

# **AUDIT REPORT**

**BURLEIGH COUNTY SOIL CONSERVATION DISTRICT**  
**Bismarck, North Dakota**

**For the Year Ended December 31, 2023**

**RATH & MEHRER, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

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BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

OFFICIALS  
December 31, 2023

|                |                          |
|----------------|--------------------------|
| Cody Kologi    | Chairman                 |
| Jeremy Saeman  | Vice Chairman            |
| Dave Bauer     | Supervisor               |
| Dave Carpenter | Supervisor               |
| Tyler Lang     | Supervisor               |
| Darrell Oswald | District Manager         |
| Sandra Schwede | Administrative Assistant |

# Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA  
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Todd Goehring, CPA

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Burleigh County Soil Conservation District  
Bismarck, North Dakota

### **Report on the Audit of Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and the major fund of the Burleigh County Soil Conservation District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the soil conservation district's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the soil conservation district, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **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 the soil conservation district, 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**

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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the soil conservation district's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 the soil conservation district'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the soil conservation district'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 budgeting comparison information and the schedule of employer's share of net pension liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2024 on our consideration of the soil conservation district'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 soil conservation district'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 the soil conservation district's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

July 26, 2024

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Statement of Net Position  
December 31, 2023

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <u>ASSETS:</u>                                    |                                    |
| Cash  | 453,105.65                         |
| Accounts Receivable                               | 64,550.79                          |
| Intergovernmental Receivables                     | 123,972.62                         |
| Taxes Receivable                                  | 3,613.50                           |
| Due from County Treasurer                         | 77,554.39                          |
| Capital Assets (net of accumulated depreciation): |                                    |
| Land  | 225,000.00                         |
| Buildings and Improvements                        | 392,012.00                         |
| Machinery and Vehicles                            | <u>152,115.00</u>                  |
| <br>Total Capital Assets                          | <br><u>769,127.00</u>              |
| <br>Total Assets                                  | <br><u>1,491,923.95</u>            |
| <u>DEFERRED OUTFLOWS OF RESOURCES:</u>            |                                    |
| Changes in Resources Related to Pensions          | <u>488,775.00</u>                  |
| <u>LIABILITIES:</u>                               |                                    |
| Sales Tax Payable                                 | 2,098.46                           |
| Long-Term Liabilities:                            |                                    |
| Due After One Year:                               |                                    |
| Compensated Absences Payable                      | 30,596.44                          |
| Net Pension Liability                             | <u>653,113.00</u>                  |
| <br>Total Liabilities                             | <br><u>685,807.90</u>              |
| <u>DEFERRED INFLOWS OF RESOURCES:</u>             |                                    |
| Unavailable Revenue                               | 77,062.41                          |
| Changes in Resources Related to Pensions          | <u>263,257.00</u>                  |
| <br>Total Deferred Inflows of Resources           | <br><u>340,319.41</u>              |
| <u>NET POSITION:</u>                              |                                    |
| Net Investment in Capital Assets                  | 769,127.00                         |
| Unrestricted                                      | <u>185,444.64</u>                  |
| <br>Total Net Position                            | <br><u><u>954,571.64</u></u>       |

The accompanying notes are an integral part of these financial statements.

**Statement of Activities**  
**For the Year Ended December 31, 2023**

|  |              |                         |                     |
|--|--------------|-------------------------|---------------------|
|  |              |                         | Net (Expense)       |
|  |              |                         | Revenue and         |
|  |              |                         | Changes in          |
|  |              | <u>Program Revenues</u> | <u>Net Position</u> |
|  | Charges for  | Operating Grants        | Governmental        |
| Expenses                                       | Services     | and Contributions       | Activities          |
| <hr/>  |              |                         |                     |
| <b><u>Governmental Activities:</u></b>         |              |                         |                     |
| Conservation of Natural Resources              | 1,139,380.25 | 261,955.83              | 305,387.04          |
|  |              |                         | (572,037.38)        |
| <hr/>  |              |                         |                     |
| <b><u>General Revenues:</u></b>                |              |                         |                     |
| Taxes:   |              |                         |                     |
| Property taxes; levied for general purposes    |              |                         | 286,431.10          |
| Telecommunications tax                         |              |                         | 1,586.01            |
| Homestead tax credit                           |              |                         | 2,026.72            |
| Disabled veterans tax credit                   |              |                         | 2,403.62            |
| State aid - not restricted to specific program |              |                         | 31,102.89           |
| Earnings on investments and other revenue      |              |                         | 4,019.21            |
|  |              |                         | <hr/>               |
| Total General Revenues                         |              |                         | 327,569.55          |
|  |              |                         | <hr/>               |
| Change in Net Position                         |              |                         | (244,467.83)        |
|  |              |                         | <hr/>               |
| Net Position - January 1                       |              |                         | 1,199,039.47        |
|  |              |                         | <hr/>               |
| Net Position - December 31                     |              |                         | 954,571.64          |



BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Balance Sheet  
Governmental Fund  
December 31, 2023

|  | <u>Major Fund</u>        |
|--|--------------------------|
|  | <u>General</u>           |
| <b><u>ASSETS:</u></b>                            |                          |
| Cash   | 453,105.65               |
| Accounts Receivable                              | 64,550.79                |
| Intergovernmental Receivables                    | 123,972.62               |
| Taxes Receivable                                 | 3,613.50                 |
| Due from County Treasurer                        | <u>77,554.39</u>         |
| Total Assets                                     | <u><u>722,796.95</u></u> |
| <br><b><u>LIABILITIES, DEFERRED INFLOWS</u></b>  |                          |
| <b><u>OF RESOURCES AND FUND BALANCE</u></b>      |                          |
| <br><b><u>Liabilities:</u></b>                   |                          |
| Sales Tax Payable                                | <u>2,098.46</u>          |
| <br><b><u>Deferred Inflows of Resources:</u></b> |                          |
| Unavailable Revenue                              | <u>80,675.91</u>         |
| <br>Total Liabilities and Deferred               |                          |
| Inflows of Resources                             | <u>82,774.37</u>         |
| <br><b><u>Fund Balance:</u></b>                  |                          |
| Unassigned                                       | <u>640,022.58</u>        |
| <br>Total Liabilities, Deferred Inflows          |                          |
| of Resources and Fund Balance                    | <u><u>722,796.95</u></u> |

The accompanying notes are an integral part of these financial statements.

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Reconciliation of Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2023

|  |            |
|--|------------|
| Total Fund Balance for Governmental Fund | 640,022.58 |
|--|------------|

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

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

|                               |                     |            |
|-------------------------------|---------------------|------------|
| Cost of Capital Assets        | 1,459,543.00        |            |
| Less Accumulated Depreciation | <u>(690,416.00)</u> |            |
| Net Capital Assets            |                     | 769,127.00 |

Some revenues 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 fund.

|                           |          |
|---------------------------|----------|
| Property Taxes Receivable | 3,613.50 |
|---------------------------|----------|

The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

|  |                     |            |
|--|---------------------|------------|
| Total Deferred Outflows of Resources       | 488,775.00          |            |
| Total Deferred Inflows of Resources        | <u>(263,257.00)</u> |            |
| Net Deferred Outflows/Inflows of Resources |                     | 225,518.00 |

Long-term liabilities applicable to the soil conservation district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2023 are:

|                              |                     |                     |
|------------------------------|---------------------|---------------------|
| Compensated Absences Payable | (30,596.44)         |                     |
| Net Pension Liability        | <u>(653,113.00)</u> |                     |
| Total Long-Term Liabilities  |                     | <u>(683,709.44)</u> |

|   |                   |
|---|-------------------|
| Total Net Position of Governmental Activities | <u>954,571.64</u> |
|---|-------------------|

The accompanying notes are an integral part of these financial statements.

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended December 31, 2023

|  | <u>Major Fund</u> |
|--|-------------------|
|  | <u>General</u>    |
| <u>Revenues:</u>                         |                   |
| <u>Taxes</u>                             |                   |
| General Property Taxes                   | 287,840.70        |
| <u>Intergovernmental</u>                 |                   |
| 319 Program Grant                        | 67,378.80         |
| USDA Grants                              | 209,305.83        |
| Other Grants                             | 16,221.19         |
| State Aid                                | 31,102.89         |
| Homestead Tax Credit                     | 2,026.72          |
| Disabled Veterans Tax Credit             | 2,403.62          |
| Telecommunications Tax                   | 1,586.01          |
| Total Intergovernmental                  | 330,025.06        |
| <u>Charges for Services</u>              |                   |
| Tree Planting                            | 49,827.10         |
| Weed Barrier Installation                | 106,778.18        |
| Total Charges for Services               | 156,605.28        |
| <u>Miscellaneous</u>                     |                   |
| Interest                                 | 2,065.87          |
| Sale of Crops/Livestock                  | 34,702.77         |
| Sale of Trees, Plants and Materials      | 70,647.78         |
| Contributions/Donations                  | 12,481.22         |
| Miscellaneous                            | 1,953.34          |
| Total Miscellaneous                      | 121,850.98        |
| Total Revenues                           | 896,322.02        |
| <u>Expenditures:</u>                     |                   |
| <u>Current:</u>                          |                   |
| Payroll and Fringe Benefits              | 546,359.15        |
| Supervisor and Meeting Expenses          | 5,645.00          |
| Insurance                                | 8,799.00          |
| Office Supplies/Expenses                 | 6,693.22          |
| Operating Expenses                       | 59,770.79         |
| Professional Fees                        | 15,054.00         |
| Conservation Education                   | 70,349.87         |
| Soil Health Foodweb                      | 63,122.01         |
| Fostering Life Grant                     | 7,789.27          |
| Urban Conservation                       | 31,600.66         |
| Rural and Urban Landscapes Grant         | 5,809.09          |
| Menoken Farm                             | 18,698.99         |
| Dakota College Bottineau Grant           | 992.30            |
| Storage and Warehousing                  | 3,000.00          |
| Miscellaneous                            | 1,260.83          |
| Cost of Trees, Weed Barrier and Supplies | 148,171.01        |
| Capital Outlay                           | 67,572.00         |
| Total Expenditures                       | 1,060,687.19      |
| Net Change in Fund Balance               | (164,365.17)      |
| Fund Balance - January 1                 | 804,387.75        |
| Fund Balance - December 31               | 640,022.58        |

The accompanying notes are an integral part of these financial statements.

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Reconciliation of Governmental Fund Statement of Revenues, Expenditures  
and Changes in Fund Balance to the Statement of Activities  
For the Year Ended December 31, 2023

|  |              |
|--|--------------|
| Net Change in Fund Balance - Total Governmental Fund | (164,365.17) |
|--|--------------|

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

The governmental fund reports 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. This is the amount by which capital outlay exceeded depreciation in the current year.

|                                   |                    |           |
|-----------------------------------|--------------------|-----------|
| Current Year Capital Outlay       | 67,572.00          |           |
| Current Year Depreciation Expense | <u>(53,796.00)</u> | 13,776.00 |

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

|  |                    |             |
|--|--------------------|-------------|
| Net Increase in Compensated Absences Payable | (11,362.06)        |             |
| Net Increase to Pension Expense              | <u>(81,107.00)</u> | (92,469.06) |

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

|                                  |  |                   |
|----------------------------------|--|-------------------|
| Net Decrease in Taxes Receivable |  | <u>(1,409.60)</u> |
|----------------------------------|--|-------------------|

|   |                            |
|---|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>(244,467.83)</u></u> |
|---|----------------------------|

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Notes to the Financial Statements  
December 31, 2023

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Burleigh County Soil Conservation District 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.

A. Financial Reporting Entity

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

Based on these criteria, there are no component units to be included within the Burleigh County Soil Conservation District as a reporting entity.

B. Basis of Presentation

*Government-wide Financial Statements:* The statement of net position and the statement of activities display information about the primary government, Burleigh County Soil Conservation District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the soil conservation district's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the soil conservation district's fund. The emphasis of fund financial statements is on the major governmental fund.

The soil conservation district reports the following major governmental fund:

*General Fund.* This is the soil conservation district's primary operating fund. It accounts for all financial resources of the general government.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

*Government-wide Financial Statements:* The government-wide 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. Nonexchange transactions, in which the soil conservation district gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The soil conservation district considers all revenues reported in the governmental fund 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 the governmental fund. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the soil conservation district 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 program. It is the soil conservation district's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

#### D. Cash

Cash includes amounts in demand deposits and money market accounts.

#### E. Capital Assets

Capital assets include vehicles and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the soil conservation district as assets with an initial individual cost of \$2,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

|                            |               |
|----------------------------|---------------|
| Buildings and Improvements | 7 to 50 years |
| Machinery and Vehicles     | 5 to 10 Years |

#### F. Compensated Absences

Vested or accumulated sick leave is reported in the government-wide statement of net position. Compensation for unused sick leave will be granted to all permanent, full-time employees upon termination. The district's personnel policy requires a payout of 25% of the sick leave balance at the employees' current rate of pay. Unused sick leave accumulates without limit. In addition, unused annual leave is reported in the government-wide statement of net position. Compensation for unused annual leave is granted to full-time staff upon termination of employment with the district. Compensated absences represent the liability of the district for these employee benefits.

#### G. 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, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs 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.

#### H. Pension

For purposes of measuring 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.

#### I. 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".

**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 soil conservation district 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 soil conservation district or through external restrictions imposed by creditors, grantors, contributors, or laws 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 governing board through the adoption of a resolution. The governing board also may modify or rescind the commitment.

**Assigned** – Fund balances are reported as assigned when amounts are constrained by the soil conservation district'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 soil conservation district 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 soil conservation district's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the soil conservation district's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**Net Position** – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the soil conservation district has not spent) for the 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.

#### J. 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 reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

#### Note 2 DEPOSITS AND INVESTMENTS

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district or any 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 December 31, 2023 the soil conservation district's carrying amount of deposits was \$453,059 and the bank balance was \$459,549. Of the bank balance, \$459,549 was covered by Federal Depository Insurance.

#### Credit Risk

The soil conservation district may invest idle funds as authorized in North Dakota Statutes, as follows:

- (1) 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.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

#### Concentration of Credit Risk

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

#### Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts owed by individuals for the sale of grass seeds, plants and materials and for services performed by the soil conservation district due at December 31, 2023. No allowance has been established for uncollectible accounts.

#### Note 4 INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of reimbursements due from the United States Department of Agriculture for expenses related to the Rural and Urban Landscapes Grant and Fostering Life Grant and from the North Dakota Department of Environmental Quality for expenses related to the Menoken Farm Planting Green Project.

#### Note 5 TAXES RECEIVABLE

Taxes receivable represents the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes 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 6 DUE FROM COUNTY TREASURER**

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the soil conservation district at December 31.

**Note 7 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2023:

|  | Balance<br>January 1 | Increases | Decreases | Balance<br>December 31 |
|--|----------------------|-----------|-----------|------------------------|
| <b>Governmental Activities:</b>                |                      |           |           |                        |
| <i>Capital assets not being depreciated:</i>   |                      |           |           |                        |
| Land   | 225,000              |           |           | 225,000                |
| <i>Capital assets being depreciated:</i>       |                      |           |           |                        |
| Buildings and Improvements                     | 507,945              | 48,747    |           | 556,692                |
| Machinery and Vehicles                         | 663,786              | 18,825    | 4,760     | 677,851                |
| Total  | 1,171,731            | 67,572    | 4,760     | 1,234,543              |
| <i>Less accumulated depreciation for:</i>      |                      |           |           |                        |
| Buildings and Improvements                     | 145,374              | 19,306    |           | 164,680                |
| Machinery and Vehicles                         | 496,006              | 34,490    | 4,760     | 525,736                |
| Total  | 641,380              | 53,796    | 4,760     | 690,416                |
| Total Capital Assets Being<br>Depreciated, Net | 530,351              | 13,776    | -         | 544,127                |
| Governmental Activities<br>Capital Assets, Net | 755,351              | 13,776    | -         | 769,127                |

Depreciation expense was charged to functions/programs of the soil conservation district as follows:

|                                   |               |
|-----------------------------------|---------------|
| Conservation of Natural Resources | <u>53,796</u> |
|-----------------------------------|---------------|

**Note 8 SALES TAX PAYABLE**

Sales tax payable consists of taxes collected on sales during 2023 but remitted to the State of North Dakota subsequent to December 31, 2024.

Note 9 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivable, prepaid property taxes and down payments.

Unavailable revenue on the government-wide financial statement consists of prepaid property taxes and down payments.

Note 10 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the year ended December 31, 2023 the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

|                        | Balance<br>January 1 | Increases | Decreases | Balance<br>December 31 | Due Within<br>One Year |
|------------------------|----------------------|-----------|-----------|------------------------|------------------------|
| Compensated Absences * | 19,234               | 11,362    | -         | 30,596                 | -                      |

\* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of increases and decreases.

Note 11 RISK MANAGEMENT

The Burleigh County Soil Conservation District 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, 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 soil conservation district pays an annual premium to NDIRF for its general liability and automobile insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$503,962 for public assets.

The soil conservation district also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The soil conservation district 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 \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the soil conservation district with a blanket fidelity bond coverage in the amount of \$271,403 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The soil conservation district 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 12 PENSION PLAN

### North Dakota Public Employees Retirement System (Main System)

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

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

Responsibility for administration of the NDPERS defined benefit program 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 active membership of the NDPERS system; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

#### **Pension Benefits**

Benefits are set by statute. NDPERS has no provision 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 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55 – 64 with three or more years of service.

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

#### **Death and Disability Benefits**

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

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final-average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for

benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

### **Refunds of Member Account Balance**

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

### **Member and Employer Contributions**

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

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service -  
Greater of one percent of monthly salary or \$25
- 13 to 24 months of service -  
Greater of two percent of monthly salary or \$25
- 25 to 36 months of service -  
Greater of three percent of monthly salary or \$25
- Longer than 36 months of service -  
Greater of four percent of monthly salary or \$25

### **Pension Liabilities, Pension Expense; and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2023, Burleigh County Soil Conservation District reported a liability of \$653,113 for its proportionate share of the 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 district's proportion of the net pension liability was based on the district's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2022 the district's proportion was .022677 percent, which was an increase of .000636 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2023, the district recognized pension expense of \$103,449. At December 31, 2023 the district reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | 3,406                                | 12,476                              |
| Changes in assumptions   | 390,571                              | 242,132                             |
| Net difference between projected and actual earnings<br>on pension plan investments                              | 23,904                               | -                                   |
| Changes in proportion and differences between employer<br>contributions and proportionate share of contributions | 48,385                               | 8,649                               |
| District contributions subsequent to the measurement date<br>(see below)   | 22,509                               | -                                   |
| Total  | <u>488,775</u>                       | <u>263,257</u>                      |

\$22,509 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

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

| Year ended<br>June 30: |        |
|------------------------|--------|
| 2023                   | 60,460 |
| 2024                   | 65,867 |
| 2025                   | 14,775 |
| 2026                   | 61,907 |
| 2027                   | 0      |
| Thereafter             | 0      |

**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           | 3.50% 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 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:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Domestic Equity             | 30%                      | 6.00%   |
| International Equity        | 21%                      | 6.70%   |
| Private Equity              | 7%                       | 9.50%   |
| Domestic Fixed Income       | 23%                      | 0.73%   |
| International Equity Income | 0%                       | 0.00%   |
| Global Real Assets          | 19%                      | 4.77%   |
| Cash Equivalents            | 0%                       | 0.00%   |

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

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

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

**Sensitivity of the district's proportionate share of the net pension liability to changes in the discount rate.** The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 5.10%, as well as what the district'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:

|   | <u>1% Decrease<br/>(4.10%)</u> | <u>Current Rate<br/>(5.10%)</u> | <u>1% Increase<br/>(6.10%)</u> |
|---|--------------------------------|---------------------------------|--------------------------------|
| The district's proportionate share of the net pension liability | 862,064                        | 653,113                         | 481,571                        |

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

**Note 13 OTHER POSTEMPLOYMENT BENEFITS**

The soil conservation district is required to implement GASB Statement No. 75, Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions. The effect of this statement is not material to the soil conservation district's financial statements.

**Note 14 TAX ABATEMENTS**

The soil conservation district has not entered into any tax abatement agreements that would reduce the district's tax revenues for the year ended December 31, 2023.



BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Budgetary Comparison Schedule  
For the Year Ended December 31, 2023

|  | Original and<br>Final Budget | Actual       | Variance with<br>Final Budget |
|--|------------------------------|--------------|-------------------------------|
| <b>Revenues:</b>                         |                              |              |                               |
| <u>Taxes</u>                             |                              |              |                               |
| General Property Taxes                   | 299,691.58                   | 287,840.70   | (11,850.88)                   |
| <u>Intergovernmental</u>                 |                              |              |                               |
| 319 Program Grant                        | 52,000.00                    | 67,378.80    | 15,378.80                     |
| USDA Grants                              | 294,000.00                   | 209,305.83   | (84,694.17)                   |
| Other Grants                             | 11,400.00                    | 16,221.19    | 4,821.19                      |
| State Aid                                |                              | 31,102.89    | 31,102.89                     |
| Homestead Tax Credit                     |                              | 2,026.72     | 2,026.72                      |
| Disabled Veterans Tax Credit             |                              | 2,403.62     | 2,403.62                      |
| Telecommunications Tax                   |                              | 1,586.01     | 1,586.01                      |
| Total Intergovernmental                  | 357,400.00                   | 330,025.06   | (27,374.94)                   |
| <u>Charges for Services</u>              |                              |              |                               |
| Tree Planting                            | 43,120.00                    | 49,827.10    | 6,707.10                      |
| Weed Barrier Installation                | 92,120.00                    | 106,778.18   | 14,658.18                     |
| Total Charges for Services               | 135,240.00                   | 156,605.28   | 21,365.28                     |
| <u>Miscellaneous</u>                     |                              |              |                               |
| Interest                                 | 1,000.00                     | 2,065.87     | 1,065.87                      |
| Sale of Crops/Livestock                  | 32,000.00                    | 34,702.77    | 2,702.77                      |
| Sale of Trees, Plants and Materials      | 60,760.00                    | 70,647.78    | 9,887.78                      |
| Contributions/Donations                  |                              | 12,481.22    | 12,481.22                     |
| Miscellaneous                            | 2,500.00                     | 1,953.34     | (546.66)                      |
| Total Miscellaneous                      | 96,260.00                    | 121,850.98   | 25,590.98                     |
| Total Revenues                           | 888,591.58                   | 896,322.02   | 7,730.44                      |
| <b>Expenditures:</b>                     |                              |              |                               |
| <u>Current:</u>                          |                              |              |                               |
| Payroll and Fringe Benefits              | 573,828.11                   | 546,359.15   | 27,468.96                     |
| Supervisor and Meeting Expenses          | 11,700.00                    | 5,645.00     | 6,055.00                      |
| Insurance                                | 7,000.00                     | 8,799.00     | (1,799.00)                    |
| Office Supplies/Expenses                 | 7,000.00                     | 6,693.22     | 306.78                        |
| Operating Expenses                       | 118,200.00                   | 59,770.79    | 58,429.21                     |
| Professional Fees                        | 9,234.00                     | 15,054.00    | (5,820.00)                    |
| Conservation Education                   | 103,000.00                   | 70,349.87    | 32,650.13                     |
| Soil Health Foodweb                      | 90,500.00                    | 63,122.01    | 27,377.99                     |
| Fostering Life Grant                     |                              | 7,789.27     | (7,789.27)                    |
| Urban Conservation                       | 15,000.00                    | 31,600.66    | (16,600.66)                   |
| Rural and Urban Landscapes Grant         |                              | 5,809.09     | (5,809.09)                    |
| Menoken Farm                             | 20,319.00                    | 18,698.99    | 1,620.01                      |
| Dakota College Bottineau Grant           |                              | 992.30       | (992.30)                      |
| Storage and Warehousing                  | 3,000.00                     | 3,000.00     | -                             |
| Miscellaneous                            | 3,582.00                     | 1,260.83     | 2,321.17                      |
| Cost of Trees, Weed Barrier and Supplies | 208,000.00                   | 148,171.01   | 59,828.99                     |
| Capital Outlay                           | 69,397.00                    | 67,572.00    | 1,825.00                      |
| Total Expenditures                       | 1,239,760.11                 | 1,060,687.19 | 179,072.92                    |
| Net Change in Fund Balance               | (351,168.53)                 | (164,365.17) | 186,803.36                    |
| Fund Balance - January 1                 | 804,387.75                   | 804,387.75   |                               |
| Fund Balance - December 31               | 453,219.22                   | 640,022.58   | 186,803.36                    |

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Notes to the Budgetary Comparison Schedule  
December 31, 2023

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

The Office Manager/Administrative Assistant prepare an annual budget. The district budget is prepared for the general fund by function and activity on the modified accrual basis of accounting. The budget includes proposed expenditures and the means of financing them. The governing board reviews the preliminary budget, may make revisions and approves it; and submits it to the County Auditor on or before August 10.

The budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared, except no amendment changing the taxes levied can be made after October 10. At year-end, the balance of each appropriation becomes a part of the unappropriated fund balance.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the soil conservation district's budget during the year ended December 31, 2023.

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Schedule of Employer's Share of Net Pension Liability  
ND Public Employees Retirement System  
Last 10 Fiscal Years \*

|   | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| District's proportion of the net pension liability  | 0.022677% | 0.022041% | 0.018548% | 0.020411% | 0.020373% | 0.015651% | 0.017850% | 0.019064% | 0.016218% |
| District's proportionate share of the net pension liability   | 653,113   | 229,733   | 583,524   | 239,232   | 343,817   | 251,563   | 173,966   | 129,632   | 102,939   |
| District's covered employee payroll   | 261,404   | 239,010   | 228,651   | 212,301   | 175,541   | 161,813   | 179,704   | 169,833   | 181,850   |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 249.85%   | 96.12%    | 255.20%   | 112.69%   | 195.86%   | 155.47%   | 96.81%    | 76.33%    | 56.61%    |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 54.47%    | 78.26%    | 48.91%    | 71.66%    | 62.80%    | 61.98%    | 70.46%    | 77.15%    | 77.70%    |

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

|   | 2023     | 2022     | 2021     | 2020     | 2019     | 2018     | 2017     | 2016     | 2015     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Statutorily required contribution                                   | 20,103   | 17,820   | 16,416   | 15,116   | 12,499   | 11,521   | 12,795   | 12,092   | 12,056   |
| Contributions in relation to the statutorily required contributions | (20,103) | (17,820) | (16,416) | (15,116) | (12,499) | (11,521) | (12,795) | (12,092) | (12,056) |
| Contribution deficiency (excess)                                    | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| District's covered-employee payroll                                 | 261,404  | 239,010  | 228,651  | 212,301  | 175,541  | 161,813  | 179,704  | 169,833  | 181,850  |
| Contributions as a percentage of covered-employee payroll           | 7.69%    | 7.46%    | 7.18%    | 7.12%    | 7.12%    | 7.12%    | 7.12%    | 7.12%    | 6.63%    |

\* Complete data for this schedule is not available prior to 2015.

- For changes of benefit terms and assumptions, see Note 12 to the financial statements.

# Rath & Mehrer, P.C.

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

### INDEPENDENT AUDITOR'S REPORT

Governing Board  
Burleigh County Soil Conservation District  
Bismarck, 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 and the major fund of the Burleigh County Soil Conservation District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the soil conservation district's basic financial statements, and have issued our report thereon dated July 26, 2024.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the soil conservation district's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the soil conservation district's internal control. Accordingly, we do not express an opinion on the effectiveness of the soil conservation district'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the soil conservation district's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **Soil Conservation District's Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the soil conservation district's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Responses*. The soil conservation district'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 soil conservation district's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the soil conservation district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rath and Mehrer, P.C.

Bismarck, North Dakota

July 26, 2024

BURLEIGH COUNTY SOIL CONSERVATION DISTRICT  
Bismarck, North Dakota

Schedule of Findings and Responses  
For the Year Ended December 31, 2023

**SECTION I – SUMMARY OF AUDIT RESULTS:**

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities

Unmodified

Major Governmental Fund

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

**SECTION II – FINANCIAL STATEMENT FINDINGS:**

Significant Deficiencies

1. 2023-001 – Segregation of Duties

*Criteria:* To ensure adequate internal control over financial reporting and prevent material misstatements due to errors or fraud; there should be a segregation of the functions of approval, custody of assets, posting and reconciliation.

*Condition:* The soil conservation district has one person responsible for most accounting functions. The employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger and prepare bank reconciliations.

*Cause:* The soil conservation district does not have a large enough staff to properly segregate all duties.

*Effect:* A lack of segregation of duties leads to a limited degree of internal control.

*Recommendation:* We recommend that management and the governing board be aware of the lack of segregation of duties and implement controls whenever possible to mitigate this risk.

*Views of Responsible Officials:* The soil conservation district is aware of the condition and segregates duties whenever possible.

2. 2023-002- Financial Statement Preparation

*Criteria:* A good system of internal controls requires the soil conservation district to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the soil conservation district must maintain knowledge of current accounting principles and required financial statement disclosures.

*Condition:* The soil conservation district's financial statements, including the accompanying note disclosures, are prepared by the soil conservation district's external auditors.

*Cause:* The soil conservation district feels that it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

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

*Recommendation:* We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to distribution.

*Views of Responsible Officials:* The soil conservation district will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.