



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Richland County

Wahpeton, North Dakota

Audit Report for the Year Ended December 31, 2022

Client Code: PS39000



Photo credit: North Dakota Tourism



Office of the
State Auditor

RICHLAND COUNTY

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RICHLAND COUNTY

County Officials
December 31, 2022

COUNTY OFFICIALS

At December 31, 2022

Chairman	Rollie Ehlert
Vice Chairman	Nathan Berseth
Commissioner	Terry Goerger
Commissioner	Tim Campbell
Commissioner	Perry Miller
County Auditor	Sandy Fossum
County Treasurer	Sarah Erickson
County Recorder	Jackie Babbit
Sheriff	Larry Leshovsky
State's Attorney	Megan Kummer
Water Resource Secretary- Treasurer	Tiffany Bladow

STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Richland County
Wahpeton, North Dakota

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Richland County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Richland County adopted new accounting guidance GASB Statement No. 87, Lease Accounting. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to these matters.

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 Richland County's ability to continue as a going concern for twelve months

beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing our audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Richland 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 Richland 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with GAS, we have also issued our report dated March 22, 2024 on our consideration of Richland 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 Richland County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richland County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 22, 2024

RICHLAND COUNTY

Statement of Net Position

December 31, 2022

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and Investments	\$ 17,706,441	\$ 7,333,925
Intergovernmental Receivable	457,520	-
Accounts Receivable	98,903	16,050
Interest Receivable	27,939	-
Unsecured Promissory Note Receivable	35,642	-
Taxes Receivable	157,924	25,685
Loans Receivable	1,235,521	-
Inventory	95,498	-
Capital Assets, Net	54,115,058	9,732,272
Total Assets	<u>\$ 73,930,446</u>	<u>\$ 17,107,932</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 10,994,079</u>	<u>\$ 295,601</u>
LIABILITIES		
Accounts Payable	\$ 1,023,369	\$ 38,764
Salaries Payable	108,962	-
Grants Received In Advance	3,119,505	-
Retainage Payable	211,836	-
Interest Payable	5,554	1,919
Long-Term Liabilities		
Due Within One Year		
Lease Liability	322,429	105,000
Compensated Absences	143,287	2,266
Due After One Year		
Lease Liability	1,839,987	255,000
Compensated Absences	429,860	20,393
Net Pension and OPEB Liability	16,696,552	448,925
Total Liabilities	<u>\$ 23,901,341</u>	<u>\$ 872,267</u>
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 6,723,504	\$ 180,777
Taxes Received in Advance	1,481,003	-
Total Deferred Inflows of Resources	<u>\$ 8,204,507</u>	<u>\$ 180,777</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 32,105,848</u>	<u>\$ 1,053,044</u>
NET POSITION		
Net Investment in Capital Assets	\$ 51,735,252	\$ 9,370,353
Restricted		
Highways and Bridges	2,199,425	-
Flood Repair	76,565	-
Conservation of Natural Resources	178,831	6,980,136
Emergencies	161,564	-
Economic Development	1,504,357	-
Capital Projects	436,975	-
Unrestricted	(3,474,292)	-
Total Net Position	<u>\$ 52,818,677</u>	<u>\$ 16,350,489</u>

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

RICHLAND COUNTY

Statement of Activities

For the Year Ended December 31, 2022

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
						Water
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Resource District
Primary Government						
Governmental Activities						
General Government	\$ 3,659,009	\$ 160,136	\$ 133	\$ -	\$ (3,498,740)	\$ -
Public Safety	4,670,242	1,004,262	65,101	-	(3,600,879)	-
Highways And Bridges	6,073,082	208,680	4,696,406	178,113	(989,883)	-
Flood Repair	15,424	-	93,495	-	78,071	-
Health And Welfare	5,401,434	270,217	3,845,137	-	(1,286,080)	-
Culture And Recreation	63,605	-	-	-	(63,605)	-
Conservation Of Natural Resources	500,394	77,249	-	-	(423,145)	-
Economic Development	8,182	18,501	-	-	10,319	-
Emergencies	331	-	-	-	(331)	-
Interest On Long-Term Debt	25,082	-	-	-	(25,082)	-
Total Primary Government	<u>\$ 20,416,785</u>	<u>\$ 1,739,045</u>	<u>\$ 8,700,272</u>	<u>\$ 178,113</u>	<u>\$ (9,799,355)</u>	<u>\$ -</u>
Component Unit						
Water Resource District	<u>\$ 977,066</u>	<u>\$ 1,136,624</u>	<u>\$ 26,767</u>	<u>\$ 129,401</u>	<u>\$ -</u>	<u>\$ 315,726</u>
General Revenues						
Property Taxes					\$ 9,397,828	\$ 418,871
Non Restricted Grants and Contributions					1,391,285	-
Gain on Disposal of Capital Assets					93,889	-
Unrestricted Investment Earnings					200,255	21,306
Miscellaneous Revenue					735,604	-
Total General Revenues					<u>\$ 11,818,861</u>	<u>\$ 440,177</u>
Change in Net Position					<u>\$ 2,019,506</u>	<u>\$ 755,903</u>
Net Position - January 1					<u>\$ 50,404,909</u>	<u>\$ 15,594,586</u>
Prior Period Adjustments					<u>\$ 394,262</u>	<u>\$ -</u>
Net Position - January 1, as restated					<u>\$ 50,799,171</u>	<u>\$ 15,594,586</u>
Net Position - December 31					<u>\$ 52,818,677</u>	<u>\$ 16,350,489</u>

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

RICHLAND COUNTY

Balance Sheet – Governmental Funds

December 31, 2022

	General	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 6,826,344	\$ 10,880,097	\$ 17,706,441
Intergovernmental Receivable	90,498	367,022	457,520
Accounts Receivable	14,511	84,392	98,903
Interest Receivable	27,939	-	27,939
Unsecured Promissory Note Receivable	35,642	-	35,642
Loans Receivable	-	1,235,521	1,235,521
Taxes Receivable	102,992	54,932	157,924
Inventory	-	95,498	95,498
Total Assets	\$ 7,097,926	\$ 12,717,462	\$ 19,815,388
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 90,132	\$ 933,237	\$ 1,023,369
Salaries Payable	-	108,962	108,962
Retainage Payable	-	211,836	211,836
Grants Received in Advance	-	3,119,505	3,119,505
Total Liabilities	\$ 90,132	\$ 4,373,540	\$ 4,463,672
Deferred Inflows of Resources			
Taxes Receivable	\$ 102,992	\$ 54,932	\$ 157,924
Taxes Received in Advance	965,836	515,167	1,481,003
Total Deferred Inflows of Resources	\$ 1,068,828	\$ 570,099	\$ 1,638,927
Total Liabilities and Deferred Inflows of Resources	\$ 1,158,960	\$ 4,943,639	\$ 6,102,599
Fund Balances			
Nonspendable			
Loan Receivable	\$ -	\$ 1,235,521	\$ 1,235,521
Unsecured Promissory Note	35,642	-	35,642
Inventory	-	95,498	95,498
Restricted			
Public Safety	-	258,227	258,227
Highways And Bridges	-	3,872,447	3,872,447
Flood Repair	-	76,565	76,565
Health and Welfare	-	1,014,635	1,014,635
Conservation of Natural Resources	-	349,252	349,252
Emergency	-	170,392	170,392
Economic Development	-	268,025	268,025
Capital Projects	-	433,254	433,254
General Government	-	7	7
Unassigned	5,903,324	-	5,903,324
Total Fund Balances	\$ 5,938,966	\$ 7,773,823	\$ 13,712,789
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,097,926	\$ 12,717,462	\$ 19,815,388

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

RICHLAND COUNTY

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

Total Fund Balances for Governmental Funds	\$ 13,712,789
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	54,115,058
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Property taxes receivable 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 inflows of resources in the funds.	157,924
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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	\$ 10,994,079	
Deferred Inflows Related to Pensions and OPEB	<u>(6,723,504)</u>	4,270,575

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	\$ (2,162,416)	
Interest Payable	(5,554)	
Compensated Absences Payable	(573,147)	
Net Pension and OPEB Liability	<u>(16,696,552)</u>	<u>(19,437,669)</u>

Total Net Position of Governmental Activities	<u><u>\$ 52,818,677</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Special Revenue Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 6,157,044	\$ 3,277,527	\$ 9,434,571
Intergovernmental	1,314,263	8,777,294	10,091,557
Charges for Services	433,554	1,302,011	1,735,565
Licenses, Permits and Fees	3,480	-	3,480
Interest Income	200,255	-	200,255
Miscellaneous	640,279	95,325	735,604
Total Revenues	\$ 8,748,875	\$ 13,452,157	\$ 22,201,032
EXPENDITURES			
Current			
General Government	\$ 3,294,699	\$ -	\$ 3,294,699
Public Safety	3,011,486	1,134,382	4,145,868
Highways and Bridges	-	11,537,189	11,537,189
Flood Repair	-	15,424	15,424
Health and Welfare	126,977	4,604,633	4,731,610
Culture and Recreation	63,605	-	63,605
Conserv. of Natural Resources	9,800	464,757	474,557
Economic Development	-	8,182	8,182
Capital Outlay	-	25,898	25,898
Debt Service			
Principal	-	196,255	196,255
Interest and Fees	-	25,951	25,951
Total Expenditures	\$ 6,506,567	\$ 18,012,671	\$ 24,519,238
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,242,308	\$ (4,560,514)	\$ (2,318,206)
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	\$ 61,289	\$ -	\$ 61,289
Lease Financing	-	908,871	908,871
Transfers In	-	8,847,595	8,847,595
Transfers Out	(1,693,820)	(7,153,775)	(8,847,595)
Total Other Financing Sources and Uses	\$ (1,632,531)	\$ 2,602,691	\$ 970,160
Net Change in Fund Balances	\$ 609,777	\$ (1,957,823)	\$ (1,348,046)
Fund Balances - January 1	\$ 5,329,189	\$ 9,754,677	\$ 15,083,866
Prior Period Adjustments	\$ -	\$ (23,031)	\$ (23,031)
Fund Balances - Jan. 1, as restated	\$ 5,329,189	\$ 9,731,646	\$ 15,060,835
Fund Balances - December 31	\$ 5,938,966	\$ 7,773,823	\$ 13,712,789

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

RICHLAND 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

\$ (1,348,046)

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	\$ 8,100,500	
Capital Contribution	178,113	
Depreciation Expense	<u>(2,477,015)</u>	5,801,598

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

Gain on Sale of Capital Assets	\$ 93,889	
Lease Financing	<u>(908,871)</u>	(876,271)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

196,255

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 Liability	\$ (7,460)	
Net Change in Interest Payable	<u>869</u>	(6,591)

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 Liability and OPEB	\$ (10,451,719)	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	3,570,388	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>5,170,635</u>	(1,710,696)

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. This consists of the change in taxes receivable.

(36,743)

Change in Net Position of Governmental Activities

\$ 2,019,506

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

RICHLAND COUNTY

Statement of Fiduciary Net Position – Custodial Funds
For the Year Ended December 31, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	<u>\$ 34,446,532</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	<u>\$ 106,833</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 3,401,446</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,508,279</u>
NET POSITION	
Resticted	
Funds Held for Other Purposes	\$ 28,645
Funds Held for FM Diversion Settlement	<u>30,909,608</u>
Total Net Position	<u>\$ 30,938,253</u>

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

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

	<u>Custodial Funds</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 27,039,338
Diversion Settlement Receipts	285,940
Grant Collections for Other Governments	56,891
Intergovernmental Collections	1,281,173
Miscellaneous Collections	<u>166,371</u>
Total Additions	<u>\$ 28,829,713</u>
DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 28,137,612
Grant Disbursements to Other Governments	56,891
Diversion Settlement Disbursements	2,318,103
Miscellaneous Disbursements	<u>348,076</u>
Total Deductions	<u>\$ 30,860,682</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ (2,030,969)</u>
Net Position - Beginning	<u>\$ -</u>
Prior Period Adjustment	<u>\$ 32,969,222</u>
Net Position - Beginning - Restated	<u>\$ 32,969,222</u>
Net Position - Ending	<u>\$ 30,938,253</u>

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

RICHLAND COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Richland County ("County") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government'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 are 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, the component unit discussed below is included within the County's reporting entity because of the significance of its operational or financial relationship with the County.

Component Units

In conformity with 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.

Discretely Presented Component Units: The component unit columns in the government wide financial statements include the financial data of the County's one component unit. This component unit is reported in a separate column to emphasize that it is legally separate from the County.

Richland 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.

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor (Office of Finance and Administration), Richland County, 418 2nd Ave. N., Wahpeton, ND 58030.

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the primary government, the County, 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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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 type:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on 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.

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 as well as municipal bonds that are recorded at fair market value.

Inventories

Inventories are valued using the first in first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets for the primary government 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 of the county are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	County	Water Resource District
Buildings	50	-
Building Improvements	15-40	-
Equipment	5-30	-
Vehicles	5-20	7
Infrastructure	20-75	30

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Unused sick leave benefits will be allowed to accumulate to a limit of 100 days. When that limit is reached, employees may trade additional earned sick leave for vacation days at the rate of 6 days sick leave for 1 day of vacation. Any employee hired prior to October 1, 1988, and who has twenty or more consecutive years of employment or who has reached the age of 65 prior to employment termination, will be eligible to receive payment for sick leave at a rate of 50% of the unused balance to a limit of 50 days. A liability for the vested or accumulated vacation and sick leave is reported in government-wide 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.

Leases

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the County has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the County is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the County uses its incremental borrowing rate based on the information available at the lease commencement date. The County accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

The County continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the County are reasonably certain to exercise. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The County's lease agreements do not include any material residual value guarantees or restrictive covenants.

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.

Non-spendable Fund Balances. Non-spendable fund balances consist of amounts for loan receivables and advance to other governments which cannot be spent. Additionally Non-spendable fund balance is shown for inventory in the special revenue fund.

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Interfund Transactions

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

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

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

Implementation of GASB Statement No. 87

As of January 1, 2022, the County adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 2 and the additional disclosures required by this standard are included in Notes 7 and 8.

NOTE 2 PRIOR PERIOD ADJUSTMENTS**Correction of Error and Adoption of New Standard**

Net Position of the County as of January 1, 2022 has been restated for adjustments to capital assets, retainage payable, and reclassification of Fiduciary Funds as shown below. Special Revenue Fund Balance as of January 1, 2022 has also been restated for a retainage payable adjustment. The adjustments can be seen below:

Governmental Activities	Government Wide	Special Revenue Fund	Fiduciary Funds
Beginning Net Position/Fund Balance, as previously reported	\$ 50,404,909	\$ 9,754,677	\$ -
Adjustments to restate the January 1, 2022 Net Position/Fund Balance:			
Reclassification of Fiduciary Funds	-	-	32,969,222
Retainage Payable	(6,637)	(55,123)	-
Inventory	32,092	32,092	-
Lease Liability, due to GASB 87 Implementation	839	-	-
Net Capital Assets	367,968	-	-
Net Position/Fund Balance January 1, as restated	\$ 50,799,171	\$ 9,731,646	\$ 32,969,222

NOTE 3 DEPOSITS**Custodial Credit Risk**

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

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

At year ended December 31, 2022, the County's carrying amount of deposits totaled \$52,150,843 and the bank balances totaled \$53,257,020. Of the bank balances, \$52,067,921 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2022, the Water Resource District's carrying amount of deposits totaled \$7,333,925, and the bank balances totaled \$7,336,342. Of the bank balances, \$263,137 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 4 INVESTMENTS

As of December 31, 2022, the Water Resource District had the following investments:

Investment Type	Moody's or S&P Rating	Investment Maturities				Percent of Investments	Fair Value Hierarchy
		Less than One Year	1-5 Years	6-10 Years	Fair Value		
US Treasury Bonds	Aaa	\$ 987,580	\$ 1,926,210	\$ -	\$ 2,913,790	100%	Level 2

As authorized in North Dakota Statutes, idle funds may be invested as follows:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
4. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions.
5. State and local securities:
 - a. Any security that is a general obligation of any state or local government with taxing powers and is rated in the highest three categories by a nationally recognized rating agency.
 - b. An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency.
 - c. Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency.
 - d. Obligations of this state and general obligations of its political subdivisions.
6. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rate. The Water Resource District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Water Resource District does not have a formal investment policy that specifically addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Water Resource County does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

Fair Value Measurement

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

NOTE 5 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 6 JOB DEVELOPMENT LOANS RECEIVABLE

The Job Development Authority provides loans to businesses for either startup costs or expansion costs. The Development Authority receives applications from various businesses within the community and either approves or denies the applications based on majority board decision. The Job Development Authority had the following activity in loans outstanding for the year ended December 31, 2022:

	Balance January 1	Additions	Principal Payments	Balance December 31
Loans Receivable	\$ 944,628	\$ 452,455	\$ 161,562	\$ 1,235,521

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 7 UNSECURED PROMISSORY NOTE RECEIVABLE

In FY2013, the County issued unsecured promissory notes receivable to Duerr Township and Dwight Rural Fire Department to cover contractor costs related to flooding. These promissory notes are at zero percent interest, due in annual installments. The following is a summary of changes in unsecured promissory notes:

	Balance January 1	Additions	Principal Payments	Balance December 31
Unsecured Promissory Notes	\$ 46,039	\$ -	\$ 10,397	\$ 35,642

NOTE 8 CAPITAL ASSETS/RIGHT-TO-USE ASSETS**Primary Government**

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

	Restated Balance January 1	Increases	Decreases	Transfers	Balance December 31
Primary Government					
Capital assets not being depreciated					
Land	\$ 57,840	\$ -	\$ -	\$ -	\$ 57,840
Construction in Progress	4,495,897	5,874,026	-	(1,419,357)	8,950,566
Equipment in Transit	-	24,850	-	-	24,850
Total Capital Assets, Not Being Depreciated	\$ 4,553,737	\$ 5,898,876	\$ -	\$ (1,419,357)	\$ 9,033,256
Capital assets being Depreciated					
Buildings	\$ 5,634,898	\$ -	\$ -	\$ -	\$ 5,634,898
Equipment	4,531,967	158,831	154,495	-	4,536,303
Vehicles	1,808,654	152,037	100,606	-	1,860,085
Infrastructure	49,546,035	236,139	-	1,419,357	51,201,531
Total Capital Assets, Being Depreciated	\$ 61,521,554	\$ 547,007	\$ 255,101	\$ 1,419,357	\$ 63,232,817
Less accumulated depreciation					
Buildings	\$ 3,021,679	\$ 123,695	\$ -	\$ -	\$ 3,145,374
Equipment	2,757,769	264,499	99,495	-	2,922,773
Vehicles	1,201,976	132,893	100,606	-	1,234,263
Infrastructure	12,262,807	1,590,703	-	-	13,853,510
Total Accumulated Depreciation	\$ 19,244,231	\$ 2,111,790	\$ 200,101	\$ -	\$ 21,155,920
Total Capital Assets Being Depreciated, Net	\$ 42,277,323	\$ (1,564,783)	\$ 55,000	\$ 1,419,357	\$ 42,076,897
Primary Government - Capital Assets, Net	\$ 46,831,060	\$ 4,334,093	\$ 55,000	\$ -	\$ 51,110,153

	Restated Balance January 1	Increases	Decreases	Transfers	Balance December 31
Primary Government					
Right-to-use assets being amortized					
Equipment	\$ 1,449,800	\$ 1,048,710	\$ -	\$ -	\$ 2,498,510
Total Right-to-Assets, Being Amortized	\$ 1,449,800	\$ 1,048,710	\$ -	\$ -	\$ 2,498,510
Less Accumulated Amortization for					
Equipment	\$ -	\$ 356,930	\$ -	\$ -	\$ 356,930
Total Accumulated Amortization	\$ -	\$ 356,930	\$ -	\$ -	\$ 356,930
Total Right-to-Use Assets Being Amortized, Net	\$ 1,449,800	\$ 691,780	\$ -	\$ -	\$ 2,141,580
Total Capital Assets and Right-to-Use Assets, Net	\$ 48,280,860	\$ 5,889,198	\$ 55,000	\$ -	\$ 54,115,058

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	Depreciation	Amortization
General Government	\$ 77,645	\$ -
Public Safety	191,844	-
Highways & Bridges	1,813,280	356,930
Health and Welfare	25,514	-
Conservation of Natural Resources	3,507	-
Total Depreciation Expense	\$ 2,111,790	\$ 356,930

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

Water Resource District	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital assets not being depreciated					
Land	\$ 1,110,144	\$ 13,800	\$ -	\$ -	\$ 1,123,944
Construction in Progress	-	494,440	-	-	494,440
Total Capital Assets, Not Being Depreciated	\$ 1,110,144	\$ 508,240	\$ -	\$ -	\$ 1,618,384
Capital assets being depreciated					
Equipment	\$ 11,421	\$ -	\$ -	\$ -	\$ 11,421
Infrastructure	10,325,572	68,353	-	-	10,393,925
Total Capital Assets, Being Depreciated	\$ 10,336,993	\$ 68,353	\$ -	\$ -	\$ 10,405,346
Less accumulated depreciation					
Equipment	\$ 9,602	\$ 909	\$ -	\$ -	\$ 10,511
Infrastructure	1,936,760	344,187	-	-	2,280,947
Total Accumulated Depreciation	\$ 1,946,362	\$ 345,096	\$ -	\$ -	\$ 2,291,458
Total Capital Assets Being Depreciated, Net	\$ 8,390,631	\$ (276,743)	\$ -	\$ -	\$ 8,113,888
Water Resource District - Capital Assets, Net	\$ 9,500,775	\$ 231,497	\$ -	\$ -	\$ 9,732,272

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

NOTE 9 LEASES

The obligations under leases for the County are as follows:

Richland County entered into an agreement to lease three International Plow Trucks for 7 years beginning on October 26, 2021, totaling \$718,829. Due in yearly principal and interest installments of \$102,690 at 1.79% until September 2028. Payments are to be made from the Special Revenue Fund. Included in the lease agreement there is bargain purchase option of \$1 at the end of the lease term.

Richland County entered into an agreement to lease two International Plow Trucks for 7 years beginning on September 10, 2021, totaling \$216,781. Due in yearly principal and interest installments of \$30,969 at 1.79% until September 2028. Payments are to be made from the Special Revenue Fund. Included in the lease agreement there is bargain purchase option of \$1 at the end of the lease term.

Richland County entered into an agreement to lease a John Deere Loader for 7 years beginning on September 1, 2021, totaling \$311,668. Due in yearly principal and interest installments of \$44,524 at 1.79% until September 2028. Payments are to be made from the Special Revenue Fund. Included in the lease agreement there is bargain purchase option of \$1 at the end of the lease term.

Richland County entered into an agreement to lease an International Motor grader for 7 years beginning on August 1, 2021, totaling \$308,168. Due in yearly principal and interest installments of \$44,024 at 1.79% until September 2028. Payments are to be made from the Special Revenue Fund. Included in the lease agreement there is bargain purchase option of \$1 at the end of the lease term.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Richland County entered into an agreement to lease three Caterpillar Motor graders for 7 years beginning on February 2, 2022, totaling \$979,078. Due in yearly principal and interest installments of \$139,868 at 1.80% until September 2028. Payments are to be made from the Special Revenue Fund. Included in the lease agreement there is bargain purchase option of \$1 at the end of the lease term.

See lease liability requirements as follows:

PRIMARY GOVERNMENT		
Year Ending December 31	Lease Liability	
	Principal	Interest
2023	322,429	39,616
2024	328,323	33,722
2025	334,325	27,720
2026	340,437	21,608
2027	346,660	15,385
2028-2032	490,242	11,641
Total	\$ 2,162,416	\$ 149,692

NOTE 10 LONG-TERM LIABILITIES**Primary Government**

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

Primary Government	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Lease Liability	\$ 1,449,800	\$ 908,871	\$ 196,255	\$ 2,162,416	\$ 322,429
Total Long-Term Debt	\$ 1,449,800	\$ 908,871	\$ 196,255	\$ 2,162,416	\$ 322,429
Compensated Absences *	\$ 565,687	\$ 7,460	\$ -	\$ 573,147	\$ 143,287
Net Pension and OPEB Liability *	6,244,833	10,451,719	-	16,696,552	-
Total Primary Government	\$ 8,260,320	\$ 11,368,050	\$ 196,255	\$ 19,432,115	\$ 465,716

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

Discretely Presented Component Unit

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

Water Resource District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 455,000	\$ -	\$ 95,000	\$ 360,000	\$ 105,000
Compensated Absences *	\$ 22,266	\$ 393	\$ -	\$ 22,659	\$ 2,266
Net Pension and OPEB Liability *	127,532	321,393	-	448,925	-
Total Water Resource District	\$ 604,798	\$ 321,786	\$ 95,000	\$ 831,584	\$ 107,266

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

RICHLAND COUNTYNotes to the Financial Statements – Continued

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

WATER RESOURCE DISTRICT		
Year Ending December 31	Bonds Payable	
	Principal	Interest
2023	\$ 105,000	\$ 5,756
2024	105,000	3,769
2025	105,000	1,781
2026	45,000	394
Total	\$ 360,000	\$ 11,700

NOTE 11 PENSION PLAN**General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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:

- 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, the following net pension liabilities were reported:

	Net Pension Liability
Primary Government	\$ 16,027,998
Water Resource District	430,949

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2022 and reported the following pension expense for the year ended December 31, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 Measurement	Pension Expense 12/31/2022
Primary Government	0.556515%	(0.011065%)	\$ 2,092,275
Water Resource District	0.014963%	0.003346%	56,256

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 83,606	\$ 306,162
Changes of Assumptions	9,584,979	5,942,157
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	586,621	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	158,761	457,466
District Contributions Subsequent to the Measurement Date	247,969	-
Total Primary Government	\$ 10,661,937	\$ 6,705,785

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,248	\$ 8,232
Changes of Assumptions	257,714	159,768
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	15,773	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,269	12,300
District Contributions Subsequent to the Measurement Date	6,667	-
Total Water Resource District	\$ 286,670	\$ 180,300

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

Primary Government	\$ 247,969
Water Resource District	6,667

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

	Primary Government	Water Resource District
2023	\$ 1,061,863	\$ 28,551
2024	1,247,287	33,536
2025	(56,089)	(1,508)
2026	1,455,122	39,124

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	6.50%, Net of Investment Expenses
Cost-of-Living Adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	5.75%
International Equity	21%	6.45%
Private Equity	7%	9.20%
Domestic Fixed Income	23%	0.34%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.35%
Cash Equivalents	0%	0.00%

Discount Rate

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

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

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

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

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

Proportionate Share of the Net Pension Liability	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Primary Government	\$ 21,155,855	\$ 16,027,998	\$ 11,818,205
Water Resource District	568,823	430,949	317,759

Pension Plan Fiduciary Net Position

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

NOTE 12: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

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

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

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

	Net OPEB Liability
Primary Government	\$ 668,554
Water Resource District	17,976

The net OPEB liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2022 and reported the following OPEB expense for the year ended December 31, 2022:

	Proportion	Increase (Decrease) in Proportion from June 30, 2021 Measurement	OPEB Expense 12/31/2022
Primary Government	0.556985%	0.027903%	\$ 115,172
Water Resource District	0.014976%	0.004430%	3,097

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 15,850	\$ 5,749
Changes of Assumptions	168,401	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	90,019	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	18,169	11,970
District Contributions Subsequent to the Measurement Date	39,703	-
Total Primary Government	\$ 332,142	\$ 17,720

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 426	\$ 155
Changes of Assumptions	4,528	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2,420	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	489	322
District Contributions Subsequent to the Measurement Date	1,068	-
Total Water Resource District	\$ 8,930	\$ 476

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

Primary Government	\$ 39,703
Water Resource District	1,068

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	\$ 75,981
2024	71,317
2025	59,157
2026	75,651

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	Not applicable
Investment rate or return	5.75%, net of investment expenses
Cost of living adjustments	None

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad US Equities	39%	5.75%
Core-Plus Fixed Income	35%	0.22%
International Equities	26%	6.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

Proportionate Share of the OPEB Liability	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Primary Government	\$ 853,370	\$ 668,554	\$ 513,407
Water Resource District	22,945	17,976	13,804

NOTE 13 TRANSFERS

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:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ -	\$ 1,693,820
Special Revenue Fund	8,847,595	7,153,775
Total Transfers	\$ 8,847,595	\$ 8,847,595

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs.

NOTE 14 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of one million dollars per occurrence for general liability, one million for automobile, and \$6,776,290 for public assets/mobile equipment and portable property.

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

The County has worker's compensation with the ND Workforce Safety and Insurance and also pays an annual premium to the Hartford Steam Boiler Inspection and Insurance Company for the County boiler.

NOTE 15 CONSTRUCTION COMMITMENTS

The County had open constructions commitment as of December 31, 2022 as follows:

Primary Government	Contract	Total Completed	Retainage	Remaining Balance	Percent Complete
CP-003(022) CH3-5 - Construction	\$ 1,543,273	\$ 1,451,809	\$ 72,590	\$ 164,054	94.07%
CP-0610(021) - Mechanical	870,412	284,750	28,475	614,137	32.71%
CP-0610(021) - General Construction	2,857,681	2,111,824	105,591	851,448	73.90%
CP-0610(021) - Electrical	299,890	103,596	5,180	201,474	34.54%
Courthouse Remodel HVAC - Engineering	268,800	32,952	-	235,848	12.26%
Total Commitments	5,840,056	3,984,931	211,836	2,066,961	68.23%

NOTE 16 CONDUIT DEBT

Conduit debt obligations are defined as certain limited-obligation revenue bonds, certifications of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third part that is not part of the issuer's financial reporting entity. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements.

At December 31, 2022, the County is involved in conduit debt obligations under the following criteria.

Industrial Revenue Bonds

The County is currently involved in a program that had issued Industrial Revenue Bonds. Industrial Revenue Bonds provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans and bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans and bonds, ownership of the acquired facilities transfers to the private-sector entity served by the loan issuance.

As of December 31, 2022, there are three series of Industrial Revenue Bonds with a principal amount outstanding of \$37,855,000. The County is in no way liable to repay the Industrial Revenue Bonds.

NOTE 17 JOINT VENTURE

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

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

	Red River Joint Water Resource District
Total Assets	\$ 18,790,636
Total Liabilities	170,802
Net Position	<u>\$ 18,619,834</u>
Revenues	\$ 2,867,213
Expenses	1,307,454
Change in Net Position	<u>\$ 1,559,759</u>

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

RICHLAND COUNTY

Budgetary Comparison Schedule - General Fund
December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 6,216,585	\$ 6,216,585	\$ 6,157,044	\$ (59,541)
Intergovernmental	1,203,688	1,203,688	1,314,263	110,575
Charges for services	368,712	368,712	433,554	64,842
Licenses, permits and fees	3,675	3,675	3,480	(195)
Interest income	100,000	100,000	200,255	100,255
Miscellaneous	455,610	455,610	640,279	184,669
Total Revenues	<u>\$ 8,348,270</u>	<u>\$ 8,348,270</u>	<u>\$ 8,748,875</u>	<u>\$ 400,605</u>
EXPENDITURES				
Current				
General government	\$ 3,357,938	\$ 3,357,938	\$ 3,294,699	\$ 63,239
Public safety	3,063,964	3,063,964	3,011,486	52,478
Health and welfare	102,305	102,305	126,977	(24,672)
Culture and recreation	67,800	67,800	63,605	4,195
Conservation of natural resources	9,800	9,800	9,800	-
Total Expenditures	<u>\$ 6,601,807</u>	<u>\$ 6,601,807</u>	<u>\$ 6,506,567</u>	<u>\$ 95,240</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,746,463</u>	<u>\$ 1,746,463</u>	<u>\$ 2,242,308</u>	<u>\$ 495,845</u>
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	\$ -	\$ -	\$ 61,289	\$ 61,289
Transfers out	-	-	(1,693,820)	(1,693,820)
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,632,531)</u>	<u>\$ (1,632,531)</u>
Net Change in Fund Balances	<u>\$ 1,746,463</u>	<u>\$ 1,746,463</u>	<u>\$ 609,777</u>	<u>\$ (1,136,686)</u>
Fund Balances - January 1	<u>\$ 5,329,189</u>	<u>\$ 5,329,189</u>	<u>\$ 5,329,189</u>	<u>\$ -</u>
Fund Balances - December 31	<u>\$ 7,075,652</u>	<u>\$ 7,075,652</u>	<u>\$ 5,938,966</u>	<u>\$ (1,136,686)</u>

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

RICHLAND COUNTYBudgetary Comparison Schedule - Special Revenue Fund
December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 3,304,080	\$ 3,304,080	\$ 3,277,527	\$ (26,553)
Intergovernmental	5,117,362	5,117,362	8,777,294	3,659,932
Charges for services	988,700	988,700	1,302,011	313,311
Miscellaneous	135,000	135,000	95,325	(39,675)
Total Revenues	\$ 9,545,142	\$ 9,545,142	\$ 13,452,157	\$ 3,907,015
EXPENDITURES				
Current				
Public Safety	\$ 1,099,200	\$ 1,106,288	\$ 1,134,382	\$ (28,094)
Highways and Bridges	6,775,269	10,589,056	10,628,318	(39,262)
Flood Repair	-	15,424	15,424	-
Health and Welfare	4,411,854	4,424,188	4,604,633	(180,445)
Conserv. of Natural Resources	502,454	505,742	464,757	40,985
Economic Development	550,637	550,637	8,182	542,455
Capital Outlay	103,000	103,000	25,898	77,102
Debt Service				
Principal	-	-	196,255	(196,255)
Interest and Fees	-	-	25,951	(25,951)
Total Expenditures	\$ 13,442,414	\$ 17,294,335	\$ 17,103,800	\$ 190,535
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,897,272)	\$ (7,749,193)	\$ (3,651,643)	\$ 4,097,550
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 8,847,595	8,847,595
Transfers out	(1,571,097)	(1,571,097)	(7,153,775)	(5,582,678)
Total Other Financing Sources and Uses	\$ (1,571,097)	\$ (1,571,097)	\$ 1,693,820	\$ 3,264,917
Net Change in Fund Balances	\$ (5,468,369)	\$ (9,320,290)	\$ (1,957,823)	\$ 7,362,467
Fund Balances - January 1	\$ 9,754,677	\$ 9,754,677	\$ 9,754,677	\$ -
Prior Period Adjustments	\$ -	\$ -	\$ (23,031)	\$ (23,031)
Fund Balances - Jan. 1, as restated	\$ 9,754,677	\$ 9,754,677	\$ 9,731,646	\$ -
Fund Balances - December 31	\$ 4,286,308	\$ 434,387	\$ 7,773,823	\$ 7,339,436

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

RICHLAND COUNTY

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

**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	0.556515%	\$ 16,027,998	\$ 6,460,223	248.10%	53.04%
2021	0.568831%	5,928,932	6,441,397	92.04%	76.69%
2020	0.597040%	18,783,007	6,586,067	285.19%	48.04%
2019	0.567580%	6,652,449	5,903,803	112.68%	70.26%
2018	0.575523%	9,712,579	5,912,447	164.27%	61.50%
2017	0.550137%	8,842,502	5,616,029	157.45%	60.63%
2016	0.513519%	5,004,744	5,277,256	94.84%	69.09%
2015	0.552910%	3,759,693	4,925,759	76.33%	75.76%
2014	0.587117%	3,659,597	4,856,874	75.35%	76.30%

Water Resource District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.014963%	\$ 430,949	\$ 173,698	248.10%	1.43%
2021	0.011617%	121,081	131,546	92.04%	1.57%
2020	0.010777%	339,046	118,883	285.19%	0.87%
2019	0.011313%	132,596	117,674	112.68%	1.40%
2018	0.012191%	205,736	125,240	164.27%	1.30%
2017	0.012260%	197,063	125,158	157.45%	1.35%
2016	0.010159%	99,013	104,404	94.84%	1.37%
2015	0.010135%	68,915	90,289	76.33%	1.39%
2014	0.010762%	67,080	89,026	75.35%	1.40%

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

RICHLAND COUNTY

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

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

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	\$ 483,285	\$ 454,466	\$ 28,819	\$ 6,787,251	6.52%
2021	475,024	479,315	(4,291)	7,570,556	6.33%
2020	466,351	458,032	8,319	6,586,067	6.83%
2019	429,830	440,295	(10,465)	5,903,803	7.31%
2018	435,477	461,711	(26,234)	5,912,447	7.65%
2017	407,231	396,102	11,129	5,616,029	6.90%
2016	382,065	376,864	5,201	5,277,256	7.00%
2015	380,996	372,472	8,525	4,925,759	7.43%
2014	345,809	345,809	-	4,856,874	6.99%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 12,994	\$ 12,219	\$ 775	\$ 182,967	0.18%
2021	9,701	9,789	(88)	154,606	0.13%
2020	8,418	8,268	150	118,883	0.12%
2019	8,567	8,776	(209)	117,674	0.15%
2018	9,224	9,780	(556)	125,240	0.16%
2017	9,075	8,827	248	125,158	0.15%
2016	7,559	7,456	103	104,404	0.14%
2015	6,984	6,827	156	90,289	0.14%
2014	6,339	6,339	-	89,026	0.13%

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

RICHLAND COUNTY

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

**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	0.556985%	\$ 668,554	\$ 5,750,343	11.32%	54.81%
2021	0.567990%	315,901	6,192,561	5.00%	75.10%
2020	0.567827%	477,654	6,473,056	7.23%	62.11%
2019	0.530060%	425,737	5,914,712	7.07%	62.01%
2018	0.540999%	426,074	5,919,696	7.06%	60.68%
2017	0.519679%	411,072	5,622,097	7.16%	58.54%

Water Resource District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2022	0.014976%	\$ 17,976	\$ 154,611	0.30%	1.47%
2021	0.011600%	6,451	126,465	0.10%	1.53%
2020	0.011596%	9,755	132,193	0.15%	1.27%
2019	0.009568%	7,685	106,765	0.13%	1.12%
2018	0.010783%	8,492	117,991	0.14%	1.21%
2017	0.011008%	8,707	119,090	0.15%	1.24%

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

RICHLAND COUNTY

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

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

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	\$ 56,363	\$ 72,766	\$ (16,403)	\$ 4,976,821	1.43%
2021	74,467	74,961	(494)	7,570,556	1.26%
2020	76,045	72,792	3,253	6,473,056	1.10%
2019	68,788	70,625	(1,837)	5,914,712	1.17%
2018	69,435	74,017	(4,582)	5,919,696	1.23%
2017	65,353	63,490	1,863	5,622,097	1.11%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 1,515	\$ 1,956	\$ (441)	\$ 100,250	0.04%
2021	1,521	1,531	(10)	154,606	0.03%
2020	1,553	1,487	66	132,193	0.02%
2019	1,242	1,275	(33)	106,765	0.02%
2018	1,384	1,475	(91)	117,991	0.02%
2017	1,384	1,345	39	119,090	0.02%

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

RICHLAND COUNTY

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

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

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

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Pension

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

OPEB

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

NOTE 5: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The board of County commissioners amended the County budget for 2022:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Major Funds			
Special Revenue Fund	\$ 13,442,414	\$ 3,851,921	\$ 17,294,335

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
Special Revenue Fund			
Expenditures	\$ 18,303,136	\$ (908,871)	\$ 17,394,265
Lease Proceeds	908,871	(908,871)	-

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

Independent Auditor's Report

Board of County Commissioners
Richland County
Wahpeton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County as of and for the years ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Richland County's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Richland 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 Richland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Richland County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *schedule of audit findings*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2022-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2022-001 and 2022-002 to be significant deficiencies.

RICHLAND 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 Richland County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Richland County's Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 22, 2024

RICHLAND COUNTY

Summary of Auditor's Results

For the Year Ended December 31, 2022

Financial Statements

Type of Report Issued:

Governmental Activities

Unmodified

Discretely Presented Component Unit

Unmodified

Major Funds

Unmodified

Aggregate Remaining Fund Information

Unmodified

Internal control over financial reporting

Material weaknesses identified?

 X Yes None NotedSignificant deficiencies identified not considered
to be material weaknesses? X Yes None NotedNoncompliance material to financial statements
noted? Yes X None Noted

RICHLAND COUNTY

Schedule of Audit Findings

For the Year Ended December 31, 2022

2022-001 AUDIT ADJUSTMENTS – SIGNIFICANT DEFICIENCY

Condition

Auditor-identified adjusting entries related to payables, receivables, capital assets, and inventory were proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustments and were approved by management.

Criteria

Richland County is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

Cause

Richland County does not have sufficient procedures in place to ensure an accurate listing of receivables, payables, inventory, or capital assets which are used in the preparation of its financial statements.

Effect

The financial statements may have been misstated if the payables, receivables, capital assets, and inventory had not been adjusted during the audit.

Repeat Finding

No.

Recommendation

We recommend Richland County review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

Richland County's Response

Agree. We will review the adjustments needed for presentation in the financial statements.

2022-002 AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT – SIGNIFICANT DEFICIENCY

Condition

Auditor-identified adjusting entries related to payables and receivables were proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustments and were approved by management.

Criteria

Richland County Water Resource District is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

Cause

Richland County Water Resource District does not have sufficient procedures in place to ensure an accurate listing of payables and receivables which are used in the preparation of its financial statements.

Effect

The financial statements may have been misstated if the payables and receivables had not been adjusted during the audit.

Repeat Finding

No.

Recommendation

We recommend Richland County Water Resource District review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

Richland County Water Resource District's Response

Agree. We will review the adjustments needed for presentation in the financial statements.

2022-003 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – MATERIAL WEAKNESS

Condition

The Richland County Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to 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 material misstatement to the Richland County Water Resource District's financial condition, whether due to error or fraud.

Cause

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

Richland County Water Resource District's Response

We agree that a lack of segregation of duties exists due to limited personnel. We will segregate duties when feasible.

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GOVERNANCE COMMUNICATION

March 22, 2024

Board of County Commissioners
Richland County
Wahpeton, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, North Dakota, for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 02, 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 Richland 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 Richland County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

2022 Adjustments	Audit Adjustments	
	Debit	Credit
Governmental Activities		
Special Revenue Fund		
<u>To include unrecorded Intergovernmental Receivables</u>		
Intergovernmental Receivable	76,565	-
Revenue	-	76,565
<u>To record Prior Period Adjustment for Inventory</u>		
Inventory - Jan. 1	32,092	-
Fund Balance - Jan. 1	-	32,092
<u>To adjust Inventory for CY changes</u>		
Inventory, Net	63,406	-
Expenditures	-	63,406
<u>To record Prior Period Adjustment for Retainage Payable</u>		
Fund Balance - Jan. 1	55,123	-
Retainage Payable - Jan. 1	-	55,123
<u>To Adjust Retainage Payable</u>		
Expenditures	21,636	-
Retainage Payable	-	21,636
Government Wide Adjustments		
<u>To record Prior Period Adjustment for Inventory</u>		
Inventory - Jan. 1	32,092	-
Net Position - Jan. 1	-	32,092
<u>To adjust Inventory for CY changes</u>		
Inventory, Net	63,406	-
Expenditures	-	63,406
<u>To record Prior Period Adjustment for Retainage Payable</u>		
Net Position- Jan. 1	6,638	-
Retainage Payable - Jan. 1	-	6,638
<u>To record Prior Period Adjustment for Construction in Progress</u>		
Capital Assets, Net	503,412	-
Net Position - Jan. 1	-	503,412
<u>To Adjust Retainage Payable</u>		
Capital Assets, Net	21,636	-
Retainage Payable	-	21,636

RICHLAND COUNTYGovernance Communication – Continued

Fiduciary ActivitiesTo record Prior Period Adjustment for reclassification of Fiduciary Funds

Cash	32,969,222	-
Net Position, Jan. 1	-	32,969,222

Water Resource DistrictTo accrue unrecorded receivables

Accounts Receivable	16,050	-
Revenue	-	16,050

To accrue unrecorded payables

Expenditures	38,764	-
Accounts Payable	-	38,764

To remove payroll incorrect payroll liabilities

Expenditures	40,426	-
Payroll Liabilities	-	40,426

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Richland County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

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

RICHLAND COUNTYGovernance Communication – Continued

Restriction on Use

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

Thank you and the employees of Richland 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 Richland County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
March 22, 2024



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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