u>
Total Deductions	<u>\$ 50,558</u>	<u>\$ 14,455,968</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>

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

BOTTINEAU COUNTY

Combining Statement of Net Position – All Discretely Presented Component Units

December 31, 2022

	Bottineau County WRD	Boundary Creek WRD	Oak Creek WRD	Total
ASSETS				
Cash and Investments	\$ 115,527	\$ 40,288	\$ 139,772	\$ 295,587
Intergovernmental Receivable	49,941	-	-	49,941
Taxes Receivable	5,359	798	1,633	7,790
Special Assessments Receivable	900,655	-	-	900,655
Capital Assets				
Nondepreciable	900,649	-	-	900,649
Depreciable, Net	6,197,316	-	-	6,197,316
Total Assets	\$ 8,169,447	\$ 41,086	\$ 141,405	\$ 8,351,938
LIABILITIES				
Accounts Payable	\$ 77,267	\$ -	\$ 720	\$ 77,987
Payroll Liability	1,316	-	-	1,316
Interest Payable	17,331	-	-	17,331
Retainage Payable	16,951	-	-	16,951
Long-Term Liabilities				
Due Within One Year				
Long Term Debt	587,607	-	-	587,607
Due After One Year				
Long Term Debt	2,101,688	-	-	2,101,688
Total Liabilities	\$ 2,802,160	\$ -	\$ 720	\$ 2,802,880
NET POSITION				
Restricted				
Conservation of Natural Resources	\$ 5,367,287	\$ 41,086	\$ 140,685	\$ 5,549,058
Total Net Position	\$ 5,367,287	\$ 41,086	\$ 140,685	\$ 5,549,058

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

BOTTINEAU COUNTY

Combining Statement of Activities – All Discretely Presented Component Units

December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Bottineau County WRD	Boundary Creek WRD	Oak Creek WRD	
Component Units								
Bottineau County WRD	\$ 768,438	\$ -	\$ -	\$ 909,203	\$ 140,765	\$ -	\$ -	\$ 140,765
Boundary Creek WRD	5,501	-	-	-	-	(5,501)	-	(5,501)
Oak Creek WRD	31,032	-	370	-	-	-	(30,662)	(30,662)
Total Component Units	\$ 804,971	\$ -	\$ 370	\$ 909,203	\$ 140,765	\$ (5,501)	\$ (30,662)	\$ 104,602
General Revenues								
Property Taxes					\$ 1,064	\$ 17,045	\$ 65,145	\$ 83,254
Earnings on Investments					3,748	87	73	3,908
Miscellaneous Revenue					3,156	146	713	4,015
Total General Revenues					\$ 7,968	\$ 17,278	\$ 65,931	\$ 91,177
Change in Net Position					\$ 148,733	\$ 11,777	\$ 35,269	\$ 195,779
Net Position - January 1					\$ 5,218,554	\$ 29,309	\$ 105,416	\$ 5,353,279
Net Position - December 31					\$ 5,367,287	\$ 41,086	\$ 140,685	\$ 5,549,058

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

BOTTINEAU COUNTY

Statement of Net Position

December 31, 2021

	Governmental Activities	
	Primary Government	Component Units
ASSETS		
Cash and Investments	\$ 8,425,508	\$ 216,345
Intergovernmental Receivable	453,155	231,246
Accounts Receivable	53,260	-
Interest Receivable	4,640	-
Taxes Receivable	127,362	6,756
Road Receivables	288,425	-
Special Assessments Receivable	-	1,057,864
Capital Assets		
Nondepreciable	1,686,579	847,786
Depreciable, Net	54,804,429	6,197,950
Total Assets	\$ 65,843,358	\$ 8,557,947
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB	\$ 4,522,635	\$ -
Total Assets and Deferred Outflows of Resources	\$ 70,365,993	\$ 8,557,947
LIABILITIES		
Accounts Payable	\$ 324,603	\$ 583,809
Salaries Payable	10,790	-
Payroll Liability	-	3,323
Grants Received in Advance	686,814	-
Retainage Payable	17,149	15,376
Prepaid Taxes	900,799	-
Interest Payable	43,016	15,868
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	899,470	558,528
Compensated Absences Payable	40,061	-
Due After One Year		
Long Term Debt	4,874,930	2,027,764
Compensated Absences Payable	360,545	-
Net Pension and OPEB Liability	3,646,769	-
Total Liabilities	\$ 11,804,946	\$ 3,204,668
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	\$ 6,909,444	\$ -
Total Liabilities and Deferred Intflows of Resources	\$ 18,714,390	\$ 3,204,668
NET POSITION		
Net Investment in Capital Assets	\$ 50,656,443	\$ 4,428,200
Restricted for		
Debt Service	498,272	-
Culture and Recreation	334,258	-
Conservation of Natural Resources	308,762	925,079
Emergencies	522,723	-
Unrestricted	(668,855)	-
Total Net Position	\$ 51,651,603	\$ 5,353,279

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

BOTTINEAU 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	Governmental Activities	
					Primary Government	Component Units
Primary Government						
General Government	\$ 1,885,951	\$ 190,036	\$ 154,101	\$ -	\$ (1,541,814)	\$ -
Public Safety	2,998,794	701,449	180,675	-	(2,116,670)	-
Highways	5,515,221	855,710	857,832	989,549	(2,812,130)	-
Health and Welfare	1,580,738	-	1,191,098	-	(389,640)	-
Culture and Recreation	331,674	-	-	-	(331,674)	-
Conserv. of Natural Resources	240,263	-	33,321	-	(206,942)	-
Emergency	75,044	-	-	-	(75,044)	-
Other	30,530	-	-	-	(30,530)	-
Interest on Long-Term Debt	162,588	-	-	-	(162,588)	-
Total Primary Government	\$ 12,820,803	\$ 1,747,195	\$ 2,417,027	\$ 989,549	\$ (7,667,032)	\$ -
Component Units	\$ 587,504	\$ -	\$ -	\$ 1,730,464	\$ -	\$ 1,142,960
General Revenues						
Property Taxes					\$ 4,038,560	\$ 213,453
Non Restricted Grants and Contributions					2,207,113	-
Gain on Sale of Capital Assets					131,310	-
Earnings on Investments					39,763	3,075
Miscellaneous Revenue					267,611	1,105
Total General Revenues					\$ 6,684,357	\$ 217,633
Change in Net Position					\$ (982,675)	\$ 1,360,593
Net Position - January 1					\$ 49,975,773	\$ 4,013,341
Prior Period Adjustment					\$ 2,658,505	\$ (20,655)
Net Position - January 1, as Restated					\$ 52,634,278	\$ 3,992,686
Net Position - December 31					\$ 51,651,603	\$ 5,353,279

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

BOTTINEAU COUNTYBalance Sheet – Governmental Funds
December 31, 2021

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,973,116	\$ 4,954,120	\$ 498,272	\$ 8,425,508
Intergovernmental Receivable	43,860	409,295	-	453,155
Accounts Receivable	2,788	50,472	-	53,260
Interest Receivable	-	4,640	-	4,640
Taxes Receivable	82,653	44,709	-	127,362
Road Receivables	-	288,425	-	288,425
Total Assets	\$ 3,102,417	\$ 5,751,661	\$ 498,272	\$ 9,352,350
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 20,512	\$ 304,091	\$ -	\$ 324,603
Salaries Payable	4,659	6,131	-	10,790
Retainage Payable	-	17,149	-	17,149
Grants Received in Advance	610,103	76,711	-	686,814
Total Liabilities	\$ 635,274	\$ 404,082	\$ -	\$ 1,039,356
Deferred Inflows of Resources				
Taxes Receivable	\$ 82,653	\$ 44,709	\$ -	\$ 127,362
Prepaid Taxes	640,565	260,234	-	900,799
Road Receivables	-	288,425	-	288,425
Total Deferred Inflows of Resources	\$ 723,218	\$ 593,368	\$ -	\$ 1,316,586
Total Liabilities and Deferred Inflows of Resources	\$ 1,358,492	\$ 997,450	\$ -	\$ 2,355,942
Fund Balances				
Restricted				
Public Safety	\$ -	\$ 140,812	\$ -	\$ 140,812
Highways	-	2,831,010	-	2,831,010
Health and Welfare	-	374,498	-	374,498
Culture and Recreation	-	453,220	-	453,220
Conservation of Natural Resources	-	366,232	-	366,232
Emergency	-	520,140	-	520,140
General Government	-	99,412	-	99,412
Debt Service	-	-	498,272	498,272
Unassigned	1,743,925	(31,113)	-	1,712,812
Total Fund Balances	\$ 1,743,925	\$ 4,754,211	\$ 498,272	\$ 6,996,408
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,102,417	\$ 5,751,661	\$ 498,272	\$ 9,352,350

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

BOTTINEAU COUNTY

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

Total Fund Balances of Governmental Funds		\$ 6,996,408
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.		56,491,009
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 revenues in the funds.		
Property Taxes Receivable	\$ 127,362	
Road Receivables	<u>288,425</u>	415,787
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions and OPEB	\$ 4,522,635	
Deferred Inflows Related to Pensions and OPEB	<u>(6,909,444)</u>	(2,386,809)
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		
Long-Term Debt	\$ (5,774,400)	
Interest Payable	(43,016)	
Compensated Absences Payable	(400,607)	
Net Pension and OPEB Liability	<u>(3,646,769)</u>	<u>(9,864,792)</u>
Total Net Position of Governmental Activities		<u>\$ 51,651,603</u>

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

BOTTINEAU COUNTY

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

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,637,913	\$ 1,401,642	\$ -	\$ 4,039,555
Intergovernmental	980,285	3,170,444	473,411	4,624,140
Charges for Services	742,158	1,065,705	-	1,807,863
Licenses, Permits and Fees	4,475	-	-	4,475
Interest Income	-	39,763	-	39,763
Miscellaneous	64,013	203,597	-	267,610
Total Revenues	\$ 4,428,844	\$ 5,881,151	\$ 473,411	\$ 10,783,406
EXPENDITURES				
Current				
General Government	\$ 1,979,212	\$ 66,279	\$ -	\$ 2,045,491
Public Safety	2,384,909	341,289	-	2,726,198
Highways and Bridges	-	4,562,998	-	4,562,998
Health and Welfare	-	1,508,557	-	1,508,557
Culture and Recreation	152,755	155,365	-	308,120
Conserv. of Natural Resources	7,727	226,611	-	234,338
Emergency	-	75,044	-	75,044
Other	30,530	-	-	30,530
Debt Service				
Principal	73,614	637,416	377,196	1,088,226
Interest & Service Charges	3,312	100,495	51,804	155,611
Total Expenditures	\$ 4,632,059	\$ 7,674,054	\$ 429,000	\$ 12,735,113
Excess (Deficiency) of Revenues Over Expenditures	\$ (203,215)	\$ (1,792,903)	\$ 44,411	\$ (1,951,707)
OTHER FINANCING SOURCES (USES)				
Notes Payable Proceeds	\$ -	\$ 917,700	\$ -	\$ 917,700
Loan Proceeds	241,199	-	-	241,199
Sale of Capital Assets	-	321,500	-	321,500
Transfers In	-	73,000	-	73,000
Transfers Out	(45,000)	(28,000)	-	(73,000)
Total Other Financing Sources and Uses	\$ 196,199	\$ 1,284,200	\$ -	\$ 1,480,399
Net Change in Fund Balances	\$ (7,016)	\$ (508,703)	\$ 44,411	\$ (471,308)
Fund Balance - January 1	\$ 1,750,941	\$ 5,274,422	\$ 453,861	\$ 7,479,224
Prior Period Adjustment	\$ -	\$ (11,508)	\$ -	\$ (11,508)
Fund Balance - January 1, as Restated	\$ 1,750,941	\$ 5,262,914	\$ 453,861	\$ 7,467,716
Fund Balance - December 31	\$ 1,743,925	\$ 4,754,211	\$ 498,272	\$ 6,996,408

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

BOTTINEAU 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 \$ (471,308)

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.

Capital Outlay	\$ 2,123,196	
Capital contribution	989,549	
Depreciation Expense	<u>(2,985,685)</u>	127,060

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

Gain on Sales of Capital Assets	\$ 131,310	
Proceeds from Sales of Capital Assets	<u>(280,000)</u>	(148,690)

The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Proceeds	\$ (241,199)	
Debt Repayment	1,088,226	
Notes Payable Financing	<u>(917,700)</u>	(70,673)

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	\$ 20,141	
Net Change in Interest Payable	<u>(6,977)</u>	13,164

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	\$ (995)	
Net Change in Road Receivables	<u>(65,142)</u>	(66,137)

The Net Pension and OPEB 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	\$ 7,395,387	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(2,387,799)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(5,332,179)</u>	(324,591)

Change in Net Position of Governmental Activities \$ (941,175)

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

BOTTINEAU COUNTYStatement of Fiduciary Net Position – Fiduciary Funds
December 31, 2021

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	<u>\$ 12,311</u>	<u>\$ 2,736,416</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES		
Liabilities		
Funds Held for Other Governments	\$ -	\$ 67,795
Funds Held for Payroll Withholding	-	39,784
Funds Held for Tax Collections	-	284,349
Funds Held for Private Purpose Trust	12,311	-
Funds Held for Other Purposes	<u>-</u>	<u>63,988</u>
Total Liabilities	<u>\$ 12,311</u>	<u>\$ 455,916</u>
Deferred Inflows of Resources		
Taxes Received in Advance	<u>\$ -</u>	<u>\$ 2,280,500</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 12,311</u>	<u>\$ 2,736,416</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

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

BOTTINEAU COUNTYStatement of Changes in Fiduciary Net Position – Fiduciary Funds
December 31, 2021

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Tax Collections for Other Governments	\$ -	\$ 13,824,322
Clerk of Court Collections		151,462
Turnkey Collections	73,555	-
Payroll Withholding Collections	-	87,375
Grant Collections for Other Governments	-	1,204,728
Miscellaneous Collections	-	2,146
	<hr/>	<hr/>
Total Additions	<u>\$ 73,555</u>	<u>\$ 15,270,033</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ -	\$ 13,824,322
Clerk of Court Disbursements		151,462
Turnkey Disbursement	73,555	-
Payroll Withholding Disbursements	-	87,375
Grant Disbursements to Other Governments	-	1,204,728
Miscellaneous Disbursements	-	2,146
	<hr/>	<hr/>
Total Deductions	<u>\$ 73,555</u>	<u>\$ 15,270,033</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>

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

BOTTINEAU COUNTY

Combining Statement of Net Position – All Discretely Presented Component Units
 December 31, 2021

	Bottineau County WRD	Boundary Creek WRD	Oak Creek WRD	Total
ASSETS				
Cash and Investments	\$ 84,081	\$ 28,712	\$ 103,552	\$ 216,345
Intergovernmental Receivable	231,246	-	-	231,246
Taxes Receivable	4,295	597	1,864	6,756
Special Assessments Receivable	1,057,864	-	-	1,057,864
Capital Assets				
Nondepreciable	847,786	-	-	847,786
Depreciable, Net	6,197,950	-	-	6,197,950
Total Assets	\$ 8,423,222	\$ 29,309	\$ 105,416	\$ 8,557,947
LIABILITIES				
Accounts Payable	\$ 583,809	\$ -	\$ -	\$ 583,809
Payroll Liability	3,323	-	-	3,323
Interest Payable	15,868	-	-	15,868
Retainage Payable	15,376	-	-	15,376
Long-Term Liabilities				
Due Within One Year				
Long Term Debt	558,528	-	-	558,528
Due After One Year				
Long Term Debt	2,027,764	-	-	2,027,764
Total Liabilities	\$ 3,204,668	\$ -	\$ -	\$ 3,204,668
NET POSITION				
Net Investment in Capital Assets	\$ 4,428,200	\$ -	\$ -	\$ 4,428,200
Restricted				
Conservation of Natural Resources	790,354	29,309	105,416	925,079
Total Net Position	\$ 5,218,554	\$ 29,309	\$ 105,416	\$ 5,353,279

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

BOTTINEAU COUNTY

Combining Statement of Activities – All Discretely Presented Component Units

December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Bottineau County WRD	Boundary Creek WRD	Oak Creek WRD	
Component Units								
Bottineau County WRD	\$ 557,097	\$ -	\$ -	\$ 1,730,464	\$ 1,173,367	\$ -	\$ -	\$ 1,173,367
Boundary Creek WRD	10,411	-	-	-	-	(10,411)	-	(10,411)
Oak Creek WRD	19,996	-	-	-	-	-	(19,996)	(19,996)
Total Component Units	\$ 587,504	\$ -	\$ -	\$ 1,730,464	\$ 1,173,367	\$ (10,411)	\$ (19,996)	\$ 1,142,960
General Revenues								
Property Taxes					\$ 134,240	\$ 16,645	\$ 62,568	\$ 213,453
Earnings on Investments					2,792	34	249	3,075
Miscellaneous Revenue					-	675	430	1,105
Total General Revenues					\$ 137,032	\$ 17,354	\$ 63,247	\$ 217,633
Change in Net Position					\$ 1,310,399	\$ 6,943	\$ 43,251	\$ 1,360,593
Net Position - January 1					\$ 3,928,810	\$ 22,366	\$ 62,165	\$ 4,013,341
Prior Period Adjustment					\$ (20,655)	\$ -	\$ -	\$ (20,655)
Net Position - January 1, as Restated					\$ 3,908,155	\$ 22,366	\$ 62,165	\$ 3,992,686
Net Position - December 31					\$ 5,218,554	\$ 29,309	\$ 105,416	\$ 5,353,279

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

BOTTINEAU 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 Bottineau 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 it is financially accountable and other organizations for which the nature and significance of their relationships with the County such that exclusion would cause its 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, there are three component units to be included within the County as a reporting entity.

Component Units

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

Blended Component Units

Although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Bottineau County Park District - The Board of County Commissioners serves as the governing board for the Park District. The County Commissioners approve the budget, levy the tax, and approve or disapprove all expenditures. The Park District has the authority to issue its own debt.

Discretely Presented Component Units.

The component units' 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 they are legally separate from the County.

Bottineau 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 also must approve the tax levy established by the Water Resource District.

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

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

Component Unit Financial Statements: The financial statements of the aggregate discretely presented component units are presented in the County's basic financial statements. Complete financial statements of the component units can be obtained from the Bottineau County Auditor/Treasurer Bottineau County, PO Box 215, Bottineau, ND 58436-0215.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the 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.

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.

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.

Additionally, the County reports the following fund types:

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

Private-Purpose Trust Fund - This fund account for commissary assets held by the County in a trust on behalf of the County Jail inmates. The private-purpose trust fund is mostly used to account for commissary activity on behalf of the inmates.

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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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.

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

Capital assets for the County and Water Resource District 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. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (amounts in years):

Assets	County	Water Resource District
Buildings	30-50	-
Infrastructure	10-50	40
Furniture and Equipment	5-10	-
Vehicles and Machinery	5-10	8

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 30 days of vacation leave may be carried over at each year-end. Upon termination of employment, vacation benefits that have accrued through the last day of work will be paid. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Upon termination of employment, unused sick leave will be paid to employees at a rate of 15% of unused days up to a maximum of 120 days. Severance pays will be provided to employees who have completed ten consecutive years of service with the County. The employee will receive ten days severance pay at their current salary level. A liability for the vested or accumulated vacation leave, sick leave, and severance pay is reported in the statement of net position.

Long-Term Obligations

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

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. Issuance costs are reported as debt service expenditures.

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

Fund Balances

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 Board 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 the 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 Federal & State grants/reimbursements.

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

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.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

NOTE 2 PRIOR PERIOD ADJUSTMENTS**Bottineau County**

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

Net position of the Water Resource District as of January 1, 2021 has been restated for net special assessment receivable and capital asset adjustments as shown below. The results of the adjustments decreased the beginning net position of the Water Resource District.

Bottineau County - 2021	Amounts
Beginning Net Position, as Previously Reported	\$ 49,975,773
Prior Period Adjustments	
Capital Assets, Net	2,623,505
Line of Credit Payable	30,582
Interest Payable	4,418
Net Position January 1, as Restated	\$ 52,634,278

Water Resource District - 2021	Amounts
Beginning Net Position, as Previously Reported	\$ 3,928,810
Prior Period Adjustments	
Special Assessments Receivable	(34,899)
Capital Assets, Net	14,244
Net Position January 1, as Restated	\$ 3,908,155

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 they 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 December 31, 2022, the County's carrying amount of deposits totaled \$9,616,504 and the bank balances totaled \$10,111,520. Of the bank balances, \$1,250,000 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.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

At December 31, 2022, the Water Resource District’s carrying amount of deposits totaled \$115,527, and the bank balances totaled \$171,801, all of which were covered by Federal Depository Insurance.

At December 31, 2022, Boundary Creek’s carrying amount of deposits totaled \$40,288, and the bank balances totaled \$42,464, all of which were covered by Federal Depository Insurance.

At December 31, 2022, Oak Creek’s carrying amount of deposits totaled \$139,772, and the bank balances totaled \$160,335, all of which were covered by Federal Depository Insurance.

At December 31, 2021, the County’s carrying amount of deposits totaled \$9,227,631, and the bank balances totaled \$9,739,787. Of the bank balances, \$1,250,000 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 December 31, 2021, the Water Resource District’s carrying amount of deposits totaled \$84,081, and the bank balances totaled \$88,881, all of which were covered by Federal Depository Insurance.

At December 31, 2021, Boundary Creek’s carrying amount of deposits totaled \$28,712, and the bank balances totaled \$29,849, all of which were covered by Federal Depository Insurance.

At December 31, 2021, Oak Creek’s carrying amount of deposits totaled \$103,552, and the bank balances totaled \$111,404, all of which were covered by Federal Depository Insurance.

NOTE 4 PROPERTY TAXES

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

NOTE 5 TRANSFERS

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

Transfers - 2022	Transfers In	Transfers Out
Major Funds		
General	\$ -	\$ 305,360
Special Revenue	305,360	-
Total Transfers	\$ 305,360	\$ 305,360

Transfers - 2021	Transfers In	Transfers Out
Major Funds		
General	\$ -	\$ 45,000
Special Revenue	73,000	28,000
Total Transfers	\$ 73,000	\$ 73,000

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

NOTE 6 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 (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRIF is limited to losses of five million dollars per occurrence for general liability, five million for automobile, and \$7,136,167 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.

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

NOTE 7 CAPITAL ASSETS

Primary Government

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

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Primary Government - 2022					
Capital Assets Not Being Depreciated					
Land	\$ 155,004	\$ -	\$ -	\$ -	\$ 155,004
Intangibles	174,434	-	-	-	174,434
Construction Progress	1,357,141	6,435,296	-	(1,169,881)	6,622,556
Total Capital Assets, Not Being Depreciated	\$ 1,686,579	\$ 6,435,296	\$ -	\$ (1,169,881)	\$ 6,951,994
Capital Assets Being Depreciated					
Furniture and Equipment	\$ 654,205	\$ -		\$ -	\$ 654,205
Vehicles and Machinery	9,197,333	1,065,746	664,000	-	9,599,079
Buildings	9,265,946	-	-	-	9,265,946
Infrastructure	67,717,628	-	-	1,169,881	68,887,509
Total Capital Assets, Being Depreciated	\$ 86,835,112	\$ 1,065,746	\$ 664,000	\$ 1,169,881	\$ 88,406,739
Less Accumulated Depreciation					
Furniture and Equipment	\$ 575,695	\$ 14,213	\$ -	\$ -	\$ 589,908
Vehicles and Machinery	5,796,393	986,419	474,286	-	6,308,526
Buildings	3,546,021	267,296	-	-	3,813,317
Infrastructure	22,112,573	1,704,992	-	-	23,817,565
Total Accumulated Depreciation	\$ 32,030,682	\$ 2,972,920	\$ 474,286	\$ -	\$ 34,529,316
Total Capital Assets Being Depreciated, Net	\$ 54,804,430	\$ (1,907,174)	\$ 189,714	\$ 1,169,881	\$ 53,877,423
Governmental Capital Assets, Net	\$ 56,491,009	\$ 4,528,122	\$ 189,714	\$ -	\$ 60,829,417

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Depreciation expense was charged to functions of the County at December 31, 2022 as follows:

Governmental Activities	Amounts
General Government	\$ 62,920
Public Safety	397,917
Highways & Bridges	2,485,556
Health & Welfare	13,080
Culture & Recreation	11,185
Conservation of Natural Resources	2,262
Total Depreciation Expense-Governmental Activities	\$ 2,972,920

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Primary Government - 2021					
Capital Assets Not Being Depreciated					
Land	\$ 155,004	\$ -	\$ -	\$ -	\$ 155,004
Intangibles	174,434	-	-	-	174,434
Construction Progress	4,043,500	1,739,605	-	(4,425,964)	1,357,141
Total Capital Assets, Not Being Depreciated	\$ 4,372,938	\$ 1,739,605	\$ -	\$ (4,425,964)	\$ 1,686,579
Capital Assets Being Depreciated					
Furniture and Equipment	\$ 654,205	\$ -	\$ -	\$ -	\$ 654,205
Vehicles and Machinery	8,431,488	1,373,140	665,666	58,370	9,197,332
Buildings	9,265,946	-	-	-	9,265,946
Infrastructure	63,350,034	-	-	4,367,594	67,717,628
Total Capital Assets, Being Depreciated	\$ 81,701,673	\$ 1,373,140	\$ 665,666	\$ 4,425,964	\$ 86,835,111
Less Accumulated Depreciation					
Furniture and Equipment	\$ 558,634	\$ 17,061	\$ -	\$ -	\$ 575,695
Vehicles and Machinery	5,265,210	1,006,659	475,476	-	5,796,393
Buildings	3,274,475	271,546	-	-	3,546,021
Infrastructure	20,422,155	1,690,418	-	-	22,112,573
Total Accumulated Depreciation	\$ 29,520,474	\$ 2,985,684	\$ 475,476	\$ -	\$ 32,030,682
Total Capital Assets Being Depreciated, Net	\$ 52,181,199	\$ (1,612,544)	\$ 190,190	\$ 4,425,964	\$ 54,804,429
Governmental Capital Assets, Net	\$ 56,554,137	\$ 127,061	\$ 190,190	\$ -	\$ 56,491,008

Depreciation expense was charged to functions of the County at December 31, 2021 as follows:

Governmental Activities	Amounts
General Government	\$ 65,768
Public Safety	366,392
Highways & Bridges	2,522,749
Health & Welfare	13,078
Culture & Recreation	15,435
Conservation of Natural Resources	2,262
Total Depreciation Expense-Governmental Activities	\$ 2,985,684

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Unit

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

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Water Resource District - 2022					
Capital Assets Not Being Depreciated					
Construction Progress	\$ 847,786	\$ 231,165	\$ -	\$ (178,302)	\$ 900,649
Capital Assets Being Depreciated					
Vehicles and Machinery	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Infrastructure	6,979,093	-	-	178,302	7,157,395
Total Capital Assets, Being Depreciated	\$ 6,995,093	\$ -	\$ -	\$ 178,302	\$ 7,173,395
Less Accumulated Depreciation					
Vehicles and Machinery	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Infrastructure	781,143	178,936	-	-	960,079
Total Accumulated Depreciation	\$ 797,143	\$ 178,936	\$ -	\$ -	\$ 976,079
Total Capital Assets Being Depreciated, Net	\$ 6,197,950	\$ (178,936)	\$ -	\$ 178,302	\$ 6,197,316
Governmental Capital Assets, Net	\$ 7,045,736	\$ 52,229	\$ -	\$ -	\$ 7,097,965

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

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

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Water Resource District - 2021					
Capital Assets Not Being Depreciated					
Construction Progress	\$ 2,896,871	\$ 899,776	\$ -	\$ (2,948,861)	\$ 847,786
Capital Assets Being Depreciated					
Vehicles and Machinery	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Infrastructure	4,030,232	-	-	2,948,861	6,979,093
Total Capital Assets, Being Depreciated	\$ 4,046,232	\$ -	\$ -	\$ 2,948,861	\$ 6,995,093
Less Accumulated Depreciation					
Vehicles and Machinery	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Infrastructure	606,667	174,476	-	-	781,143
Total Accumulated Depreciation	\$ 622,667	\$ 174,476	\$ -	\$ -	\$ 797,143
Total Capital Assets Being Depreciated, Net	\$ 3,423,565	\$ (174,476)	\$ -	\$ 2,948,861	\$ 6,197,950
Governmental Capital Assets, Net	\$ 6,320,436	\$ 725,300	\$ -	\$ -	\$ 7,045,736

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

NOTE 8 LONG-TERM LIABILITIES

Primary Government

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

Primary Government - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Notes Payable	\$ 2,690,307	\$ 855,807	\$ 837,508	\$ 2,708,606	\$ 803,813
Line of Credit Payable	2,432,415	-	389,132	2,043,283	-
Loan Payable	651,678	-	218,051	433,627	185,047
Total Long-Term Debt	\$ 5,774,400	\$ 855,807	\$ 1,444,691	\$ 5,185,516	\$ 988,860
Compensated Absences *	400,606	-	46,737	353,869	35,387
Net Pension & OPEB Liability	3,646,769	5,197,599	-	8,844,368	-
Total Primary Government	\$ 9,821,775	\$ 6,053,406	\$ 1,491,428	\$ 14,383,753	\$ 1,024,247

Primary Government - 2021	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Notes Payable	\$ 2,353,116	\$ 917,700	\$ 580,509	\$ 2,690,307	\$ 714,434
Line of Credit Payable	2,809,611	-	377,196	2,432,415	-
Loan Payable	541,000	241,199	130,521	651,678	185,036
Total Long-Term Debt	\$ 5,703,727	\$ 1,158,899	\$ 1,088,226	\$ 5,774,400	\$ 899,470
Compensated Absences *	420,748		20,142	400,606	40,061
Net Pension & OPEB Liability	11,042,156		7,395,387	3,646,769	-
Total Primary Government	\$ 17,166,631	\$ 1,158,899	\$ 8,503,755	\$ 9,821,775	\$ 939,531

*The change in Compensated Absences and Net Pension & OPEB Liability is shown as a net change. Debt service requirements on long-term debt at December 31, 2022 is as follows:

Year Ending Dec 31	Notes Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2023	\$ 803,813	\$ 105,965	\$ 185,047	\$ 12,863
2024	668,025	67,276	113,011	13,834
2025	502,880	43,916	110,279	-
2026	584,771	25,744	25,290	-
2027	149,117	6,399	-	-
2028-2032	-	-	-	-
Totals	\$ 2,708,606	\$ 249,300	\$ 433,627	\$ 26,697

The Line of Credit Payable does not have an amortization schedule as of December 31, 2022. The interest rate is variable with a floor rate of 1.75%, and not to increase by 1% per year. All unpaid interest and principal are due and payable in full on March 1, 2028.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Units

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

Water Resource District - 2022	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Lines of Credit Payable	\$ 324,074	\$ 761,615	\$ 695,831	\$ 389,858	\$ 305,212
Bond Payable	2,262,218	368,971	331,752	2,299,437	282,395
Total Water Resource District	\$ 2,586,292	\$ 1,130,586	\$ 1,027,583	\$ 2,689,295	\$ 587,607

Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Lines of Credit Payable	\$ 1,425,851	\$ 760,621	\$ 1,862,398	\$ 324,074	\$ 289,992
Bond Payable	1,603,373	1,202,625	543,780	2,262,218	268,536
Total Water Resource District	\$ 3,029,224	\$ 1,963,246	\$ 2,406,178	\$ 2,586,292	\$ 558,528

Debt Service requirement on long-term debt at December 31, 2022 are as follows:

Year Ending Dec 31	Bonds Payable		Lines of Credit Payable	
	Principal	Interest	Principal	Interest
2023	\$ 282,394	\$ 102,735	\$ 305,212	\$ -
2024	286,381	91,502	84,646	-
2025	263,917	78,176	-	-
2026	235,173	69,676	-	-
2027	236,299	59,087	-	-
2028-2032	828,774	203,188	-	-
2033-2037	166,499	33,341	-	-
Totals	\$ 2,299,437	\$ 637,705	\$ 389,858	\$ -

The lines of credit payable consist of temporary improvement warrants and lines of credit which do not have an amortization schedule as of December 31, 2022. The interest rates are ranging from 3.1275% to 4.775%. All unpaid interest and principal are due and payable in full in 2023 and 2024.

Through the end of 2022, \$4,050,000 has been authorized for the Bottineau County Water Resource District for lines of credit and temporary improvement warrants. Through the end of 2022, the Bottineau County Water Resource District had drawn down \$869,909 of the available \$4,050,000. The unused portion of the line of credit at the end of 2022 for the Water resource District was \$3,180,091.

NOTE 9 PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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:

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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:

	Net Pension Liability
Primary Government - 2022	\$ 8,521,397
Primary Government - 2021	3,484,202

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 their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2022 and 2021 the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 and 2022 Measurement	Pension Expense
Primary Government - 2022	0.295875%	-0.038405%	\$ 1,020,510
Primary Government - 2021	0.334280%	-0.008569%	606,087

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:

County - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 44,450	\$ 162,773
Changes of Assumptions	5,095,921	3,159,189
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	311,881	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	182,172	664,666
Employer Contributions Subsequent to the Measurement Date	238,345	-
Total	\$ 5,872,769	\$ 3,986,628

County - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 60,155	\$ 355,611
Changes of Assumptions	3,856,335	5,027,855
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,292,236
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	283,742	163,049
Employer Contributions Subsequent to the Measurement Date	241,382	-
Total	\$ 4,441,614	\$ 6,838,751

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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, 2022 and 2021:

County - 2022	\$ 238,345
County - 2021	241,382

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

2023	\$ 493,138
2024	601,455
2025	(145,284)
2026	698,487
2027	-

Actuarial Assumptions

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

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	5.10%, net of investment expenses
Cost-of-living adjustments	None

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

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 Equities	30%	6.00%
International Equities	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 5.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Proportionate Share of the Net OPEB Liability	\$ 11,247,658	\$ 8,521,397	\$ 6,283,231

Pension Plan Fiduciary Net Position

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

NOTE 10 OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

OPEB Benefits

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

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

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

OPEB Liabilities, 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:

	Net OPEB Liability
County - 2022	\$ 322,971
County - 2021	162,567

The net OPEB liability was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2022 and 2021, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 and 2022 Measurement	OPEB Expense
Primary Government - 2022	0.269073%	-0.012095%	\$ 50,674
Primary Government - 2021	0.292296%	-0.023223%	21,325

BOTTINEAU 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:

County - 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,656	\$ 2,777
Changes of Assumptions	81,353	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	43,487	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,708	-
Employer Contributions Subsequent to the Measurement Date	38,162	18,998
Total	\$ 176,366	\$ 21,775

County - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 60,155	\$ 355,611
Changes of Assumptions	3,856,335	5,027,855
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,292,236
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	283,742	163,049
Employer Contributions Subsequent to the Measurement Date	241,382	-
Total	\$ 4,441,614	\$ 6,838,751

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 years ended December 31, 2022 and 2021:

County - 2022	\$ 38,162
County - 2021	38,648

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

2023	\$ 30,781
2024	28,512
2025	23,680
2026	33,456
2027	-
2028 and thereafter	-

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
International Equities	26%	6.25%
Domestic Fixed Income	35%	0.50%

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.

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

The following presents the net OPEB liability of the Plans as of June 30, 2022, calculated using the discount rate of 5.39%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Proportionate Share of the Net OPEB Liability	\$ 412,253	\$ 322,971	\$ 248,021

BOTTINEAU COUNTY

Budgetary Comparison Schedule – General Fund For the Year Ended December 31, 2022 and 2021

	2022				2021			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES								
Taxes	\$ 2,960,394	\$ 2,960,394	\$ 2,843,621	\$ (116,773)	\$ 2,774,627	\$ 2,774,627	\$ 2,637,913	\$ (136,714)
Intergovernmental	1,443,323	1,443,323	2,360,764	917,441	792,341	792,341	980,285	187,944
Charges for Services	746,102	746,102	778,877	32,775	732,870	732,870	742,158	9,288
Licenses, Permits and Fees	5,050	5,050	9,726	4,676	5,050	5,050	4,475	(575)
Miscellaneous	40,075	40,075	94,223	54,148	44,775	44,775	64,013	19,238
Total Revenues	\$ 5,194,944	\$ 5,194,944	\$ 6,087,211	\$ 892,267	\$ 4,349,663	\$ 4,349,663	\$ 4,428,844	\$ 79,181
EXPENDITURES								
Current								
General Government	\$ 2,262,355	\$ 2,262,355	\$ 2,825,320	\$ (562,965)	\$ 2,107,167	\$ 2,107,167	\$ 1,979,212	\$ 127,955
Public Safety	2,255,962	1,898,659	2,001,968	(103,309)	2,221,857	2,247,978	2,384,909	(136,931)
Culture and Recreation	149,100	149,100	156,219	(7,119)	150,500	150,500	152,755	(2,255)
Conser. of Natural Resources	7,727	7,727	7,379	348	7,672	7,672	7,727	(55)
Other	107,500	107,500	114,055	(6,555)	7,500	7,500	30,530	(23,030)
Debt Service								
Principal	-	-	80,051	(80,051)	-	-	73,614	(73,614)
Total Expenditures	\$ 4,782,644	\$ 4,425,341	\$ 5,187,770	\$ (762,429)	\$ 4,494,696	\$ 4,520,817	\$ 4,632,059	\$ (111,242)
Excess (Deficiency) of Revenues Over Expenditures	\$ 412,300	\$ 769,603	\$ 899,441	\$ 129,838	\$ (145,033)	\$ (145,033)	\$ (203,215)	\$ (58,182)
OTHER FINANCING SOURCES (USES)								
Loan Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,199	\$ 241,199
Transfers Out	(255,360)	(255,360)	(305,360)	(50,000)	(45,000)	(45,000)	(45,000)	-
Net Change in Fund Balance	\$ 156,940	\$ 514,243	\$ 594,081	\$ 79,838	\$ (190,033)	\$ (216,154)	\$ (7,016)	\$ 209,138
Fund Balance - January 1	\$ 1,743,925	\$ 1,743,925	\$ 1,743,925	\$ -	\$ 1,750,941	\$ 1,750,941	\$ 1,750,941	\$ -
Fund Balance - December 31	\$ 1,900,865	\$ 2,258,168	\$ 2,338,006	\$ 79,838	\$ 1,560,908	\$ 1,534,787	\$ 1,743,925	\$ 209,138

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

BOTTINEAU COUNTY

Budgetary Comparison Schedule – Special Revenue Fund For the Year Ended December 31, 2022 and 2021

	2022				2021			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES								
Taxes	\$ 1,453,607	\$ 1,453,607	\$ 1,398,867	\$ (54,740)	\$ 1,449,200	\$ 1,449,200	\$ 1,401,642	\$ (47,558)
Intergovernmental	3,478,962	3,478,962	5,680,132	2,201,170	3,279,188	3,279,188	3,170,444	(108,744)
Charges for Services	724,000	724,000	1,166,388	442,388	857,000	857,000	1,065,705	208,705
Interest Income	46,800	46,800	36,673	(10,127)	5,820	5,820	39,763	33,943
Miscellaneous	285,160	285,160	364,659	79,499	307,000	307,000	203,597	(103,403)
Total Revenues	\$ 5,988,529	\$ 5,988,529	\$ 8,646,719	\$ 2,658,190	\$ 5,898,208	\$ 5,898,208	\$ 5,881,151	\$ (17,057)
EXPENDITURES								
Current								
General Government	\$ 85,800	\$ 61,323	\$ 61,328	\$ (5)	\$ 50,750	\$ 71,982	\$ 66,279	\$ 5,703
Public Safety	299,371	265,152	384,450	(119,298)	259,508	275,634	341,289	(65,655)
Highways and Bridges	7,029,159	7,242,587	6,622,718	619,869	4,244,196	4,451,691	3,645,298	806,393
Flood Repair	-	-	-	-	-	-	-	-
Health and Welfare	1,689,185	1,522,467	1,590,437	(67,970)	1,656,016	1,452,987	1,508,557	(55,570)
Culture and Recreation	220,224	200,049	208,329	(8,280)	225,776	183,474	155,365	28,109
Conserv. of Natural Resources	277,000	318,223	319,785	(1,562)	264,350	226,910	226,611	299
Emergency	20,000	2	2	-	20,000	75,044	75,044	-
Debt Service								
Principal	-	-	648,492	(648,492)	-	-	637,416	(637,416)
Interest	-	-	88,913	(88,913)	-	-	100,495	(100,495)
Total Expenditures	\$ 9,620,739	\$ 9,609,803	\$ 9,924,454	\$ (314,651)	\$ 6,720,596	\$ 6,737,722	\$ 6,756,354	\$ (18,632)
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,632,210)	\$ (3,621,274)	\$ (1,277,735)	\$ 2,343,539	\$ (822,388)	\$ (839,514)	\$ (875,203)	\$ (35,689)
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ 255,360	\$ 255,360	\$ 305,360	\$ 50,000	\$ 73,000	\$ 73,000	\$ 73,000	\$ -
Loan Proceeds	-	-	-	-	280,000	280,000	321,500	41,500
Transfers Out	-	-	-	-	(28,000)	(28,000)	(28,000)	-
Total Other Financing Sources (Uses)	\$ 255,360	\$ 255,360	\$ 305,360	\$ 50,000	\$ 325,000	\$ 325,000	\$ 366,500	\$ 41,500
Net Change in Fund Balance	\$ (3,376,850)	\$ (3,365,914)	\$ (972,375)	\$ 2,393,539	\$ (497,388)	\$ (514,514)	\$ (508,703)	\$ 5,811
Fund Balance - January 1	\$ 4,754,211	\$ 4,754,211	\$ 4,754,211	\$ -	\$ 5,274,422	\$ 5,274,422	\$ 5,274,422	\$ -
Prior Period Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,508)	\$ (11,508)
Fund Balance - January 1 Restated	\$ 4,754,211	\$ 4,754,211	\$ 4,754,211	\$ -	\$ 5,274,422	\$ 5,274,422	\$ 5,262,914	\$ (11,508)
Fund Balance - December 31	\$ 1,377,361	\$ 1,388,297	\$ 3,781,836	\$ 2,393,539	\$ 4,777,034	\$ 4,759,908	\$ 4,754,211	\$ (5,697)

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

BOTTINEAU COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions
 For the Year 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**

County	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	0.295875%	\$ 8,521,397	\$ 3,434,630	248.10%	54.47%
2021	0.334280%	3,484,202	3,785,352	92.04%	78.26%
2020	0.342849%	10,786,103	3,782,037	285.19%	48.91%
2019	0.305433%	3,579,896	3,177,026	112.68%	71.66%
2018	0.313508%	5,290,789	3,220,721	164.27%	62.80%
2017	0.311679%	5,009,704	3,181,754	157.45%	61.98%
2016	0.306945%	2,991,478	3,093,286	96.71%	70.46%
2015	0.313907%	2,134,514	2,796,533	76.33%	77.15%
2014	0.324856%	2,061,930	2,736,516	75.35%	77.70%

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

County	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	\$ 258,686	\$ 269,630	\$ (10,944)	\$ 4,014,764	6.72%
2021	279,153	274,994	4,159	4,084,207	6.73%
2020	267,801	248,192	19,609	3,785,352	6.56%
2019	231,305	234,249	(2,944)	3,177,026	7.37%
2018	237,220	233,745	3,475	3,220,721	7.26%
2017	230,716	231,143	(427)	3,181,754	7.26%
2016	223,949	224,529	(580)	3,093,286	7.26%
2015	212,419	211,280	1,139	2,796,533	7.56%
2014	194,840	194,840	-	2,736,516	7.12%

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

BOTTINEAU COUNTY

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

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

County	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	0.269073%	\$ 322,971	\$ 2,777,923	11.63%	56.28%
2021	0.292296%	162,567	3,186,782	5.10%	76.63%
2020	0.304391%	256,053	3,469,970	7.38%	63.38%
2019	0.284716%	226,680	3,177,026	7.13%	63.13%
2018	0.294340%	231,813	3,220,721	7.20%	61.89%
2017	0.294106%	232,641	3,181,754	7.31%	59.78%

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

County	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	\$ 33,811	\$ 35,018	\$ (1,207)	\$ 4,014,764	0.87%
2021	38,322	38,586	(264)	4,084,207	0.94%
2020	40,765	38,920	1,845	3,469,970	1.12%
2019	36,949	37,506	(557)	3,177,026	1.18%
2018	37,777	37,425	352	3,220,721	1.16%
2017	36,986	37,008	(22)	3,181,754	1.16%

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

BOTTINEAU COUNTY

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

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

NOTE 2 SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

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

NOTE 3 CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

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

OPEB

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

BOTTINEAU COUNTY

Notes to the Required Supplementary Information - Continued
 For the Year Ended December 31, 2022 and 2021

NOTE 4 CHANGES OF ASSUMPTIONS – PENSION AND OPEB**Pension**

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

OPEB

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

NOTE 5 EXPENDITURES IN EXCESS OF BUDGET

During fiscal years 2022 and 2021, Bottineau had the following in excess of budgeted amounts:

	EXPENDITURES		
	Final Budget	Actual	Excess
Primary Government - 2022			
General Fund	\$ 4,425,341	\$ 5,187,770	\$ 762,429
Special Revenue Fund	9,609,803	9,924,454	314,651

	EXPENDITURES		
	Final Budget	Actual	Excess
Primary Government - 2021			
General Fund	\$ 4,520,817	\$ 4,632,059	\$ 111,242
Special Revenue Fund	6,737,722	6,756,354	18,632

NOTE 6 BUDGET TO ACTUAL RECONCILIATION

Leases issued that are paid by the special revenue fund are not included in the budgetary comparison schedule expenditures, but are included in the combined statement of revenues, expenditures and changes in fund balance. The reconciliation is provided below:

	Combined Statement	Adjustment	Budget to Actual Statement
Primary Government - 2022			
Special Revenue Fund			
Expenditures	\$ 10,780,261	\$ (855,807)	\$ 9,924,454
Notes Payable Financing	855,807	(855,807)	-

	Combined Statement	Adjustment	Budget to Actual Statement
Primary Government -2021			
Special Revenue Fund			
Expenditures	\$ 7,674,054	\$ (917,700)	\$ 6,756,354
Notes Payable Financing	917,700	(917,700)	-

BOTTINEAU COUNTY

Notes to the Required Supplementary Information - Continued
 For the Year Ended December 31, 2022 and 2021

NOTE 7 LEGAL COMPLIANCE – BUDGETS**Budget Amendments**

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

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Primary Government - 2022			
General Fund	\$ 4,782,644	\$ (357,303)	\$ 4,425,341
Special Revenue Fund	9,620,739	(10,936)	9,609,803

	Expenditures		
	Original Budget	Amendment	Amended Budget
Primary Government - 2021			
General Fund	\$ 4,494,696	\$ 26,121	\$ 4,520,817
Special Revenue Fund	6,720,596	17,126	6,737,722

BOTTINEAU COUNTY

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

Federal ALN Number	Program Title	Pass-Through Grantor's Number	Fiscal Year 2022 Expenditures	Fiscal Year 2021 Expenditures	Expenditures
<u>US DEPARTMENT OF STATE:</u>					
19.018	Passed through the State Attorney Generals Office Resettlement Support Centers (RSCs) for U.S. Refugee Resettlement	N/A	\$ 10,578	\$ -	\$ 10,578
	Total U.S. Department of State Pass-Through Programs		\$ 10,578	\$ -	\$ 10,578
<u>US DEPARTMENT OF LABOR</u>					
17.225	Passed through the ND Department of Corrections Unemployment Insurance	N/A	\$ 156	\$ -	\$ 156
	Total U.S. Department of Labor Pass Through Programs		\$ 156	\$ -	\$ 156
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>					
93.778	Passed Through State Department of Human Services Medical Assistance Program	S056H	\$ -	\$ 87	\$ 87
	Total Department of Health and Human Services Pass Through Programs		\$ -	\$ 87	\$ 87
<u>US DEPARTMENT OF JUSTICE</u>					
16.609	Passed through the State Attorney General's Office Violence Against Women Formula Grants	N/A	\$ -	\$ 1,646	\$ 1,646
	Total U.S. Department of Justice Pass Through Programs		\$ -	\$ 1,646	\$ 1,646
<u>US DEPARTMENT OF HOMELAND SECURITY</u>					
97.042	Passed through the State Department Emergency Management: Emergency Management Performance Grants	EMPG2018	\$ 11,299	\$ 11,112	\$ 22,411
97.067	Homeland Security Grant Programs	HLS2016-2018	87,682	149,454	237,136
	Total U.S. Department of Homeland Security Pass Through Programs		\$ 98,981	\$ 160,566	\$ 259,547
<u>US DEPARTMENT OF TREASURY</u>					
21.019	Passed through the State Department of Human Services: Coronavirus Relief Fund	N/A	\$ -	\$ 310	\$ 310
21.027	Passed through the State Department of Corrections: Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 1,968	\$ -	\$ 1,968
21.027	Direct Program Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 646,491	\$ -	\$ 646,491
	Total U.S. Department of Treasury		\$ 648,459	\$ 310	\$ 648,769
	Total Expenditures of Federal Awards		\$ 758,174	\$ 162,609	\$ 920,783

See notes to the Schedule of Expenditures of Federal Awards

BOTTINEAU COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the *Uniform Guidance*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

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 has not elected to use the 10-percent de minimis cost rate as allowed under Uniform Guidance

STATE AUDITOR
Joshua C. Gallion



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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

November 7, 2023

Board of County Commissioners
Bottineau County
Bottineau, 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 *GAS* 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 Bottineau County as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise Bottineau County's basic financial statements, and have issued our report thereon dated November 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bottineau 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 Bottineau County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bottineau 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings and questioned costs as item 2022-001 and 2022-002 to be material weaknesses.

BOTTINEAU 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 Bottineau 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under GAS.

Bottineau County's Response to Findings

Bottineau County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings and questioned costs*. Bottineau County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 GAS 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
November 7, 2023

STATE AUDITOR
Joshua C. Gallion



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

Independent Auditor's Report

Board of County Commissioners
Bottineau County
Bottineau, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bottineau 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 Bottineau County's major federal program for the years ended December 31, 2022 and December 31, 2021. Bottineau County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bottineau County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2022 and December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in GAS issued by the Comptroller General of the United States 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 Bottineau 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 Bottineau 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 Bottineau County's federal programs.

BOTTINEAU 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 Bottineau 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, GAS, 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 Bottineau's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, GAS, 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 Bottineau 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 Bottineau 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 Bottineau 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.

BOTTINEAU COUNTY

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

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
November 7, 2023

BOTTINEAU COUNTY

Summary of Auditor’s Results

For the Year 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> </u> Yes	<u> X </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? Yes X None noted

Identification of Major Programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
CFDA 21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? Yes X No

BOTTINEAU COUNTY

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

SECTION I – FINANCIAL STATEMENT FINDINGS

2022-001 – CAPITAL ASSET MAINTENANCE – MATERIAL WEAKNESS

Condition

Bottineau County included a prior period adjustment to capital assets in the amount of \$2,636,478 for Construction-in-Progress which resulted in a restatement to the December 31, 2020 financial statements.

Effect

The financial statements may have been materially misstated if the December 31, 2020 financial statements did not include the capital asset prior period adjustments.

Cause

Bottineau County does not have sufficient procedures in place to ensure the capital asset listing used to compile the financial statements is accurate and free of material misstatement.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the capital assets, management is responsible for adequate internal controls surrounding the review of the capital asset listing to ensure accuracy.

Repeat Finding

No.

Recommendation

We recommend Bottineau County review its procedures for maintaining the capital asset listing to ensure accuracy for all additions and deletions, including construction-in-progress.

Bottineau County’s Response

See the County Corrective Action Plan.

BOTTINEAU COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

For the Year Ended December 31, 2022 and 2021

2022-002 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNIT – MATERIAL WEAKNESS

Condition

The Bottineau 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 Bottineau County Water Resource District’s financial condition.

Cause

Management has chosen to allocate economic resources to other functions of the Bottineau 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.

Bottineau County Water Resource District’s Response

See the Water Resource District’s Corrective Action Plan

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

BOTTINEAU COUNTY

Management’s Corrective Action Plan
For the Year Ended December 31, 2022 and 2021

COUNTY OFFICERS

County Auditor	Emily Deschamp
County Treasurer/MVD	Ann Monson
County Recorder	Bobbi Milbrath
County Sheriff	Jeremy Tofteland
State’s Attorney	Seymour Jordan
Clerk of Courts	Tammy Knudson
Tax Director/Zoning Adm.	Ashley Pedie
Social Services	Kelly Jensen
9-1-1 Coordinator	Tanner Hellenbrand
Disaster Emergency	Kristy Titus
Veteran’s Service Officer	Heather Thompson
Road Supervisor	Ritch Gimbel
Official Newspaper	Courant

**BOTTINEAU COUNTY
NORTH DAKOTA**



314 West Fifth Street
Bottineau, North Dakota 58318
Fax (701) 228-5181

COUNTY COMMISSIONERS

1 st District	Rodney Hiatt Bottineau, ND 58318
2 nd District	Jeff Beyer Bottineau, ND 58318
3 rd District	Benjamin Tonneson Souris, ND 58783
4 th District	Lance Kjelshus Souris, ND 58783
5 th District	Nathaniel Buynak Sherwood, ND 58782

Date: October 11, 2023
To: Joshua C. Gallion, ND State Auditor
From: Emily Deschamp, County Auditor
RE: Bottineau County – FY2022 Management’s Response

Contact Person Responsible for Corrective Acton Plan: Emily Deschamp, County Auditor

Section I – Financial Statement Findings:

2022-001 – CAPITAL ASSET MAINTENANCE – MATERIAL WEAKNESS

Condition:

Bottineau County included a prior period adjustment to capital assets in the amount of \$2,636,478 for Construction-in-Progress which resulted in a restatement to the December 31, 2020 financial statements.

Management’s Response:

We Agree. We will ensure future capital assets are accurate and no CIP projects are missing going forward.

Anticipated Completion Date:

FY 2023

BOTTINEAU COUNTY

Management’s Corrective Action Plan - Continued
For the Year Ended December 31, 2022 and 2021

BOTTINEAU COUNTY WATER RESOURCE DISTRICT

Date: October 23, 2023
To: Joshua C. Gallion, ND State Auditor
From: Stacy Lorenz, Bottineau County Water Resource District
RE: Bottineau County Water Resource District – FY2022 Management’s Response

Contact Person Responsible for Corrective Acton Plan: Stacy Lorenz, CPA|

Section I – Financial Statement Findings:

2022-002 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT

Condition:

The Bottineau 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.

Management’s Response:

We agree that a lack of segregation of duties exists and acknowledges that by not hiring more staff members due to the size of the board there will continue to be a lack of segregation of duties. We understand that this will be a repeated recommendation due to the limited number of staff employed by the Bottineau County Water Resource District.

Anticipated Completion Date:

Not applicable

BOTTINEAU COUNTY

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

COUNTY OFFICERS

County Auditor	Emily Deschamp
County Treasurer/MVD	Ann Monson
County Recorder	Bobbi Milbrath
County Sheriff	Jeremy Tofteland
State's Attorney	Seymour Jordan
Clerk of Courts	Tammy Knudson
Tax Director/Zoning Adm.	Ashley Pedie
Social Services	Kelly Jensen
9-1-1 Coordinator	Tanner Hellenbrand
Disaster Emergency	Kristy Titus
Veteran's Service Officer	Heather Thompson
Road Supervisor	Ritch Gimbel
Official Newspaper	Courant

**BOTTINEAU COUNTY
NORTH DAKOTA**



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COUNTY COMMISSIONERS

1 st District	Rodney Hiatt Bottineau, ND 58318
2 nd District	Jeff Beyer Bottineau, ND 58318
3 rd District	Benjamin Tonneson Souris, ND 58783
4 th District	Lance Kjelshus Souris, ND 58783
5 th District	Nathaniel Buynak Sherwood, ND 58782

Date: 8/21/2023
 To: Joshua C. Gallion, ND State Auditor
 From: Emily Deschamp, Finance Director
 RE: Bottineau County – FY2022 Schedule of Prior Year Findings

2020-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition:

Bottineau County currently does not prepare the financial statements, including various off book adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the financial statements and note disclosures.

Recommendation:

We recommend Bottineau County consider the additional risk of having the auditor assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

Current Status of Recommendation:

Not Implemented. Will continue to have the State Auditor's Office complete the financial statements for Bottineau County.

2020-002 IMPROPER BIDDING OF ROAD EQUIPMENT – MATERIAL WEAKNESS – MATERIAL NONCOMPLIANCE

Condition:

Bottineau County did not advertise for bids for the two lease-purchase agreements of motor graders at a cost of \$674,000. Instead, the County utilized an out of state cooperative purchase agreement that was not applicable to the County.

Recommendation:

We recommend that Bottineau County review upcoming lease-purchase agreements of county road machinery to ensure compliance with N.D.C.C. §24-05-04(2)(3). We further recommend that Bottineau County consult with the Office of Management and Budget to ensure compliance with N.D.C.C. §54-44-.4-13(7).

Current Status of Recommendation:

Fully Implemented in August of 2021 with the Bottineau County Commissioner Board approval of a Joint Powers Agreement with Source Well for cooperative purchasing.

Emily Deschamp County Auditor, Bottineau County

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GOVERNANCE COMMUNICATION

November 7, 2023

Board of County Commissioners
Bottineau County
Bottineau, 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 Bottineau County, North Dakota, for the year ended December 31, 2022 and December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, GAS 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 June 17, 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 Bottineau 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. We noted no transactions entered into by Bottineau County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

	<u>Audit Adjustments - 2021</u>	
	<u>Debit</u>	<u>Credit</u>
PRIMARY GOVERNMENT		
<i>Special Revenue Fund</i>		
<u>To Record Accounts Payable</u>		
Expenditures	205,140	-
Accounts Payable	-	205,140
Salaries Payable		
PRIMARY GOVERNMENT		
Aggregate Remaining Fund Information - Fiduciary Funds		
<u>To Record the Clerk of Court Activity</u>		
Clerk of Court Disbursements	151,462	-
Clerk of Court Cash	38,912	-
Clerk of Court Collections	-	151,462
Funds Held for Other Governmental Units - Liability	-	38,912
WATER RESOURCE DISTRICT		
<u>To Record Accounts Payable</u>		
Expenditure	3,476	-
Accounts Payable	-	3,476
	<u>Audit Adjustments - 2022</u>	
	<u>Debit</u>	<u>Credit</u>
PRIMARY GOVERNMENT		
<i>General Fund</i>		
<u>To Record Intergovernmental Receivables</u>		
Intergovernmental Receivable	67,584	-
Revenue	-	67,584
<i>Government Wide Adjustments</i>		
<u>To Record Capital Asset Additions</u>		
Capital Assets	50,990	-
Expenses	-	50,990
<u>To Record Depreciation Expense</u>		
Depreciation Expense	10,198	-
Accumulated Depreciation	-	10,198
PRIMARY GOVERNMENT		
Aggregate Remaining Fund Information - Fiduciary Funds		
<u>To Record the Clerk of Court Activity</u>		
Clerk of Court Disbursements	117,711	-
Clerk of Court Cash	38,502	-
Clerk of Court Collections	-	117,711
Funds Held for Other Governmental Units - Liability	-	38,502
WATER RESOURCE DISTRICT		
<u>To Record Accounts Payable</u>		
Expenditure	11,566	-
Accounts Payable	-	11,566

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 November 7, 2023

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 Bottineau 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 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* 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.

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 Bottineau County board members and management of Bottineau 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.

BOTTINEAU COUNTY

Governance Communication – Continued

Thank you and the employees of Bottineau 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 Bottineau County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
November 7, 2023



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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