

**WARD COUNTY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**WITH INDEPENDENT AUDITOR'S REPORT**

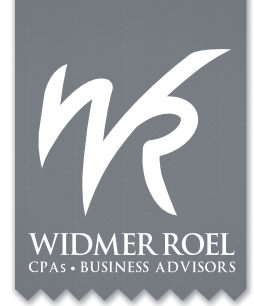
**WARD COUNTY**  
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**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**WARD COUNTY**  
**COUNTY OFFICIALS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Current**

John Fjeldahl	Commissioner-Chairperson
Shelly Wepler	Commissioner-Vice Chair
Jim Rostad	Commissioner
Howard "Bucky" Anderson	Commissioner
Jason Olson	Commissioner
Marisa Haman	Auditor/Treasurer
Robert Roed	Sheriff
Kristin Kowalczyk	Recorder
Rozanna Larson	States Attorney



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## INDEPENDENT AUDITOR'S REPORT

County Commission  
**Ward County**  
Minot, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ward County** ("County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the **Ward County's** basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **Ward County**, 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.

We did not audit the financial statements of the Water Resource District, which represents 4%, 4%, and 3%, respectively, of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water Resource District, is based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit 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*, 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 **Ward 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.

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

**Ward County's** management is responsible for the preparation and fair presentation of the 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 misstatements, 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 **Ward County's** ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***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 an audit in accordance with GAAS, 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 **Ward 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 **Ward 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 Schedule of Employer's Share of Net Pension and OPEB Liability, Schedule of Employer Contributions, Budgetary Comparison Schedule - General Fund, Budgetary Comparison Schedule - Special Revenue Fund, and Notes to the Required Supplementary Information, as listed in the table of contents 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 requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Ward County's** basic financial statements. The County Officials Listing and Schedule of Fund Activity Arising from Cash Transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements. The County Officials listing has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Schedule of Fund Activity is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Fund Activity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the **Ward 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 the 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 **Ward County's** internal control over financial reporting and compliance.



Fargo, North Dakota  
January 12, 2024

**WARD COUNTY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Water Resource District</b>
<b>ASSETS</b>		
Cash and investments	\$ 34,427,186	\$ 3,366,160
Inventory	1,104,370	-
Intergovernmental receivable	93,381	-
Taxes receivable	332,730	30,993
Special assessments receivable	-	1,846,668
Due from county treasurer	-	5,920
Capital assets, not being depreciated		
Land	698,100	-
Capital assets, net of accumulated depreciation		
Infrastructure	106,308,520	3,152,932
Buildings	61,377,972	-
Machinery, vehicles, and equipment	5,229,889	-
Total assets	209,572,148	8,402,673
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions and OPEB	24,918,761	63,351
Total assets and deferred outflows of resources	\$ <u>234,490,909</u>	\$ <u>8,466,024</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 118,209
Interest payable	165,537	12,833
Long-term liabilities		
Portion due or payable within one year		
Compensated absences payable	197,527	-
Bond payable	5,600,000	120,000
Portion due or payable after one year		
Compensated absences	810,935	-
Bond payable	9,095,000	1,805,000
Bond premium	703,846	-
Net pension and OPEB liability	33,086,760	97,655
Total liabilities	49,659,605	2,153,697
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions and OPEB	14,310,178	38,098
<b>NET POSITION</b>		
Net investment in capital assets	158,215,635	1,227,932
Restricted for		
Special revenue	18,572,873	-
Debt service	7,786,181	2,144,327
Capital projects	1,068,592	-
Unrestricted	(15,122,155)	2,901,970
Total net position	170,521,126	6,274,229
Total liabilities, deferred inflows of resources and net position	\$ <u>234,490,909</u>	\$ <u>8,466,024</u>

**WARD COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

					Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary</u>	<u>Component</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Capital</u>	<u>Government</u>	<u>Unit</u>
<b>Functions/Programs</b>		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Governmental</u>	<u>Water Resource</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>	<u>District</u>
Primary Government:						
<u>Governmental Activities:</u>						
General government	\$ 10,384,633	\$ 493,834	\$ 7,278,325	\$ -	\$ (2,612,474)	\$ -
Public safety	14,612,771	1,474,042	1,755,102	-	(11,383,627)	-
Highways and public improvement	9,099,014	56,051	4,328,769	4,454,381	(259,813)	-
Health and welfare	6,507,052	5,887,507	290,065	-	(329,480)	-
Culture and recreation	1,385,528	8,812	47,753	-	(1,328,963)	-
Conservation and economic development	394,155	-	-	-	(394,155)	-
Interest expense	293,605	-	-	-	(293,605)	-
Total governmental activities	\$ <u>42,676,758</u>	\$ <u>7,920,246</u>	\$ <u>13,700,014</u>	\$ <u>4,454,381</u>	<u>(16,602,117)</u>	<u>-</u>
Component Units:						
Water resource district	\$ <u>569,447</u>	\$ <u>2,339</u>	\$ <u>77,389</u>	\$ <u>-</u>	<u>-</u>	<u>(489,719)</u>
<b>GENERAL REVENUES</b>						
					16,840,274	971,602
Property taxes					7,320,368	-
Sales taxes					-	54,063
Earnings on investments and other revenue					3,807,450	-
Unrestricted grants and contributions					229,837	-
Interest income					3,984,474	-
Miscellaneous income					68,481	-
Gain on disposal of assets						
Total general revenues					<u>32,250,884</u>	<u>1,025,665</u>
Change in net position					15,648,767	535,946
Net position - January 1					<u>154,872,359</u>	<u>5,739,350</u>
Prior period adjustment - Note 12					-	(63,068)
Prior period adjustment - Note 12					<u>-</u>	<u>62,001</u>
Net position - December 31					\$ <u>170,521,126</u>	\$ <u>6,274,229</u>

See Notes to Financial Statements



**WARD COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 6,999,540	\$ 18,572,873	\$ 7,786,181	\$ 1,068,592	\$ 34,427,186
Inventory	-	1,104,370	-	-	1,104,370
Intergovernmental receivable	93,381	-	-	-	93,381
Taxes receivable	<u>311,475</u>	<u>21,255</u>	<u>-</u>	<u>-</u>	<u>332,730</u>
Total assets	<u>\$ 7,404,396</u>	<u>\$ 19,698,498</u>	<u>\$ 7,786,181</u>	<u>\$ 1,068,592</u>	<u>\$ 35,957,667</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred tax revenue	<u>\$ 311,475</u>	<u>\$ 21,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,730</u>
<b>FUND BALANCES</b>					
Nonspendable					
Inventory	-	1,104,370	-	-	1,104,370
Restricted for					
Public safety/911	-	2,203,963	-	-	2,203,963
Highway and public improvement	-	3,200,908	-	-	3,200,908
Health and welfare	-	911,087	-	-	911,087
Culture and recreation	-	127,604	-	-	127,604
Conservation and economic development	-	73,446	-	-	73,446
General government	-	12,055,865	-	-	12,055,865
Capital project	-	-	-	1,068,592	1,068,592
Debt service	-	-	7,786,181	-	7,786,181
Unassigned	<u>7,092,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,092,921</u>
Total fund balances	<u>7,092,921</u>	<u>19,677,243</u>	<u>7,786,181</u>	<u>1,068,592</u>	<u>35,624,937</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,404,396</u>	<u>\$ 19,698,498</u>	<u>\$ 7,786,181</u>	<u>\$ 1,068,592</u>	<u>\$ 35,957,667</u>

**WARD COUNTY**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

**Total fund balances for governmental funds** \$ 35,624,937

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of capital assets	266,258,771	
Less accumulated depreciation	<u>(92,644,290)</u>	
		173,614,481

Property taxes 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 unavailable revenue in the funds.		332,730
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Net pension and OPEB obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.		(33,086,760)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Total deferred outflows of resources	24,918,761	
Total deferred inflows of resources	<u>(14,310,178)</u>	
		10,608,583

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences payable	(1,008,462)	
Bonds payable	(14,695,000)	
Unamortized bond premium	(703,846)	
Interest payable	<u>(165,537)</u>	
		<u>(16,572,845)</u>

**Total net position of governmental activities** \$ 170,521,126

**WARD COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Government Funds</b>
<b>REVENUES</b>					
Taxes	\$ 12,145,026	\$ 4,702,995	\$ 7,336,363	\$ 36,022	\$ 24,220,406
Special assessments	-	-	-	36,016	36,016
Licenses, permits and fees	508,103	1,617,667	-	-	2,125,770
Intergovernmental	4,088,583	25,025,528	-	-	29,114,111
Charges and services	1,474,042	-	-	-	1,474,042
Miscellaneous	914,823	538,025	57,765	396	1,511,009
Total revenues	19,130,577	31,884,215	7,394,128	72,434	58,481,354
<b>EXPENDITURES</b>					
Current					
General government	8,536,041	1,364,793	-	-	9,900,834
Public safety/911	10,768,314	2,110,974	-	-	12,879,288
Highway and public improvement	-	13,930,842	-	-	13,930,842
Health and welfare	388,375	6,104,100	-	-	6,492,475
Culture and recreation	296,123	439,172	-	-	735,295
Conservation and economic development	-	310,384	-	-	310,384
Debt service:					
Principal	-	-	5,300,000	-	5,300,000
Interest and fees	-	-	795,650	-	795,650
Total expenditures	19,988,853	24,260,265	6,095,650	-	50,344,768
Excess (deficiency) of revenues over expenditures	(858,276)	7,623,950	1,298,478	72,434	8,136,586
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	2,359,572	13,934	-	2,373,506
Transfers out	(24,572)	(2,335,000)	(13,934)	-	(2,373,506)
Total other financing sources (uses)	(24,572)	24,572	-	-	-
Net change in fund balances	(882,848)	7,648,522	1,298,478	72,434	8,136,586
<b>FUND BALANCES - JANUARY 1</b>	7,975,769	12,028,721	6,487,703	996,158	27,488,351
<b>FUND BALANCES - DECEMBER 31</b>	\$ 7,092,921	\$ 19,677,243	\$ 7,786,181	\$ 1,068,592	\$ 35,624,937

# WARD COUNTY

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

**Net change in fund balances - total governmental funds** \$ 8,136,586

Amount reported for governmental activities in the statement of activities are 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. Furthermore, in the statement of activities, gain or loss on disposal is recorded, whereas in the fund financial statements, proceeds from disposals are reported as revenues. In the current period these amounts are:

Current year capital outlay	10,982,358	
Depreciation expense	(5,846,384)	
Proceeds from disposal of property and equipment	(138,260)	
Gain on disposal of property and equipment	<u>68,481</u>	
		5,066,195

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which payments exceeded proceeds.

Debt payments	5,300,000
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Governmental funds report the effect of premiums on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.	437,496
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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 increase in compensated absences	(127,075)	
Net decrease in interest payable	<u>66,250</u>	
		(60,825)

The net pension and OPEB liability, and related deferred outflows and inflows of resources are reported in the government wide statements; however, activity related to these pension and OPEB items do not involve financial resources, and are not reported in the funds.

Increase in net pension and OPEB liability	(21,729,327)	
Increase in deferred outflows of resources	8,094,101	
Decrease in deferred inflows of resources	<u>10,454,619</u>	
		(3,180,607)

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

Net decrease in taxes receivable	<u>(50,078)</u>
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**Change in net position of governmental activities** \$ 15,648,767

**WARD COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2022**

	<u><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash and investments	\$ <u>22,471,418</u>
<b>LIABILITIES</b>	
Due to other governments	\$ <u>22,471,418</u>

**WARD COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u><b>Custodial Funds</b></u>
<b>ADDITIONS</b>	
Contributions	\$ <u>78,184,807</u>
Total additions	<u>78,184,807</u>
<b>DEDUCTIONS</b>	
Disbursements	<u>87,635,805</u>
Total deductions	<u>87,635,805</u>
Change in net position	<u>(9,450,998)</u>
<b>NET POSITION - JANUARY 1</b>	<u>31,922,416</u>
<b>NET POSITION - DECEMBER 31</b>	\$ <u><u>22,471,418</u></u>

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Ward County (“County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Government 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.

***Financial Reporting Entity***

The accompanying financial statements present the activities of the County. The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County’s financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization’s governing board 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 imposed 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.

***Discretely Presented Component Unit***

The component unit column in the basic financial statements includes the financial data of the County’s component unit. The unit is reported in a separate column to emphasize that it is legally separate from the County.

***Ward County Water Resource District***

The Ward County Water Resource District’s governing board is appointed by the County’s governing board. The County’s governing body has the authority to disapprove, amend, or approve the water resource district budget. The water resource district has the authority to issue its own debt.

Complete financial statements of the Ward County Water Resource District may be obtained at Ward County Water Resource District, PO Box 5055, Minot, ND 58072.

***Basis of Presentation***

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with 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, are presented as general revenues.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

*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 all other resources which are required by law, contract or policy to be accounted for in another fund, but which do not meet the criteria of debt service or capital projects funds.

*Debt Service Fund:* This fund is used to account for the accumulation of resources for, and the payment of principal, interest and related costs for the general obligation and sales tax revenue bonds.

*Capital Projects Fund:* This fund accounts for financial resources dedicated to the construction of new buildings, additions to old buildings, or the making of major repairs to existing buildings.

The County reports the following fiduciary fund:

*Custodial Funds:* These funds account for assets held by the County in a custodial capacity as an agent on behalf of others. The County's custodial funds are used to account for various deposits of other governments.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. These 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. Accounts past due more than sixty days are analyzed for collectability. When management deems any account receivable to be uncollectible, an allowance is setup and deducted from the related accounts receivable.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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-reimbursements grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted components of net position available to finance the problem. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.



**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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***Cash and Investments***

Cash includes amounts in demand deposits money market accounts. Investments consist of certificates of deposit stated at cost. Certificates of deposit principal may be withdrawn at any time before maturity with a penalty of interest.

***Inventories***

Inventories are valued at cost, which approximates market, 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. The inventory is offset within the non-spendable classification of fund balance in the fund financial statements which indicates that inventory does not constitute “available spending resources” even though it is a component of net current assets.

***Capital Assets***

Capital assets include property, plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County 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 the assets life 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:

Infrastructure	50 to 70 years
Buildings	50 to 100 years
Machinery, Vehicles, & Equipment	10 years

***Interest Payable***

Interest payable consists of interest on long-term liabilities accrued to year end.

***Compensated Absences***

Vested or accumulated vacation leave and compensatory time is reported in government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the County. The employees may carry forward unused vacation leave not to exceed 240 hours. Compensatory time must be used or paid out within six months of accrual. No liability is recorded for non-vesting accumulation rights to receive sick pay benefits.

***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows and outflows of resources related to pensions and other post-employment benefits.

***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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported separately from the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

***Pension***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (“NDPERS”); 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 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 Equity***

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Fund Balance** – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, contributors, or law or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County commission through the adoption of a resolution. The County commission also may modify or rescind the commitment.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

1. Committed
2. Assigned
3. Unassigned

**Net Position** – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has not spent) for acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted. When both restricted and unrestricted amounts of net position are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed.

***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.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reporting amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

In accordance with North Dakota Statutes, the County maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in another 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 of 110% of the deposits not covered by insurance or bonds.

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

At year ended December 31, 2022, the County's carrying amount of deposits was \$56,734,510 and the bank balances were \$55,330,574. Of the bank balance, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$54,830,574 was collateralized with securities held by the pledging financial institution's agent in the government's name.

The Water Resource District maintains cash on deposit at multiple financial institutions. The amounts on deposit were insured by the FDIC up to \$250,000 per institution. As of December 31, 2022, all of the Water Resource District's cash balances were either covered by FDIC insurance or collateral held in the District's name.

***Credit Risk***

The County may invest idle funds as authorized in North Dakota Statutes, as follows:

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation.
- d) Obligations of the state.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

At December 31, 2022 the County held certificates of deposit in the amount of \$515,000 which are all considered deposits.

***Concentration of Credit Risk***

The County does not have a limit on the amount the County may invest in any one issuer.

**NOTE 3 – TAXES RECEIVABLE**

Taxes and special assessments receivable represent the past three years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes and special assessments receivable.

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and 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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

**NOTE 4 – CAPITAL ASSETS**

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

Primary Government:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 698,100	\$ -	\$ -	\$ 698,100
Capital assets, being depreciated				
Infrastructure	168,072,794	9,990,722	-	178,063,516
Buildings	72,849,080	-	-	72,849,080
Machinery, vehicles, and equipment	14,069,364	991,636	412,925	14,648,075
Total capital assets, being depreciated	<u>254,991,238</u>	<u>10,982,358</u>	<u>412,925</u>	<u>265,560,671</u>
Less accumulated depreciation for				
Infrastructure	68,286,867	3,468,129	-	71,754,996
Buildings	10,423,959	1,047,149	-	11,471,108
Machinery, vehicles, and equipment	8,430,226	1,331,106	343,146	9,418,186
Total accumulated depreciation	<u>87,141,052</u>	<u>5,846,384</u>	<u>343,146</u>	<u>92,644,290</u>

(Continued)

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Total capital assets, being depreciated, net	<u>167,850,186</u>	<u>5,135,974</u>	<u>69,779</u>	<u>172,916,381</u>
Governmental activities capital assets, net	\$ <u>168,548,286</u>	\$ <u>5,135,974</u>	\$ <u>69,779</u>	\$ <u>173,614,481</u>

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

General government	\$ 462,481
Public safety	792,561
Highways and public improvement	4,545,652
Health and welfare	14,577
Culture and recreation	27,066
Conservation and economic development	<u>4,047</u>
	\$ <u>5,846,384</u>

Water Resource District:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ <u>113,800</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>113,800</u>
Capital assets, being depreciated				
Infrastructure	<u>3,847,742</u>	<u>-</u>	<u>-</u>	<u>3,847,742</u>
Less accumulated depreciation for Infrastructure	<u>727,833</u>	<u>80,777</u>	<u>-</u>	<u>808,610</u>
Total capital assets, being depreciated, net	<u>3,119,909</u>	<u>(80,777)</u>	<u>-</u>	<u>3,039,132</u>
Component unit capital assets, net	\$ <u>3,233,709</u>	\$ <u>(80,777)</u>	\$ <u>-</u>	\$ <u>3,152,932</u>

Depreciation expense was charged to functions/programs of the water resource district as follows:

Public works	\$ <u>80,777</u>
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**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 5 – LONG-TERM DEBT**

Primary Government:

*Changes in Long-Term Liabilities*

During the year ended December 31, 2022, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 7,260,000	\$ -	\$ -	\$ 7,260,000	\$ -
Sales tax revenue bonds	12,735,000	-	5,300,000	7,435,000	5,600,000
Bond premium	1,141,342	-	437,496	703,846	-
Compensated absences	881,387	127,075	-	1,008,462	197,527
Net pension liability	10,685,299	20,976,372	-	31,661,671	-
Net OPEB liability	672,134	752,955	-	1,425,089	-
Total	\$ <u>33,375,162</u>	\$ <u>21,856,402</u>	\$ <u>5,737,496</u>	\$ <u>49,494,068</u>	\$ <u>5,797,527</u>

Outstanding debt at December 31, 2022 consists of the following:

**General Obligation Debt**

General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2022 is as follows:

\$7,260,000 General Obligation Correction Center Bonds. Series 2017A due in annual installments of \$1,030,000 to \$3,175,000 from April 1, 2024 through April 1, 2026; interest at 4%.	\$ <u><u>7,260,000</u></u>
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Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 290,400	\$ 290,400
2024	3,055,000	229,300	3,284,300
2025	3,175,000	104,700	3,279,700
2026	<u>1,030,000</u>	<u>20,600</u>	<u>1,050,600</u>
	\$ <u><u>7,260,000</u></u>	\$ <u><u>645,000</u></u>	\$ <u><u>7,905,000</u></u>

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Revenue Bond Debt**

The County has issued revenue bonds to provide funds for the construction of new courthouse building. Revenue bonds outstanding at December 31, 2022 are as follows:

\$18,135,000 Limited Tax Refunding Bonds, Series 2020 due in annual installments of \$1,835,000 to \$5,600,000 through April 1, 2024; interest at 5%. \$ 7,435,000

Annual debt service requirements to maturity for revenue bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,600,000	\$ 231,750	\$ 5,831,750
2024	<u>1,835,000</u>	<u>45,875</u>	<u>1,880,875</u>
	<u>\$ 7,435,000</u>	<u>\$ 277,625</u>	<u>\$ 7,712,625</u>

Water Resource District:

***Changes in Long-Term Liabilities***

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Special assessment bonds	\$ 2,040,000	\$ -	\$ 115,000	\$ 1,925,000	\$ 120,000
Net pension and OPEB Liability	<u>88,321</u>	<u>9,334</u>	<u>-</u>	<u>97,655</u>	<u>-</u>
	<u>\$ 2,128,321</u>	<u>\$ 9,334</u>	<u>\$ 115,000</u>	<u>\$ 2,022,655</u>	<u>\$ 120,000</u>

The water resource district has issued special assessment bonds to provide funds for the construction of the Nedrose sanitary sewer. Special assessment bonds outstanding at December 31, 2022, are as follows:

\$2,546,106 Sanitary Sewer System Improvement Bonds, Series 2016 due in annual installments of \$110,000 to \$165,000 through September 1, 2036; interest at 2%. \$ 1,925,000



**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Administration Fee</u>	<u>Total</u>
2023	\$ 120,000	\$ 38,500	\$ 9,625	\$ 168,125
2024	125,000	36,100	9,025	170,125
2025	125,000	33,600	8,400	167,000
2026	130,000	31,100	7,775	168,875
2027	135,000	28,500	7,125	170,625
2028-2032	715,000	101,100	25,275	841,375
2033-2036	<u>575,000</u>	<u>27,100</u>	<u>6,775</u>	<u>608,875</u>
	\$ <u>1,925,000</u>	\$ <u>296,000</u>	\$ <u>74,000</u>	\$ <u>2,295,000</u>

**NOTE 6 – TRANSFERS**

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 24,572
Special revenue funds		
911 depreciation	135,000	-
911 wired/wireless	-	135,000
Highway	2,224,572	-
Highway users	-	2,200,000
Debt service funds		
Sales tax bond	-	13,934
Bond surplus	<u>13,934</u>	<u>-</u>
	\$ <u>2,373,506</u>	\$ <u>2,373,506</u>

**NOTE 7 – DEFICIT FUND BALANCES**

The following funds had a deficit balance as of December 31, 2022:

<u>Special Revenue Funds</u>	
Vision zero outreach	\$ (3,573)
CDBG projects	<u>(31,412)</u>
Total	\$ <u>(34,985)</u>

The County plans to eliminate these deficits with future revenue collections and/or transfers from other funds.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 8 – RISK MANAGEMENT**

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

In 1986, the state agencies and political subdivisions of the state of North Dakota 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. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$6,854,966 for public assets.

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 one 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 Department of Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

**NOTE 9 – CONTINGENT LIABILITIES**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Ward County State’s Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**NOTE 10 – PENSION PLANS**

***North Dakota Public Employees Retirement System (Main & Law Enforcement Systems)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to North Dakota Century Code (“NDCC”) Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees for 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 NDPERS plan is financed by investment income and contributions.

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System provides for pension, death, and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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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***

**Main System**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members 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.

**Law Enforcement System**

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement 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 (55) with three or more years of service. 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 first enrolled in the plan after December 31, 2019, the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 with three or more years of service.

**Both Systems**

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 or the Law Enforcement 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 or the Law Enforcement System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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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***

**Main System**

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 is terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

**Law Enforcement System**

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 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 is terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

***Member and Employer Contributions***

**Main System**

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.

**Law Enforcement System**

Member and employer contributions paid to NDPERS are established as a percentage of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

<b>Plan</b>	<b>Member contribution rate</b>	<b>Employer contribution rate</b>
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Both Systems**

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 County reported a liability for its proportionate share of net pension liability. 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 the share of covered payroll in the Main System and the Law Enforcement System pension plan relative to the covered payroll of all participating employers.

The table shows the net pension liability and the proportionate share for each system:

	<u>Net Pension Liability</u>	<u>Proportion Share</u>	<u>Change in Proportion Share</u>
Main System	\$ 26,182,138	0.909081%	0.006461%
Law Enforcement System	\$ 5,479,533	6.674469%	-1.033256%
Water Resource District	\$ 93,285	0.003239%	-0.000061%

For the year ended December 31, 2022, the County recognized pension expense as follows:

	<u>Pension Expense</u>
Main System	\$ 3,204,818
Law Enforcement System	\$ 1,200,984
Water Resource District	\$ 11,678

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

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Main System**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 136,575	\$ 500,124
Changes of assumptions	15,657,304	9,706,662
Net difference between projected and actual earnings on pension plan investments	958,260	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	92,604	716,735
County contributions subsequent to the measurement date	<u>397,821</u>	<u>-</u>
	\$ <u><u>17,242,564</u></u>	\$ <u><u>10,923,521</u></u>

\$397,821 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.

**Law Enforcement**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 1,752,236	\$ 31,412
Changes of assumptions	4,677,984	3,119,935
Net difference between projected and actual earnings on pension plan investments	372,654	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	186,277
County contributions subsequent to the measurement date	<u>206,008</u>	<u>-</u>
	\$ <u><u>7,008,882</u></u>	\$ <u><u>3,337,624</u></u>

\$206,008 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for the primary government and its component units will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Water Resource District**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 487	\$ 1,782
Changes of assumptions	55,786	34,584
Net difference between projected and actual earnings on pension plan investments	3,414	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	109	1,668
County contributions subsequent to the measurement date	<u>1,361</u>	<u>-</u>
	\$ <u><u>61,157</u></u>	\$ <u><u>38,034</u></u>

\$1,361 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for the primary government and its component units will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

**All Systems**

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

**Main System**

Year Ended June 30:

2023	\$ 1,544,123
2024	1,924,550
2025	18,313
2026	2,434,236
2027	-
Thereafter	-

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Law Enforcement System**

Year Ended June 30:	
2023	\$ 753,878
2024	737,019
2025	858,465
2026	549,509
2027	335,463
Thereafter	230,916

**Water Resource District**

Year Ended June 30:	
2023	\$ 5,980
2024	7,214
2025	107
2026	8,461
2027	-
Thereafter	-

***Actuarial Assumptions***

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

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

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

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



**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Asset Class - Main</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic equity	30%	6.00%
International equity	21%	6.70%
Private equity	7%	9.50%
Domestic fixed income	23%	0.73%
Global real assets	19%	4.77%

<b>Asset Class - Law Enforcement</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic equity	30%	6.00%
International equity	21%	6.70%
Private equity	7%	9.50%
Domestic fixed income	23%	0.73%
Global real assets	19%	4.77%

<b>Asset Class - Water Resource District</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic equity	30%	5.75%
International equity	21%	6.45%
Private equity	7%	9.20%
Domestic fixed income	23%	0.34%
Global real assets	19%	4.35%

***Discount Rate***

For NDPERS, 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 NDPERS plan, the use of a municipal bond rate is required.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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 County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

**Main System**

	<b>1% Decrease (4.10%)</b>	<b>Current Discount Rate (5.10%)</b>	<b>1% Increase (6.10%)</b>
District's proportionate share of net pension liability	\$ <u>34,558,621</u>	\$ <u>26,182,138</u>	\$ <u>19,305,335</u>

**Law Enforcement System**

	<b>1% Decrease (4.10%)</b>	<b>Current Discount Rate (5.10%)</b>	<b>1% Increase (6.10%)</b>
District's proportionate share of net pension liability	\$ <u>8,006,698</u>	\$ <u>5,479,533</u>	\$ <u>3,479,617</u>

**Water Resource District**

	<b>1% Decrease (4.10%)</b>	<b>Current Discount Rate (5.10%)</b>	<b>1% Increase (6.10%)</b>
District's proportionate share of net pension liability	\$ <u>123,130</u>	\$ <u>93,285</u>	\$ <u>68,784</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Additional financial and actuarial information is available on their website, [www.nd.gov/ndpers](http://www.nd.gov/ndpers), or may be obtained by contacting the agency at: North Dakota Public Employees Retirement System, 400 E Broadway Ave Suite 505, P.O. Box 1657, Bismarck, ND, 58502-1657 or by calling (701) 328-3900.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS PLANS**

***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 NDPERS, 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 NDPERS, 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 ("RHIC"). Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the NDPERS, 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.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

At December 31, 2022, the County reported a liability of \$1,425,089 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2022, the County's proportion was 1.187268 percent, which was a decrease of 0.021231 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County recognized OPEB expense of \$230,670. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,785	\$ 12,255
Changes of assumptions	358,963	-
Net difference between projected and actual earnings on pension plan investments	191,883	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,329	36,778
County contributions subsequent to the measurement date	<u>68,355</u>	<u>-</u>
	\$ <u><u>667,315</u></u>	\$ <u><u>49,033</u></u>

\$68,355 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023.

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

Year Ended June 30:	
2023	\$ 142,886
2024	132,265
2025	114,645
2026	160,131
2027	-
Thereafter	-

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

At December 31, 2022, the Employer reported a liability of \$4,370 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participation OPEB employers. At June 30, 2022 the Employer's proportion was 0.003641 percent, which was an increase of 0.000214 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Employer recognized OPEB expense of \$768. At December 31, 2022, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Water Resource District**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 104	\$ 38
Changes of assumptions	1,101	-
Net difference between projected and actual earnings on pension plan investments	588	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	182	26
County contributions subsequent to the measurement date	<u>218</u>	<u>-</u>
	\$ <u>2,193</u>	\$ <u>64</u>

\$218 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023.

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

**Water Resource District**

Year Ended June 30:	
2023	\$ 500
2024	469
2025	415
2026	527
2027	-
Thereafter	-

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

***Actuarial Assumptions***

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

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Broad US Equity	39%	5.75%
International Equities	26%	6.00%
Core-Plus Fixed Income	35%	0.22%

***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.

**WARD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

***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:

	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
County's proportionate share of net pension liability	\$ <u>1,819,041</u>	\$ <u>1,425,089</u>	\$ <u>1,094,378</u>

**Water Resource District**

	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
District's proportionate share of net OPEB liability	\$ <u>5,578</u>	\$ <u>4,370</u>	\$ <u>3,356</u>

**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

Prior period adjustments related to the Water Resource District were made to correct the special assessments receivable and record the deferred outflows, deferred inflows, net pension liability and net OPEB liability balances relating to the North Dakota Public Employer Retirement System.

It was determined that the special assessments receivable was understated. An adjustment was made to increase the balance of the receivable, which led to an increase in the government-wide net position balance by \$62,001.

It was determined that the information related to the pension and OPEB liability amounts were omitted from the previous audit report. Adjustments were made to record the activity, which led to a decrease in the government-wide net position by \$63,068.

**WARD COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**



**WARD COUNTY**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION AND OPEB LIABILITY**  
**LAST 10 FISCAL YEARS\***

**Schedule of Employer's Share of Net Pension Liability**

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS - Main System	6/30/2022	0.909081%	\$ 26,182,138	\$ 10,552,942	248.10%	54.47%
ND PERS - Main System	6/30/2021	0.902620%	\$ 9,408,013	\$ 10,221,189	92.04%	78.26%
ND PERS - Main System	6/30/2020	0.939229%	\$ 29,548,345	\$ 10,360,833	285.19%	48.91%
ND PERS - Main System	6/30/2019	0.992173%	\$ 11,628,985	\$ 10,320,290	112.68%	71.66%
ND PERS - Main System	6/30/2018	1.015218%	\$ 17,132,911	\$ 10,429,512	164.27%	62.80%
ND PERS - Main System	6/30/2017	0.998332%	\$ 16,046,472	\$ 10,191,403	157.45%	61.98%
ND PERS - Main System	6/30/2016	0.936847%	\$ 9,130,487	\$ 9,441,211	96.71%	70.46%
ND PERS - Main System	6/30/2015	0.913962%	\$ 6,214,786	\$ 8,142,296	76.33%	77.15%
ND PERS - Main System	6/30/2014	0.946207%	\$ 6,005,778	\$ 7,970,652	75.35%	77.70%
ND PERS - Law Enforcement	6/30/2022	6.674469%	\$ 5,479,533	\$ 4,321,459	126.80%	57.48%
ND PERS - Law Enforcement	6/30/2021	7.707725%	\$ 1,277,286	\$ 4,742,833	26.93%	87.10%
ND PERS - Law Enforcement	6/30/2020	7.987957%	\$ 5,235,938	\$ 3,625,242	144.43%	53.12%
ND PERS - Law Enforcement	6/30/2019	7.991588%	\$ 950,427	\$ 3,219,967	29.52%	84.95%
ND PERS - Law Enforcement	6/30/2018	10.183491%	\$ 2,373,185	\$ 3,515,450	67.51%	71.64%
ND PERS - Law Enforcement	6/30/2017	11.462062%	\$ 2,523,509	\$ 3,297,140	76.54%	69.86%
ND PERS - Law Enforcement	6/30/2016	11.286701%	\$ 1,293,281	\$ 3,185,768	40.60%	78.73%
ND PERS - Law Enforcement	6/30/2015	14.574460%	\$ 885,474	\$ 2,136,098	41.45%	83.61%
ND PERS - Law Enforcement	6/30/2014	16.688576%	\$ 1,032,479	\$ 2,181,867	47.32%	80.56%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Schedule of Employer's Share of Net Pension Liability**

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
OPEB	6/30/2022	1.187268%	\$ 1,425,089	\$ 12,257,418	11.63%	56.28%
OPEB	6/30/2021	1.208499%	\$ 672,134	\$ 13,175,759	5.10%	76.63%
OPEB	6/30/2020	1.163779%	\$ 978,968	\$ 13,266,742	7.38%	63.38%
OPEB	6/30/2019	1.213440%	\$ 974,620	\$ 13,540,257	7.20%	63.13%
OPEB	6/30/2018	1.274424%	\$ 1,003,696	\$ 13,944,962	7.20%	61.89%
OPEB	6/30/2017	1.246814%	\$ 986,243	\$ 13,488,543	7.31%	59.78%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**WARD COUNTY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

Schedule of Employer's Contributions						
Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
ND PERS - Main System	6/30/2022	\$ 794,816	\$ (785,208)	\$ 9,608	\$ 10,552,942	7.44%
ND PERS - Main System	6/30/2021	\$ 753,768	\$ (707,525)	\$ 46,243	\$ 10,221,189	6.92%
ND PERS - Main System	6/30/2020	\$ 733,637	\$ (822,460)	\$ (88,823)	\$ 10,360,833	7.94%
ND PERS - Main System	6/30/2019	\$ 734,805	\$ (734,805)	\$ -	\$ 10,320,290	7.12%
ND PERS - Main System	6/30/2018	\$ 742,581	\$ (742,581)	\$ -	\$ 10,429,512	7.12%
ND PERS - Main System	6/30/2017	\$ 725,628	\$ (725,628)	\$ -	\$ 10,191,403	7.12%
ND PERS - Main System	6/30/2016	\$ 672,214	\$ (672,214)	\$ -	\$ 9,441,211	7.12%
ND PERS - Main System	6/30/2015	\$ 579,731	\$ (579,731)	\$ -	\$ 8,142,296	7.12%
ND PERS - Main System	6/30/2014	\$ 567,510	\$ (567,510)	\$ -	\$ 7,970,652	7.12%
ND PERS - Law Enforcement	6/30/2022	\$ 434,371	\$ (522,596)	\$ (88,225)	\$ 4,321,459	12.09%
ND PERS - Law Enforcement	6/30/2021	\$ 421,665	\$ (425,842)	\$ (4,177)	\$ 4,742,833	8.98%
ND PERS - Law Enforcement	6/30/2020	\$ 387,037	\$ (386,310)	\$ 727	\$ 3,625,242	10.66%
ND PERS - Law Enforcement	6/30/2019	\$ 315,879	\$ (315,879)	\$ -	\$ 3,219,967	9.81%
ND PERS - Law Enforcement	6/30/2018	\$ 344,866	\$ (344,866)	\$ -	\$ 3,515,450	9.81%
ND PERS - Law Enforcement	6/30/2017	\$ 323,449	\$ (323,449)	\$ -	\$ 3,297,140	9.81%
ND PERS - Law Enforcement	6/30/2016	\$ 312,524	\$ (312,524)	\$ -	\$ 3,185,768	9.81%
ND PERS - Law Enforcement	6/30/2015	\$ 209,551	\$ (209,551)	\$ -	\$ 2,136,098	9.81%
ND PERS - Law Enforcement	6/30/2014	\$ 214,041	\$ (214,041)	\$ -	\$ 2,181,867	9.81%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of Employer's Contributions						
Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
OPEB	6/30/2022	\$ 149,187	\$ (158,320)	\$ (9,133)	\$ 12,257,418	1.29%
OPEB	6/30/2021	\$ 158,442	\$ (146,744)	\$ 11,698	\$ 13,175,759	1.11%
OPEB	6/30/2020	\$ 155,856	\$ (174,049)	\$ (18,193)	\$ 13,266,742	1.31%
OPEB	6/30/2019	\$ 154,359	\$ (154,359)	\$ -	\$ 13,540,257	1.14%
OPEB	6/30/2018	\$ 158,973	\$ (158,973)	\$ -	\$ 13,944,962	1.14%
OPEB	6/30/2017	\$ 153,769	\$ (153,769)	\$ -	\$ 13,488,543	1.14%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**WARD COUNTY**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION AND OPEB LIABILITY**  
**WATER RESOURCE DISTRICT**  
**LAST 10 FISCAL YEARS\***

**Schedule of Employer's Share of Net Pension Liability**

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
NDPERS	6/30/2022	0.003239%	\$ 93,285	\$ 37,139	251.18%	54.47%
NDPERS	6/30/2021	0.003300%	\$ 34,396	\$ 37,038	92.87%	78.26%
NDPERS	6/30/2020	0.003290%	\$ 103,347	\$ 37,139	278.27%	48.91%
NDPERS	6/30/2019	0.003400%	\$ 39,862	\$ 35,844	111.21%	71.66%
NDPERS	6/30/2018	0.003420%	\$ 57,784	\$ 35,825	161.30%	63.53%
NDPERS	6/30/2017	0.003400%	\$ 54,681	\$ 34,362	159.13%	61.98%
NDPERS	6/30/2016	0.003440%	\$ 33,516	\$ 34,341	97.60%	70.46%
NDPERS	6/30/2015	0.003760%	\$ 25,540	\$ 32,065	79.65%	77.15%
NDPERS	6/30/2014	0.003950%	\$ 25,078	\$ 33,812	74.17%	77.70%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Schedule of Employer's Share of Net Pension Liability**

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
OPEB	6/30/2022	0.003640%	\$ 4,730	\$ 38,121	12.41%	56.28%
OPEB	6/30/2021	0.003430%	\$ 1,906	\$ 37,038	5.15%	76.63%
OPEB	6/30/2020	0.003180%	\$ 2,674	\$ 37,139	7.20%	63.38%
OPEB	6/30/2019	0.003170%	\$ 2,547	\$ 35,844	7.11%	63.13%
OPEB	6/30/2018	0.003220%	\$ 2,532	\$ 35,825	7.07%	61.89%
OPEB	6/30/2017	0.003210%	\$ 2,549	\$ 34,362	7.42%	59.78%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**WARD COUNTY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**WATER RESOURCE DISTRICT**  
**LAST 10 FISCAL YEARS\***

**Schedule of Employer's Contributions**

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
NDPERS	6/30/2022	\$ 2,714	\$ (2,714)	\$ -	\$ 38,121	7.12%
NDPERS	6/30/2021	\$ 2,637	\$ (2,637)	\$ -	\$ 37,038	7.12%
NDPERS	6/30/2020	\$ 2,644	\$ (2,644)	\$ -	\$ 37,139	7.12%
NDPERS	6/30/2019	\$ 2,552	\$ (2,552)	\$ -	\$ 35,844	7.12%
NDPERS	6/30/2018	\$ 2,551	\$ (2,551)	\$ -	\$ 35,825	7.12%
NDPERS	6/30/2017	\$ 2,447	\$ (2,447)	\$ -	\$ 34,362	7.12%
NDPERS	6/30/2016	\$ 2,445	\$ (2,445)	\$ -	\$ 34,341	7.12%
NDPERS	6/30/2015	\$ 2,283	\$ (2,283)	\$ -	\$ 32,065	7.12%
NDPERS	6/30/2014	\$ 2,407	\$ (2,407)	\$ -	\$ 33,812	7.12%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Schedule of Employer's Contributions**

<u>Pension Plan</u>	<u>Measurement Date</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
OPEB	6/30/2022	\$ 435	\$ (435)	\$ -	\$ 38,121	1.14%
OPEB	6/30/2021	\$ 422	\$ (422)	\$ -	\$ 37,038	1.14%
OPEB	6/30/2020	\$ 423	\$ (423)	\$ -	\$ 37,139	1.14%
OPEB	6/30/2019	\$ 409	\$ (409)	\$ -	\$ 35,844	1.14%
OPEB	6/30/2018	\$ 408	\$ (408)	\$ -	\$ 35,825	1.14%
OPEB	6/30/2017	\$ 392	\$ (392)	\$ -	\$ 34,362	1.14%

\*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**WARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 12,703,794	\$ 12,703,794	\$ 12,145,026	\$ (558,768)
Licenses, permits and fees	547,800	547,800	508,103	(39,697)
Intergovernmental	2,788,429	2,788,429	4,088,583	1,300,154
Charges and services	1,480,000	1,480,000	1,474,042	(5,958)
Miscellaneous	<u>422,300</u>	<u>422,300</u>	<u>914,823</u>	<u>492,523</u>
Total revenues	<u>17,942,323</u>	<u>17,942,323</u>	<u>19,130,577</u>	<u>1,188,254</u>
<b>EXPENDITURES</b>				
Current				
General government	10,086,992	9,962,181	8,536,041	(1,426,140)
Public safety/911	11,537,988	11,527,746	10,768,314	(759,432)
Highway and public improvement	382,293	382,293	-	(382,293)
Health and welfare	296,123	306,011	388,375	82,364
Culture and recreation	<u>-</u>	<u>-</u>	<u>296,123</u>	<u>296,123</u>
Total expenditures	<u>22,303,396</u>	<u>22,178,231</u>	<u>19,988,853</u>	<u>(2,189,378)</u>
Excess (deficiency) of revenues over expenditures	(4,361,073)	(4,235,908)	(858,276)	3,377,632
<b>OTHER FINANCING USES</b>				
Transfers out	<u>135,000</u>	<u>135,000</u>	<u>(24,572)</u>	<u>(159,572)</u>
Net change in fund balance	(4,226,073)	(4,100,908)	(882,848)	3,218,060
<b>FUND BALANCE, JANUARY 1</b>	<u>7,975,769</u>	<u>7,975,769</u>	<u>7,975,769</u>	<u>-</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 3,749,696</u>	<u>\$ 3,874,861</u>	<u>\$ 7,092,921</u>	<u>\$ 3,218,060</u>

# WARD COUNTY

## BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 4,681,169	\$ 4,681,169	\$ 4,702,995	\$ 21,826
Licenses, permits and fees	1,600,000	1,600,000	1,617,667	17,667
Intergovernmental	11,641,730	11,671,730	25,025,528	13,353,798
Miscellaneous	<u>586,700</u>	<u>586,700</u>	<u>538,025</u>	<u>(48,675)</u>
Total revenues	<u>18,509,599</u>	<u>18,539,599</u>	<u>31,884,215</u>	<u>13,344,616</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	1,364,793	1,364,793
Public safety/911	3,110,504	3,110,504	2,110,974	(999,530)
Highway and public improvement	9,310,406	9,310,406	13,930,842	4,620,436
Health and welfare	6,248,142	6,557,145	6,104,100	(453,045)
Culture and recreation	460,812	460,812	439,172	(21,640)
Conservation and economic development	<u>359,401</u>	<u>359,401</u>	<u>310,384</u>	<u>(49,017)</u>
Total expenditures	<u>19,489,265</u>	<u>19,798,268</u>	<u>24,260,265</u>	<u>4,461,997</u>
Excess (deficiency) of revenues over expenditures	<u>(979,666)</u>	<u>(1,258,669)</u>	<u>7,623,950</u>	<u>8,882,619</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	2,359,572	2,359,572
Transfers out	<u>135,000</u>	<u>135,000</u>	<u>(2,335,000)</u>	<u>(2,470,000)</u>
Total other financing sources (uses)	<u>135,000</u>	<u>135,000</u>	<u>24,572</u>	<u>(110,428)</u>
Net change in fund balances	(844,666)	(1,123,669)	7,648,522	8,772,191
<b>FUND BALANCE, JANUARY 1</b>	<u>12,028,721</u>	<u>12,028,721</u>	<u>12,028,721</u>	<u>-</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u>\$ 11,184,055</u>	<u>\$ 10,905,052</u>	<u>\$ 19,677,243</u>	<u>\$ 8,772,191</u>

**WARD COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT BUDGET POLICIES**

Annually, the board of county commissioners provides each office a department budget. The departments complete their budget and file it with the county auditor. Based upon the departmental budget requests and other financial information, the county auditor prepares the preliminary county budget. The budget is prepared for the general, special revenue and debt service funds on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The board of county commissioners holds a public hearing where any taxpayer may testify in favor or against any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before the October meeting, the board adopts the final budget and shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. No expenditure shall be made, or liability incurred in excess of the total appropriation by fund, except for transfers as authorized by the North Dakota Century Code Section 11-23-07. However, the board of county commissioners may amend the budget, except for property taxes, during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

**NOTE 2 – LEGAL COMPLIANCE**

Budget Amendments

The governing board approved the following amendments to the County's budget for the year ending December 31, 2022:

	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
General fund - expenditures	\$ 22,303,396	\$ (125,165)	\$ 22,178,231
Special revenue fund - expenditures	\$ 19,489,265	\$ 309,003	\$ 19,798,268

**NOTE 3 – EXPENDITURES EXCEEDING BUDGET**

The current year expenditures in the special revenue funds exceeded the budgeted amount by \$4,461,997.

**NOTE 4 – PENSIONS AND OPEB**

*Changes of Assumptions*

**Main System and Law Enforcement System**

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

**WARD COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**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.

***Changes of Benefit Terms***

**Main System and Law Enforcement System**

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

**OPEB**

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



**WARD COUNTY**  
**SCHEDULE OF FUND ACTIVITY**  
**DECEMBER 31, 2022**

	<u>Balance 01/01/22</u>	<u>Receipts</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Disbursements</u>	<u>Balance 12/31/22</u>
<b>MAJOR GOVERNMENTAL FUNDS</b>						
<u>General fund</u>	\$ 7,975,769	\$ 19,130,577	\$ -	\$ (24,572)	\$ (19,988,853)	\$ 7,092,921
<u>Special revenue fund</u>						
Library	(105,404)	587,085	-	-	(439,172)	42,509
Bookmobile replacement	84,792	303	-	-	-	85,095
911 wired/wireless	450,076	2,561,592	-	(135,000)	(2,100,104)	776,564
911 depreciation	391,664	1,500	135,000	-	(9,288)	518,876
Highway	2,079,167	10,852,711	2,224,572	-	(13,930,842)	1,225,608
Highway user	950,903	4,328,769	-	(2,200,000)	-	3,079,672
Vision zero outreach	(17,055)	114,365	-	-	(100,883)	(3,573)
Weed	143,717	243,685	-	-	(310,384)	77,018
Social welfare	597,282	5,892,461	-	-	(5,582,918)	906,825
State attorney	12,129	-	-	-	(1,581)	10,548
Senior citizens	4,471	646,064	-	-	(646,274)	4,261
Emergency	737,229	917	-	-	-	738,146
Emergency FEMA township	68,439	-	-	-	-	68,439
Emergency FEMA county	91,389	-	-	-	-	91,389
CDBG projects	(31,412)	-	-	-	-	(31,412)
American rescue plan act	6,571,334	6,638,967	-	-	(1,138,819)	12,071,482
Opioid settlement	-	15,796	-	-	-	15,796
Total	<u>12,028,721</u>	<u>31,884,215</u>	<u>2,359,572</u>	<u>(2,335,000)</u>	<u>(24,260,265)</u>	<u>19,677,243</u>
<u>Debt service fund</u>						
Sales tax bond	6,314,391	7,394,128	13,934	(13,934)	(6,095,650)	7,612,869
Special district finance	173,312	-	-	-	-	173,312
Total	<u>6,487,703</u>	<u>7,394,128</u>	<u>13,934</u>	<u>(13,934)</u>	<u>(6,095,650)</u>	<u>7,786,181</u>
<u>Capital projects fund</u>						
Construction	871,292	-	-	-	-	871,292
Country club heights	85,474	36,274	-	-	-	121,748
19th Ave / 56th St	39,392	36,160	-	-	-	75,552
Total	<u>996,158</u>	<u>72,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068,592</u>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<u>27,488,351</u>	<u>58,481,354</u>	<u>2,373,506</u>	<u>(2,373,506)</u>	<u>(50,344,768)</u>	<u>35,624,937</u>

(Continued)

**WARD COUNTY**  
**SCHEDULE OF FUND ACTIVITY**  
**DECEMBER 31, 2022**

	Balance 01/01/22	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/22
<u>Agency fund</u>						
24/7 sobriety fund	196,424	187,133	-	-	(204,172)	179,385
Crime/victim witness fund	1,771	26,727	-	-	(25,911)	2,587
Marriage license - dvcc fund	(6,265)	18,900	-	-	(18,795)	(6,160)
District reimbursements fund	(24,262)	18,964	-	-	(17,861)	(23,159)
Foster care recruit/retain fund	65,353	-	-	-	(17,392)	47,961
Employee benefits - flex spending fund	104,818	69,824	-	-	(75,313)	99,329
Jail inmate trust (commissary) fund	371,120	137,364	-	-	(117,968)	390,516
Utilities central assess fund	1,284	-	-	-	-	1,284
Gas and oil production fund	27,965	-	-	-	-	27,965
Hazardous chemical fund	40,536	4,388	-	-	-	44,924
Gambling tax fund	3,113	6,983	-	-	(6,983)	3,113
First district health unit fund	61,493	785,264	-	-	(785,191)	61,566
State medical center fund	15,650	330,788	-	-	(329,590)	16,848
State fair fund	20,352	376,148	-	-	(376,553)	19,947
Garrison diversion fund	4,153	359,488	-	-	(359,689)	3,952
Water management district fund	26,627	1,192,797	-	-	(1,194,918)	24,506
Soil conservation fund	568	182,997	-	-	(181,945)	1,620
Souris river joint board fund	12,717	661,306	-	-	(661,938)	12,085
Assiniboine river basin board fund	(79)	3,393	-	-	(3,402)	(88)
Prepaid taxes fund	28,990,470	(8,846,354)	-	-	(504,958)	19,639,158
Paid under protest	881	(881)	-	-	-	-
Tax deed sales fund	80,537	144,407	-	-	(120,999)	103,945
Homeland security grants fund	2,855	-	-	-	-	2,855
Department of justice grants fund	-	6,086	-	-	(6,086)	-
Asset forfeitures - sheriff fund	90,319	66,520	-	-	(8,825)	148,014
Drug proceeds - sa fund	20,022	22,352	-	-	(4,478)	37,896
Park improvement fund	184,147	27,560	-	-	(130,478)	81,229
Doc preservation fund	413,563	50,855	-	-	(105,657)	358,761
NDSU extension activities fund	21,282	5,567	-	-	(6,936)	19,913
Minot parent resource fund	1,238	9,414	-	-	(9,126)	1,526
Unclaimed property fund	35,615	13,570	-	-	(12,972)	36,213
Vending commissions fund	12,504	871	-	-	-	13,375
Payroll fund	667,746	-	-	-	-	667,746
Afton township fund	794	119,642	-	-	(119,568)	868
Anna township fund	128	22,018	-	-	(22,012)	134
Baden township fund	149	46,543	-	-	(46,536)	156
Berthold township fund	643	72,636	-	-	(73,012)	267
Brilliant township fund	667	35,820	-	-	(36,091)	396
Burlington township fund	249	64,853	-	-	(64,090)	1,012
Burt township fund	233	52,743	-	-	(52,732)	244
Cameron township fund	171	29,821	-	-	(29,813)	179
Carbondale township fund	283	34,061	-	-	(34,050)	294
Carpio township fund	265	33,741	-	-	(33,728)	278
Denmark township fund	202	27,732	-	-	(27,629)	305
Des Lacs township fund	261	49,378	-	-	(49,366)	273
Elmdale township fund	340	36,534	-	-	(36,575)	299
Eureka township fund	38	117,376	-	-	(116,242)	1,172
Evergreen township fund	116	19,112	-	-	(19,132)	96
Foxholm township fund	1,185	45,351	-	-	(46,200)	336
Freedom township fund	637	39,373	-	-	(39,358)	652
Gasman township fund	429	49,119	-	-	(49,016)	532
Greely township fund	107	18,248	-	-	(18,244)	111
Greenbusch township fund	190	24,158	-	-	(24,053)	295
Harrison township fund	3,355	248,868	-	-	(248,480)	3,743

(Continued)

**WARD COUNTY**  
**SCHEDULE OF FUND ACTIVITY**  
**DECEMBER 31, 2022**

	<u>Balance 01/01/22</u>	<u>Receipts</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Disbursements</u>	<u>Balance 12/31/22</u>
Hiddenwood township fund	268	38,514	-	-	(38,500)	282
Hilton township fund	103	23,608	-	-	(23,673)	38
Iota Flat township fund	296	48,715	-	-	(48,701)	310
Kenmare township fund	311	41,230	-	-	(41,156)	385
Kirkelie township fund	529	79,753	-	-	(79,738)	544
Linton township fund	118	16,828	-	-	(16,822)	124
Lund township fund	156	23,456	-	-	(23,449)	163
Mandan township fund	597	29,843	-	-	(30,195)	245
Margaret township fund	690	51,583	-	-	(52,037)	236
Maryland township fund	293	40,747	-	-	(40,607)	433
Mayland township fund	221	35,220	-	-	(34,952)	489
Mckinley township fund	402	73,648	-	-	(73,628)	422
Nedrose township fund	3,291	191,402	-	-	(191,222)	3,471
New Prairie township fund	511	63,329	-	-	(63,054)	786
Newman township fund	1,198	33,121	-	-	(33,052)	1,267
Orlien township fund	209	30,043	-	-	(30,033)	219
Passport township fund	281	38,897	-	-	(38,988)	190
Ree township fund	220	31,384	-	-	(31,431)	173
Rice Lake township fund	162	21,186	-	-	(21,170)	178
Rolling Green township fund	489	36,869	-	-	(36,184)	1,174
Rushville township fund	(116,566)	52,368	-	-	(41,275)	(105,473)
Ryder township fund	561	45,019	-	-	(44,682)	898
Sauk Prairie township fund	576	40,066	-	-	(40,246)	396
Sawyer township fund	699	52,026	-	-	(51,911)	814
Shealy township fund	156	21,536	-	-	(21,528)	164
Spencer township fund	528	29,410	-	-	(29,560)	378
Spring Lake township fund	40	18,927	-	-	(18,799)	168
St Marys township fund	135	23,604	-	-	(23,422)	317
Sundre township fund	1,534	143,572	-	-	(143,549)	1,557
Surrey township fund	1,415	136,620	-	-	(137,412)	623
Tatman township fund	5,079	76,528	-	-	(76,277)	5,330
Tolgen township fund	49	17,913	-	-	(17,948)	14
Torning township fund	165	20,969	-	-	(20,712)	422
Vang township fund	134	20,923	-	-	(20,903)	154
Waterford township fund	2,796	63,026	-	-	(62,961)	2,861
Willis township fund	317	66,099	-	-	(66,171)	245
Berthold city fund	655	438,870	-	-	(438,727)	798
Burlington city fund	3,520	596,556	-	-	(598,196)	1,880
Carpio city fund	1,916	58,861	-	-	(60,448)	329
Des Lacs city fund	-	21,098	-	-	(21,098)	-
Donnybrook city fund	-	13,374	-	-	(13,257)	117
Douglas city fund	112	10,382	-	-	(10,481)	13
Kenmare city fund	3,323	404,652	-	-	(405,220)	2,755
Makoti city fund	450	23,010	-	-	(23,110)	350
Minot city fund	209,505	26,732,355	-	-	(26,740,585)	201,275
Ryder city fund	165	15,273	-	-	(15,409)	29
Sawyer city fund	658	91,797	-	-	(91,879)	576
Surrey city fund	4,663	902,658	-	-	(906,689)	632
United ambulance district fund	1,046	158,670	-	-	(159,398)	318
Berthold rural fire fund	211	19,904	-	-	(19,981)	134
Burlington rural fire fund	972	128,706	-	-	(128,436)	1,242
Carpio rural fire fund	105	19,487	-	-	(19,393)	199
Deering rural fire fund	77	8,530	-	-	(8,535)	72
Des Lacs rural fire fund	159	26,309	-	-	(26,112)	356
Donnybrook rural fire fund	1	9,776	-	-	(9,734)	43
Douglas rural fire fund	13	4,048	-	-	(4,059)	2
Glenburn rural fire fund	109	12,373	-	-	(12,372)	110
Kenmare rural fire fund	209	32,600	-	-	(32,708)	101
Max rural fire fund	333	56,235	-	-	(56,136)	432
Minot rural fire fund	4,135	622,999	-	-	(622,074)	5,060

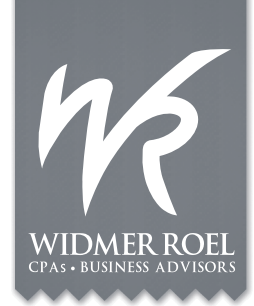
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**WARD COUNTY**  
**SCHEDULE OF FUND ACTIVITY**  
**DECEMBER 31, 2022**

	<b>Balance 01/01/22</b>	<b>Receipts</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Disbursements</b>	<b>Balance 12/31/22</b>
Plaza rural fire fund	37	5,136	-	-	(5,135)	38
Ryder Makoti rural fire fund	585	67,398	-	-	(67,163)	820
Sawyer rural fire fund	346	10,562	-	-	(10,569)	339
Surrey rural fire fund	261	21,716	-	-	(21,767)	210
Velva rural fire fund	142	4,888	-	-	(4,955)	75
Berthold city park fund	11	21,790	-	-	(21,784)	17
Carpio city park fund	28	2,795	-	-	(2,798)	25
Des Lacs city park fund	-	1,523	-	-	(1,523)	-
Donnybrook city park fund	-	1,000	-	-	(989)	11
Kenmare city park fund	290	35,631	-	-	(35,670)	251
Makoti city park fund	6	3,675	-	-	(3,676)	5
Minot city park fund	70,975	9,589,430	-	-	(9,600,680)	59,725
Ryder city park fund	10	880	-	-	(888)	2
Surrey city park fund	75	86,391	-	-	(86,364)	102
Minot school 1 fund	169,907	23,622,418	-	-	(23,637,018)	155,307
Velva school 2 fund	2,313	30,497	-	-	(32,228)	582
Nedrose school 4 fund	8,892	3,303,076	-	-	(3,305,071)	6,897
United school 7 fund	10,604	2,456,852	-	-	(2,449,630)	17,826
Bowbells school 14 fund	-	8,593	-	-	(8,170)	423
Sawyer school 16 fund	9,704	811,394	-	-	(809,169)	11,929
Glenburn school 26 fund	1,625	430,946	-	-	(429,518)	3,053
Kenmare school 28 fund	8,006	1,270,304	-	-	(1,272,815)	5,495
Surrey school 41 fund	3,491	1,196,757	-	-	(1,198,942)	1,306
Max school 50 fund	421	377,139	-	-	(377,001)	559
Garrison school 51 fund	-	5,511	-	-	(5,511)	-
South Prairie school 70 fund	24,146	2,520,072	-	-	(2,539,728)	4,490
Lewis and Clark school 161 fund	15,129	2,639,644	-	-	(2,649,678)	5,095
Rice Lake recreation dist fund	153	229,314	-	-	(215,956)	13,511
Rice Lake sewer assessment fund	-	193,412	-	-	(177,361)	16,051
Total	<u>31,922,416</u>	<u>78,184,807</u>	<u>-</u>	<u>-</u>	<u>(87,635,805)</u>	<u>22,471,418</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 59,410,767</u>	<u>\$ 136,666,161</u>	<u>\$ 2,373,506</u>	<u>\$ (2,373,506)</u>	<u>\$ (137,980,573)</u>	<u>\$ 58,096,355</u>

**WARD COUNTY**

**SINGLE AUDIT REPORTS AND  
SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
DECEMBER 31, 2022**



4220 31st Avenue S.  
Fargo, ND 58104-8725

Phone: 701.237.6022  
Toll Free: 888.237.6022  
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**INDEPENDENT AUDITOR'S 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**

County Commission  
Ward County  
Minot, 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, each major fund, and the aggregate remaining fund information of **Ward County**, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise **Ward County's** basic financial statements and have issued our report thereon dated January 12, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **Ward County's** internal control over financial reporting (internal control) to determine the 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 **Ward County's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Ward County's** internal control.

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

Our consideration of internal control was for the limited purpose described in the 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, we did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and questioned costs as item 2022-001 that we consider to be a material weakness.

## Report on Compliance and Other Matters

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

### Ward County's Response to Findings

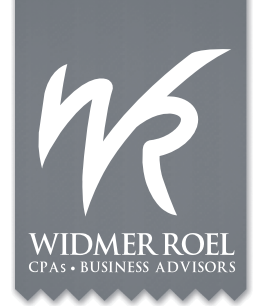
**Ward County's** response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Ward County's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion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

### Purpose of this Report

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

A handwritten signature in black ink, appearing to read "William Rouse".

Fargo, North Dakota  
January 12, 2024



4220 31st Avenue S.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

County Commission  
**Ward County**  
Minot, North Dakota

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited **Ward County's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Ward County's** major federal program for the year ended December 31, 2022. **Ward County's** major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Ward County** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of **Ward County** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Ward County's** compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to **Ward County's** federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **Ward County's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Ward County's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Ward County's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Ward County's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Ward County's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on **Ward County's** response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. **Ward County's** response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ward County**, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise **Ward County's** basic financial statements. We issued our report thereon dated January 12, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fargo, North Dakota  
January 12, 2024

**WARD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/ Pass- Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipient</b>	<b>Total Federal Expenditures</b>
U.S. Department of Justice Direct Assistance				
COVID-19 - COVID Emergency Supplemental Funding	16.034	N/A	\$ -	\$ 6,086
Bulletproof Vest Partnership Program	16.607	N/A	-	411
Total U.S. Department of Justice			-	6,497
U.S. Department of Transportation passed through North Dakota Department of Transportation				
Highway Safety Cluster National Priority Safety Programs - Seatbelt and Alcohol Enforcement	20.616	N/A	-	16,767
U.S. Department of the Treasury Direct Assistance				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	845,166	1,138,819
U.S. Department of Homeland Security passed through North Dakota Department of Emergency Services				
Public Assistance Grants	16.034	N/A	-	967
Total expenditures of federal awards			\$ 845,166	\$ 1,163,050

## **WARD COUNTY**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022**

#### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ward County under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Ward County, it is not intended to and does not present the financial position or changes in net assets of Ward County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **NOTE 3 – INDIRECT COST RATE**

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

## WARD COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

##### Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>      </u> yes	<u>  X  </u> none reported

Noncompliance material to financial statements noted?        yes   X   no

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>      </u> yes	<u>  X  </u> none reported

Type of auditor’s report issued on compliance for major programs: American Rescue Plan Act (21.027) Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?        yes   X   no

##### Identification of major programs:

CFDA Number	Name of Federal Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?        yes   X   no

**WARD COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2022-001 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PRESENTATION**

***Condition***

Widmer Roel assists the County with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles (GAAP).

***Criteria***

According to the Committee of Sponsoring Organizations (COSO) elements of internal control, an organization's internal control should include the capability of preparing financial statements in accordance with (GAAP).

***Cause***

The County has determined it is more cost-effective to allocate its limited resources to areas other than preparation of financial statements and instead engage its third-party auditor to assist in this process.

***Effect***

Without the assistance of the auditors, the financial statements could be materially misstated or omit material financial statement disclosures.

***Recommendation***

We recommend management carefully review the County's financial statements and note disclosures and be able to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

***Views of Responsible Officials***

Ward County will continue to have a third-party audit. We will carefully review the draft financial statements and discuss any questions with the outside auditor.

**WARD COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SECTION III – MAJOR FEDERAL AWARD FINDINGS**

**2022-002 (MATERIAL WEAKNESS) – SUSPENDED AND DEBARRED PARTIES – ALN 21.027 – COVID-19 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

***Condition***

The County did not have an effective process in place to ensure subrecipients of pass-through federal awards were not suspended or debarred from participating in federally-supported programs.

***Criteria***

The Federal Compliance Supplement and 2 CFR Section 180.300 requires grant recipients and subrecipients to verify contractors and subrecipients are not suspended or debarred from performing covered transactions. Such verification may include 1) checking the System for Award Management (SAM) Exclusions; 2) collecting a certification from the entity or 3) adding a clause or condition to the covered transaction with that entity.

***Cause***

Management was not aware of how to search for suspended or debarred parties on the SAM.gov website and did not have procedures to include explicit language in its subrecipient contracts/agreements.

***Effect***

There is a risk the County could enter into covered transactions with suspended or debarred parties.

***Recommendation***

We recommend the County adopt controls to ensure contractors and subrecipients are not suspended or debarred.

***Questioned Costs***

None noted

***Views of Responsible Officials***

The county added information to the Payment Request Form to make sub recipients aware that their organization along with any respective Contractors need an active UEI and must be registered in SAM.

**WARD COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**2022-003 (MATERIAL WEAKNESS) – SUBRECIPIENT MONITORING– ALN 21.027 – COVID-19 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

***Condition***

The County did not have an effective process in place to ensure required communications occur with subrecipients of federal awards. The agreements with the subrecipients did not explicitly include certain information required under 2 CFR 200.332(a)(1).

***Criteria***

The Federal Compliance Supplement and 2 CFR Section 200.332 requires pass-through entities to communicate and clearly identify to the subrecipient: 1) the award as a subaward at the time of the subaward by providing the information described in 2 CFR section 200.332(a)(1); 2) all requirements imposed by the pass-through entity on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and terms and conditions of the award; and 3) any additional requirements the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility for the federal award. It also requires the pass-through entity to verify that every subrecipient is audited under the Uniform Guidance when required.

***Cause***

Management was not aware of the additional communication requirements imposed on pass-through entities.

***Effect***

There is a risk of noncompliance with the subrecipient monitoring communications, as well as a risk the subrecipient(s) may not be audited in accordance with the Uniform Guidance when required.

***Recommendation***

We recommend the County update its communications with subrecipients to include the required communications of the subrecipients' responsibilities under the federal requirements, grant agreements and award requirements including, but not limited to its audit obligations under the Uniform Guidance.

***Questioned Costs***

None noted

***Views of Responsible Officials***

The county added information to the Payment Request Form to ensure that sub recipients are aware of possible single audit requirements, active SAM registry and UEI.



**WARD COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**2021-001 (MATERIAL WEAKNESS) – PROCUREMENT POLICY AND CAPITALIZATION POLICY**

***Condition***

The County's capital asset policy is not consistent. One of the County's policies calls for capitalizing assets over \$500, another policy capitalizes assets over \$5,000. Also, the capital asset listing maintained by the County auditor/treasurer's office is incomplete.

***Recommendation***

We recommend the County review its capitalization policies to ensure all are consistent. We further recommend the County auditor/treasurer review the capital asset listing which we will provide and ensure the County's records are complete.

***Current Status***

The County has resolved the finding.

**2021-002 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PRESENTATION**

***Condition***

Widmer Roel assists the County with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles.

***Recommendation***

We recommend management carefully review the County's financial statements and note disclosures and allocate adequate time to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

***Current Status***

The finding remains open and is reported as 2022-001.

**2021-003 (MATERIAL WEAKNESS) – IMPROPER BIDDING OF ROAD EQUIPMENT**

***Condition***

The County purchased three motor graders under an out of state procurement agreement.

***Recommendation***

We recommend the County carefully review upcoming road machinery purchases to ensure compliance with NDCC 24-05-04(2) and resolve current circumstances if deemed appropriate by management.

***Current Status***

The County fully implemented the corrective action plan that was described in the prior year audit report.



## **VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION**

The Ward County respectfully submits the following views of responsible officials and planned corrective action for the year ended December 31, 2022.

Name and address of independent public accounting firm:

Widmer Roel PC  
4220 31<sup>st</sup> Avenue S  
Fargo, ND 58104

Audit period: December 31, 2022

Contact person: Marisa Haman, County Auditor

The findings from the December 31, 2022 Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **FINDINGS – FINANCIAL STATEMENT AUDIT**

#### **2022-001 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PRESENTATION**

##### ***Finding***

Widmer Roel assists Ward County with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles (GAAP). This is very common for organizations the size and structure of Ward County.

##### ***Views of Responsible Officials and Planned Corrective Action***

Ward County will continue to have a third-party audit. We will carefully review the draft financial statements and discuss any questions with the outside auditor.

***Anticipated Completion Date:*** N/A

### **FINDINGS – MAJOR FEDERAL AWARDS**

#### **2022-002 – (MATERIAL WEAKNESS) SUSPENDED AND DEBARRED PARTIES**

##### ***Finding***

The County did not have an effective process in place to ensure subrecipients of pass-through federal awards were not suspended or debarred from participating in federally-supported programs.

***Views of Responsible Officials and Planned Corrective Action***

The county added information to the Payment Request Form to make sub recipients aware that their organization along with any respective Contractors need an active UEI and must be registered in SAM.

***Anticipated Completion Date: Early 2023***

**2022-003 – (MATERIAL WEAKNESS) SUBRECIPIENT MONITORING**

***Finding***

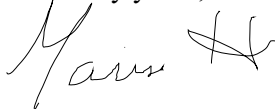
The County did not have an effective process in place to ensure required communications occur with subrecipients of federal awards. The agreements with the subrecipients did not explicitly include certain information required under 2 CFR 200.332(a)(1)

***Views of Responsible Officials and Planned Corrective Action***

The county added information to the Payment Request Form to ensure that sub recipients are aware of possible single audit requirements, active SAM registry and UEI.

***Anticipated Completion Date: Early 2023***

Sincerely yours,

A handwritten signature in black ink, appearing to read "Marisa", followed by a stylized flourish or initial.

Marisa Haman,  
Auditor/Treasurer  
Ward County