



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Southwest Multi-County Correction Center

Dickinson, North Dakota

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

*Client Code: PS45060*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

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For the Years Ended December 31, 2022 and 2021

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# **SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Correction Center Officials  
December 31, 2022 and 2021

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## **CORRECTION CENTER OFFICIALS**

### At December 31, 2022

Paul Clarys	President
Tracey Dolezal	Vice President
Steve Klym	Secretary/Treasurer
Pine Abrahamson	Board Member
Bob Schmeling	Board Member
Mike Sonsalla	Board Member
Todd Lutz	Board Member
Rachelle Juntunen	SWMCCC Administrator
Connie Monson	Financial Administrator

### At December 31, 2021

Ken Zander	President
Daryl Dukart	Vice President
Mike Kasian	Secretary/Treasurer
Lynn Brackel	Board Member
Angela Carlson	Board Member
Michael Sonsalla	Board Member
Bob Schmeling	Board Member
Doris Songer	SWMCCC Operations Admin
Rachelle Juntunen	DWCRC Warden
Connie Monson	Financial Administrator

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of Correctional Center Commissioners  
Southwest Multi-County Correction Center  
Dickinson, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Southwest Multi-County Correction Center, North Dakota, as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise Southwest Multi-County Correction Center'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 major fund, and the aggregate remaining fund information of Southwest Multi-County Correction Center, North Dakota, as of December 31, 2022 and December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, 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 Southwest Multi-County Correction Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

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

#### *Responsibilities of Management for the Financial Statements*

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

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 Southwest Multi-County Correction Center'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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southwest Multi-County Correction Center'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 Southwest Multi-County Correction Center'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 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 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 *Government Auditing Standards*, we have also issued our report dated March 6, 2024 on our consideration of Southwest Multi-County Correction Center'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 Southwest Multi-County Correction Center'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 Southwest Multi-County Correction Center's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 6, 2024

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Statement of Net Position

December 31, 2022

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,418,451
Accounts Receivable	854,261
Note Receivable	80,084
Rent Deposit Receivable	1,103
Capital Assets	
Nondepreciable	5,750
Depreciable, Net	<u>3,693,350</u>
 Total Assets	 <u>\$ 8,052,999</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 160,634
Sales Tax Payable	10
State Tax Payable	13,615
Salaries Payable	261,628
Retirement Plan Payable	356,573
Compensated Absences	109,748
Due After One Year	
Compensated Absences	<u>164,622</u>
 Total Liabilities	 <u>\$ 1,066,830</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 3,699,100
Unrestricted	<u>3,287,069</u>
 Total Net Position	 <u>\$ 6,986,169</u>

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





**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Balance Sheet – Governmental Funds

December 31, 2022

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	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,418,451
Accounts Receivable	854,261
Note Receivable	80,084
Rent Deposit Receivable	<u>1,103</u>
 Total Assets	 <u>\$ 4,353,899</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts Payable	\$ 160,634
Sales Tax Payable	10
State Tax Payable	13,615
Retirement Plan Payable	356,573
Salaries Payable	<u>261,628</u>
 Total Liabilities	 <u>\$ 792,460</u>
 Fund Balances	
Unassigned	<u>\$ 3,561,439</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,353,899</u>

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

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**Total Fund Balances for Governmental Funds** \$ 3,561,439

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. 3,699,100

Compensated absences are not due and payable in the current period accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the statement of net position. (274,370)

**Total Net Position of Governmental Activities** \$ 6,986,169

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

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	<u>General</u>
<b>REVENUES</b>	
Charge for Services	\$ 9,302,006
Interest	9,664
Miscellaneous	<u>582,242</u>
 Total Revenues	 <u>\$ 9,893,912</u>
<b>EXPENDITURES</b>	
Current:	
Public Safety	<u>\$ 9,513,897</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>\$ 380,015</u>
 Net Change in Fund Balances	 <u>\$ 380,015</u>
 Fund Balance - January 1	 <u>\$ 3,181,424</u>
 Fund Balance - December 31	 <u><u>\$ 3,561,439</u></u>

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

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**Net Change in *Fund Balances* - Total Governmental Funds** **\$ 380,015**

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

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

Current Year Capital Outlay	\$ 110,077	
Current Year Depreciation Expense	<u>(125,587)</u>	(15,510)

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		<u>28,765</u>
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**Change in Net Position of Governmental Activities** **\$ 393,270**

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

# **SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Statement of Fiduciary Net Position – Fiduciary Funds

For the Year Ended December 31, 2022

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 349,512
Other Assets	<u>1,315</u>
Total Assets	<u><u>\$ 350,827</u></u>
<b>NET POSITION</b>	
Restricted	
Funds Held for Inmates	<u>\$ 350,827</u>
Total Net Position	<u><u>\$ 350,827</u></u>

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

December 31, 2022

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Commissary Collections	\$ 1,304,068
Bonds Revenue	666,507
Inmate Collections	<u>104,283</u>
Total Additions	<u>\$ 2,074,858</u>
<b>DEDUCTIONS</b>	
Commissary Disbursements	\$ 1,238,469
Inmate Trust Account Disbursements	106,796
Bonds Expense	666,507
Total Deductions	<u>\$ 2,011,772</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 63,086</u>
Net Position - Beginning	<u>\$ 287,741</u>
Net Position - Ending	<u><u>\$ 350,827</u></u>

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

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Statement of Net Position

December 31, 2021

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,128,860
Accounts Receivable	740,125
Note Receivable	110,728
Capital Assets	
Nondepreciable	5,750
Depreciable, Net	<u>3,708,860</u>
 Total Assets	 <u>\$ 7,694,323</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 150,645
Sales Tax Payable	14
State Tax Payable	11,995
Salaries Payable	256,976
Retirement Plan Payable	378,659
Compensated Absences	121,254
Due After One Year	
Compensated Absences	<u>181,881</u>
 Total Liabilities	 <u>\$ 1,101,424</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 3,714,610
Unrestricted	<u>2,878,289</u>
 Total Net Position	 <u><u>\$ 6,592,899</u></u>

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Statement of Activities

For the Year Ended December 31, 2021

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Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities</b>			
Public Safety	<u>\$ 9,154,870</u>	<u>\$ 8,792,049</u>	<u>\$ (362,821)</u>
	<b>General Revenues</b>		
	Interest Income		\$ 18,524
	Miscellaneous Income		528,340
	Gain on Sale of Asset		<u>18,850</u>
	Total General Revenues		<u>\$ 565,714</u>
	Change in Net Position		<u>\$ 202,893</u>
	Net Position - January 1		<u>\$ 6,390,006</u>
	Net Position - December 31		<u><u>\$ 6,592,899</u></u>

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



**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Balance Sheet – Governmental Funds

December 31, 2021

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	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,128,860
Accounts Receivable	740,125
Note Receivable	<u>110,728</u>
 Total Assets	 <u><u>\$ 3,979,713</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts Payable	\$ 150,645
Sales Tax Payable	14
State Tax Payable	11,995
Retirement Plan Payable	378,659
Salaries Payable	<u>256,976</u>
 Total Liabilities	 <u>\$ 798,289</u>
 Fund Balances	
Unassigned	<u>\$ 3,181,424</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 3,979,713</u></u>

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

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**Total Fund Balances for Governmental Funds** \$ 3,181,424

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. 3,714,610

Compensated absences are not due and payable in the current period accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the statement of net position. (303,135)

**Total Net Position of Governmental Activities** \$ 6,592,899

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

---

	<u>General</u>
<b>REVENUES</b>	
Charge for Services	\$ 8,792,049
Interest	18,524
Miscellaneous	<u>528,340</u>
Total Revenues	<u>\$ 9,338,913</u>
<b>EXPENDITURES</b>	
Current:	
Public Safety	<u>\$ 9,057,208</u>
Total Expenditures	<u>\$ 9,057,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 281,705</u>
<b>Other Financing Sources (Uses)</b>	
Sale of Capital Assets	<u>\$ 18,850</u>
Net Change in Fund Balances	<u>\$ 300,555</u>
Fund Balance - January 1	<u>\$ 2,880,869</u>
Fund Balance - December 31	<u><u>\$ 3,181,424</u></u>

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

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

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

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**Net Change in *Fund Balances* - Total Governmental Funds** \$ 300,555

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

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

Current Year Capital Outlay	\$ 30,331	
Current Year Depreciation Expense	<u>(151,404)</u>	(121,073)

In the statement of activities, the gain and loss on sales or disposals of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Sale of Capital Assets	\$ (18,850)	
Gain on Sale of Capital Assets	<u>18,850</u>	-

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		<u>23,411</u>
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**Change in Net Position of Governmental Activities** \$ 202,893

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

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Statement of Fiduciary Net Position – Fiduciary Funds

For the Year Ended December 31, 2021

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 283,913
Other Assets	<u>3,828</u>
 Total Assets	 <u><u>\$ 287,741</u></u>
 <b>NET POSITION</b>	
Restricted	
Funds Held for Inmates	<u>\$ 287,741</u>
 Total Net Position	 <u><u>\$ 287,741</u></u>

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

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

December 31, 2021

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	Custodial Funds
<b>ADDITIONS</b>	
Commissary Collections	\$ 1,138,281
Bonds Revenue	651,469
Inmate Collections	<u>98,645</u>
Total Additions	<u>\$ 1,888,395</u>
<b>DEDUCTIONS</b>	
Commissary Disbursements	\$ 1,069,044
Inmate Account Disbursements	96,247
Bonds Expense	<u>651,469</u>
Total Deductions	<u>\$ 1,816,760</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 71,635</u>
Net Position - Beginning	<u>\$ -</u>
Prior Period Adjustment	<u>\$ 216,106</u>
Net Position as Restated, January 1	<u>\$ 216,106</u>
Net Position - Ending	<u><u>\$ 287,741</u></u>

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

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Notes to the Financial Statements

For the Year Ended December 31, 2022 and 2021

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## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Southwest Multi-County Correction Center (“Center”) 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 Center. The Center 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 Center 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 Center 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 Center.

As required by generally accepted accounting principles, the financial statements of the reporting entity include only the Southwest Multi-County Correction Center (the primary government), as there are no component units. The Southwest Multi-County Correction Center is a joint venture of Billings, Bowman, Golden Valley, Dunn, Hettinger, Slope, and Stark Counties. Cities include Belfield, Killdeer, Medora, and Dickinson.

### Basis of Presentation

*Government-wide statements.* The statement of net position and the statement of activities display information about the primary government, the Center, 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 Center’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the Center’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 Center reports the following major governmental funds:

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

Additionally, the Center reports the following fiduciary fund type:

Private-Purpose Trust Fund. This fund accounts for assets held by the center in a custodial capacity as an agent on behalf of others. The center’s private purpose trust fund is used to account for activity at the jail commissary.

Custodial Funds - These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The custodial funds are used to account for bonds collected on behalf of other agencies. As well as activity at the jail commissary

**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 Center 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 Center 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 Center 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 Center’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 Center’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Investments**

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less.

**Capital Assets**

Capital assets include plant and equipment. Assets are reported in the governmental activities’ column in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

<b>Assets</b>	<b>Years</b>
Land	Indefinite
Buildings & Improvements	25 – 50
Equipment	5 – 20
Infrastructure	40
Vehicles & Office Equipment	3 – 5



**Compensated Absences**

Full-time employees are granted vacation benefits from 8 to 16 hours per month depending on tenure with the Center. Upon termination of employment, employees will be paid for vacation benefits that have been accrued to a maximum of 240 hours. Sick leave benefits accrue at the rate of 8 hours per month. Unused sick leave benefits can carry over from year to year with no cap. Upon termination of employment or retirement after 10 years of consecutive employment, sick leave benefits will be compensated at a rate of one hour for every 4 hours of unused sick leave.

**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.

**Fund Balances**

Fund Balance Spending Policy. It is the policy of the Center 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.

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund.

**Net Position**

When both restricted and unrestricted resources are available for use, it is the Center’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.

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

**NOTE 2 PRIOR PERIOD ADJUSTMENT**

Fiduciary Net Position as of July 1, 2022 has been restated due to reclassifying liabilities to net position:

<b>Fiduciary Funds</b>	<b>Amounts</b>
Beginning Net Position, as previously reported	\$ -
<b>Adjustment to restate the January 1, 2021 Net Position Balance:</b>	
Reclass Liabilities to Net Position	216,106
Net Position January 1, 2022, as restated	\$ 216,106

**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 Center would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The Center 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.

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**  
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 Center’s carrying amount of deposits totaled \$3,767,963 and the bank balances totaled \$4,246,120. Of the bank balances, \$1,646,414 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

At year ended December 31, 2021, the Center’s carrying amount of deposits totaled \$3,412,773, and the bank balances totaled \$3,799,721. Of the bank balances, \$1,098,938 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 CAPITAL ASSETS**

**Primary Government**

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

<b>Primary Government - 2022</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated				
Land	\$ 5,750	\$ -	\$ -	\$ 5,750
Capital Assets, Being Depreciated				
Building Improvements	\$ 2,028,713	\$ 14,612	\$ -	\$ 2,043,325
Buildings	2,985,520	23,700	-	3,009,220
Vehicles	187,103	21,129	-	208,232
Equipment	540,752	50,636	17,486	573,902
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 5,742,088</b>	<b>\$ 110,077</b>	<b>\$ 17,486</b>	<b>\$ 5,834,679</b>
Less Accumulated Depreciation				
Building Improvements	\$ 424,583	\$ 40,867	\$ -	\$ 465,450
Buildings	896,371	60,184	-	956,555
Vehicles	176,306	9,625	17,486	168,445
Equipment	535,968	14,911	-	550,879
<b>Total Accumulated Depreciation</b>	<b>\$ 2,033,228</b>	<b>\$ 125,587</b>	<b>\$ 17,486</b>	<b>\$ 2,141,329</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 3,708,860</b>	<b>\$ (15,510)</b>	<b>\$ -</b>	<b>\$ 3,693,350</b>
<b>Capital Assets - Net</b>	<b>\$ 3,714,610</b>	<b>\$ (15,510)</b>	<b>\$ -</b>	<b>\$ 3,699,100</b>

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**  
Notes to the Financial Statements – Continued

<b>Primary Government - 2021</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>
Capital Assets Not Being Depreciated				
Land	\$ 5,750	\$ -	\$ -	\$ 5,750
Capital Assets, Being Depreciated				
Building Improvements	\$ 2,016,897	\$ 11,816	\$ -	\$ 2,028,713
Buildings	2,967,005	18,515	-	2,985,520
Vehicles	256,599	-	69,496	187,103
Equipment	540,752	-	-	540,752
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 5,781,253</b>	<b>\$ 30,331</b>	<b>\$ 69,496</b>	<b>\$ 5,742,088</b>
Less Accumulated Depreciation				
Building Improvements	\$ 384,009	\$ 40,574	\$ -	\$ 424,583
Buildings	836,661	59,710	-	896,371
Vehicles	231,403	14,399	69,496	176,306
Equipment	499,247	36,721	-	535,968
<b>Total Accumulated Depreciation</b>	<b>\$ 1,951,320</b>	<b>\$ 151,404</b>	<b>\$ 69,496</b>	<b>\$ 2,033,228</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 3,829,933</b>	<b>\$ (121,073)</b>	<b>\$ -</b>	<b>\$ 3,708,860</b>
<b>Capital Assets - Net</b>	<b>\$ 3,835,683</b>	<b>\$ (121,073)</b>	<b>\$ -</b>	<b>\$ 3,714,610</b>

Depreciation expense was charged to the public safety function.

<b>Primary Government</b>	<b>2022</b>	<b>2021</b>
General Government	\$ 125,587	\$ 151,404

**NOTE 5 LONG-TERM LIABILITIES**

**Primary Government**

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

<b>Primary Government - 2022</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 303,135	\$ 341,161	\$ 369,926	\$ 274,370	\$ 109,748

<b>Primary Government - 2021</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 326,546	\$ 346,169	\$ 369,580	\$ 303,135	\$ 121,254

**NOTE 6 RETIREMENT PLAN**

The correctional center provides pension benefits for all full-time employees through a defined contribution plan administered by Bravera Wealth. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate in the plan after 1 full year of service that must include 1,000 working hours within the first year. The correctional center pays 6% of the employee's salary each month. The employee will contribute a mandatory 2% and the correctional center matches that amount by 4%. Each employee may contribute up to 8% in additional contributions in the voluntary after-tax contribution plan.

The Southwest Multi-County Correction Center's contributions for the years ended December 31, 2022, 2021 and 2020 were \$372,839, \$377,490, and \$354,078, respectively.

**NOTE 7 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Center pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the Center the coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability, \$2,000,000 for automobile, and \$222,482 for public assets/mobile equipment and portable property.

The Center also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Center 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 Center 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 Southwest Multi-County Correction Center has workers compensation with the North Dakota Workforce Safety and Insurance. The Correctional Center provides health insurance for its employees through Blue Cross/Blue Shield of North Dakota and pays up to \$1,941 per month premium for all full-time employees as of December 31, 2022. Part time employees receive a single plan after one year and 1,200 hours of employment.

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

**NOTE 8 JOINT VENTURES**

Dickinson Law Enforcement Center

Southwest Multi-County Correction Center entered a joint venture with Stark County for the maintenance of the Dickinson Law Enforcement Center. Southwest Multi-County Correction Center appoints 3 members and Stark County appoints 4 members to the law enforcement center board. Each participating entity's share of the cost of operations is determined by the relative amount of space occupied by each.

The following information as of and for the year ended December 31, 2020, the most current information available, is as follows:

Total Assets	\$	229,537
Total Liabilities		33,682
Net Position	\$	<u>195,855</u>
Total Revenues	\$	451,931
Total Expenses		355,805
Change in Net Position	\$	<u>96,126</u>

Complete financial statements may be obtained from Southwest Multi-County Correction Center, 66 Museum Drive, Dickinson, ND 58601.

# SOUTHWEST MULTI-COUNTY CORRECTION CENTER

## Budgetary Comparison Schedule - General Fund

December 31, 2022 and 2021

	2022				2021			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>								
Charge for Services	\$ 8,411,621	\$ 8,411,621	\$ 9,302,006	\$ 890,385	\$ 8,412,624	\$ 8,412,624	\$ 8,792,049	\$ 379,425
Interest	18,500	18,500	9,664	(8,836)	8,000	8,000	18,524	10,524
Miscellaneous	386,450	386,450	582,242	195,792	439,550	439,550	528,340	88,790
<b>Total Revenues</b>	<b>\$ 8,816,571</b>	<b>\$ 8,816,571</b>	<b>\$ 9,893,912</b>	<b>\$ 1,077,341</b>	<b>\$ 8,860,174</b>	<b>\$ 8,860,174</b>	<b>\$ 9,338,913</b>	<b>\$ 478,739</b>
<b>EXPENDITURES</b>								
Current								
Public Safety	\$ 9,786,466	\$ 9,786,466	\$ 9,513,897	\$ 272,569	\$ 9,268,895	\$ 9,268,895	\$ 9,057,208	\$ 211,687
<b>Total Expenditures</b>	<b>\$ 9,786,466</b>	<b>\$ 9,786,466</b>	<b>\$ 9,513,897</b>	<b>\$ 272,569</b>	<b>\$ 9,268,895</b>	<b>\$ 9,268,895</b>	<b>\$ 9,057,208</b>	<b>\$ 211,687</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (969,895)	\$ (969,895)	\$ 380,015	\$ 1,349,910	\$ (408,721)	\$ (408,721)	\$ 281,705	\$ 690,426
Other Financing Sources (Uses):								
Gain on Sale of Asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,850	\$ 18,850
<b>Net Change in Fund Balances</b>	<b>\$ 9,786,466</b>	<b>\$ 9,786,466</b>	<b>\$ 380,015</b>	<b>\$ 1,349,910</b>	<b>\$ 9,268,895</b>	<b>\$ 9,268,895</b>	<b>\$ 300,555</b>	<b>\$ 709,276</b>
Fund Balance - January 1	\$ (493,340)	\$ (493,340)	\$ 3,181,424	\$ 3,674,764	\$ (84,619)	\$ (84,619)	\$ 2,880,869	\$ 2,965,488
Fund Balance - December 31	<u>\$ (1,463,235)</u>	<u>\$ (1,463,235)</u>	<u>\$ 3,561,439</u>	<u>\$ 5,024,674</u>	<u>\$ (493,340)</u>	<u>\$ (493,340)</u>	<u>\$ 3,181,424</u>	<u>\$ 3,674,764</u>

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

## **SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

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### **NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgetary Information**

- The correctional center adopts an “appropriated budget” on the modified accrual basis of accounting.
- Each budget is controlled by the correctional center financial administrator at the revenue and expenditure function/object level.
- All appropriations lapse at year-end.

STATE AUDITOR  
Joshua C. Gallion



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

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Independent Auditor's Report

Board of Correction Center Commissioners  
Southwest Multi-County Correction Center  
Dickinson, 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 major fund, and the aggregate remaining fund information of Southwest Multi-County Correction Center as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Southwest Multi-County Correction Center's basic financial statements, and have issued our report thereon dated March 6, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**SOUTHWEST MULTI-COUNTY CORRECTION CENTER**

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

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southwest Multi-County Correction Center'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.

**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 6, 2024





STATE AUDITOR  
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## GOVERNANCE COMMUNICATION

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March 6, 2024

Board of Correctional Center Commissioners  
Southwest Multi-County Correction Center  
Dickinson, North Dakota

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Southwest Multi-County Correction Center, North Dakota, for the year ended December 31, 2022 and 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 14, 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 Southwest Multi-County Correction Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022 or 2021. We noted no transactions entered into by Southwest Multi-County Correction Center 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.

	<b>2021 Audit Adjustments</b>	
	<b>Debit</b>	<b>Credit</b>
<b>Primary Government</b>		
<b><u>Fiduciary Funds</u></b>		
<i><u>To Record Prior Period Adjustment</u></i>		
Fiduciary Liabilities	216,106	-
Fiduciary Net Position, January 1	-	216,106

**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 6, 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 Southwest Multi-County Correction Center'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* 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.

**Restriction on Use**

This information is intended solely for the use of Southwest Multi-County Correction Center board members and management of Southwest Multi-County Correction Center, 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 Southwest Multi-County Correction Center 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 Southwest Multi-County Correction Center.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 6, 2024



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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