



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Richland County

Wahpeton, North Dakota

Audit Report for the Year Ended December 31, 2023

*Client Code: 39000*



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Office of the  
State Auditor

# **RICHLAND COUNTY**

## Table of Contents

For the Years Ended December 31, 2023

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County Officials .....	1
Independent Auditor's Report .....	2
Basic Financial Statements	
Statement of Net Position .....	5
Statement of Activities .....	6
Balance Sheet - Governmental Funds.....	7
Reconciliation of Governmental Funds Balance Sheets to the Statement of Net Position .....	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	10
Statement of Fiduciary Net Position – Fiduciary Funds.....	11
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	12
Notes to the Financial Statements.....	13
Required Supplementary Information	
Budgetary Comparison Schedules .....	33
Schedule of Employer's Share of Net Pension Liability and Employer Contributions .....	35
Schedule of Employer's Share of Net OPEB Liability and Employer Contributions .....	37
Notes to the Required Supplementary Information .....	39
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	41
Notes to the Schedule of Expenditures of Federal Awards .....	42
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 .....	43
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	45
Summary of Auditor's Results.....	47
Schedule of Audit Findings and Questioned Costs .....	48
Management's Corrective Action Plan.....	52
Schedule of Prior Year Findings.....	55
Governance Communication .....	57

# **RICHLAND COUNTY**

County Officials  
December 31, 2023

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## **COUNTY OFFICIALS**

**At December 31, 2023**

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

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Richland County  
Wahpeton, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Richland County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, North Dakota, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated for a fund reclassification. Our opinion is not modified with respect to these matters.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Richland County's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Richland County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Richland County's basic financial statements. The *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024 on our consideration of Richland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Richland County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richland County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
July 30, 2024

**RICHLAND COUNTY**

## Statement of Net Position

December 31, 2023

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS</b>		
Cash and Investments	\$ 20,931,584	\$ 8,105,370
Intergovernmental Receivable	425,939	-
Accounts Receivable	122,033	7,230
Interest Receivable	60,222	-
Unsecured Promissory Note Receivable	25,246	-
Taxes Receivable	173,021	24,874
Loans Receivable	1,382,777	-
Inventory	127,501	-
Capital Assets, Net	56,894,461	10,192,272
Total Assets	<u>\$ 80,142,784</u>	<u>\$ 18,329,746</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 8,758,911</u>	<u>\$ 173,777</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 365,490	\$ 80,667
Salaries Payable	81,465	-
Grants Received In Advance	2,980,314	-
Retainage Payable	109,929	-
Interest Payable	25,722	1,256
Long-Term Liabilities		
Due Within One Year		
Lease Liability	372,332	-
Long Term Debt	-	116,548
Compensated Absences	165,086	2,216
Due After One Year		
Lease Liability	1,824,886	-
Long Term Debt	-	215,202
Compensated Absences	495,257	19,943
Net Pension and OPEB Liability	12,422,262	246,458
Total Liabilities	<u>\$ 18,842,743</u>	<u>\$ 682,290</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	\$ 9,440,908	\$ 187,308
Taxes Received in Advance	1,459,877	-
Total Deferred Inflows of Resources	<u>\$ 10,900,785</u>	<u>\$ 187,308</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 29,743,528</u>	<u>\$ 869,598</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 54,561,592	\$ 10,191,016
Restricted		
Highways and Bridges	5,858,920	-
Conservation of Natural Resources	66,917	7,442,909
Emergencies	161,021	-
Economic Development	1,584,654	-
Capital Projects	492,226	-
Unrestricted	(3,567,163)	-
Total Net Position	<u>\$ 59,158,167</u>	<u>\$ 17,633,925</u>

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

**RICHLAND COUNTY**

## Statement of Activities

For the Year Ended December 31, 2023

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
					Governmental Activities	Water Resource District
Functions/Programs	Expenses	Program Revenues				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government</b>						
Governmental Activities						
General Government	\$ 3,378,485	\$ 137,516	\$ 914,123	\$ -	\$ (2,326,846)	\$ -
Public Safety	4,940,189	1,102,208	150,008	-	(3,687,973)	-
Highways And Bridges	7,313,768	229,294	7,200,688	490,307	606,521	-
Flood Repair	394,726	-	1,020,553	-	625,827	-
Health And Welfare	6,068,394	266,412	4,884,646	-	(917,336)	-
Culture And Recreation	69,256	-	-	-	(69,256)	-
Conservation Of Natural Resources	530,531	41,319	-	-	(489,212)	-
Economic Development	80,325	22,359	-	-	(57,966)	-
Emergencies	785	-	-	-	(785)	-
Interest On Long-Term Debt	59,784	-	-	-	(59,784)	-
Total Primary Government	<u>\$ 22,836,243</u>	<u>\$ 1,799,108</u>	<u>\$ 14,170,018</u>	<u>\$ 490,307</u>	<u>\$ (6,376,810)</u>	<u>\$ -</u>
<b>Component Unit</b>						
Water Resource District	<u>\$ 855,507</u>	<u>\$ 1,361,361</u>	<u>\$ 34,864</u>	<u>\$ 115,983</u>	<u>\$ -</u>	<u>\$ 656,701</u>
<b>General Revenues</b>						
Property Taxes					\$ 9,489,988	\$ 350,195
Non Restricted Grants and Contributions					1,608,564	24,033
Gain on Disposal of Capital Assets					12,901	-
Unrestricted Investment Earnings					790,445	240,085
Unrealized Gain on Investments					112,117	12,422
Miscellaneous Revenue					702,285	-
Total General Revenues					<u>\$ 12,716,300</u>	<u>\$ 626,735</u>
Change in Net Position					<u>\$ 6,339,490</u>	<u>\$ 1,283,436</u>
Net Position - January 1					<u>\$ 52,818,677</u>	<u>\$ 16,350,489</u>
Net Position - December 31					\$ 59,158,167	\$ 17,633,925

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



**RICHLAND COUNTY**Balance Sheet – Governmental Funds  
December 31, 2023

	General	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 7,523,610	\$ 12,884,066	\$ 523,908	\$ 20,931,584
Intergovernmental Receivable	94,763	331,176	-	425,939
Accounts Receivable	48,039	73,994	-	122,033
Interest Receivable	60,222	-	-	60,222
Unsecured Promissory Note Receivable	25,246	-	-	25,246
Loans Receivable	-	1,382,777	-	1,382,777
Taxes Receivable	102,219	68,924	1,878	173,021
Inventory	-	127,501	-	127,501
Total Assets	<u>\$ 7,854,099</u>	<u>\$ 14,868,438</u>	<u>\$ 525,786</u>	<u>\$ 23,248,323</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 93,590	\$ 271,900	\$ -	\$ 365,490
Salaries Payable	-	81,465	-	81,465
Retainage Payable	-	109,929	-	109,929
Grants Received in Advance	-	2,980,314	-	2,980,314
Total Liabilities	<u>\$ 93,590</u>	<u>\$ 3,443,608</u>	<u>\$ -</u>	<u>\$ 3,537,198</u>
Deferred Inflows of Resources				
Taxes Receivable	\$ 102,219	\$ 68,924	\$ 1,878	\$ 173,021
Taxes Received in Advance	901,936	524,381	33,560	1,459,877
Total Deferred Inflows of Resources	<u>\$ 1,004,155</u>	<u>\$ 593,305</u>	<u>\$ 35,438</u>	<u>\$ 1,632,898</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,097,745</u>	<u>\$ 4,036,913</u>	<u>\$ 35,438</u>	<u>\$ 5,170,096</u>
Fund Balances				
Nonspendable				
Loan Receivable	\$ -	\$ 1,382,777	\$ -	\$ 1,382,777
Unsecured Promissory Note	25,246	-	-	25,246
Inventory	-	127,501	-	127,501
Restricted				
Public Safety	-	98,055	-	98,055
Highways And Bridges	-	7,459,233	-	7,459,233
Flood Repair	-	-	-	-
Health and Welfare	-	1,203,982	-	1,203,982
Conservation of Natural Resources	-	188,550	-	188,550
Emergency	-	170,635	-	170,635
Economic Development	-	200,773	-	200,773
Capital Projects	-	-	490,348	490,348
General Government	-	19	-	19
Unassigned	6,731,108	-	-	6,731,108
Total Fund Balances	<u>\$ 6,756,354</u>	<u>\$ 10,831,525</u>	<u>\$ 490,348</u>	<u>\$ 18,078,227</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,854,099</u>	<u>\$ 14,868,438</u>	<u>\$ 525,786</u>	<u>\$ 23,248,323</u>

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

## **RICHLAND COUNTY**

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

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<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 18,078,227</b>
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	56,894,461
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Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	173,021
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions and OPEB	\$ 8,758,911	
Deferred Inflows Related to Pensions and OPEB	<u>(9,440,908)</u>	(681,997)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Long-Term Debt	\$ (2,197,218)	
Interest Payable	(25,722)	
Compensated Absences Payable	(660,343)	
Net Pension and OPEB Liability	<u>(12,422,262)</u>	<u>(15,305,545)</u>

<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 59,158,167</u></b>
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The notes to the financial statements are an integral part of this statement.

**RICHLAND COUNTY**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2023

	General	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 6,179,052	\$ 3,239,343	\$ 56,496	\$ 9,474,891
Intergovernmental	1,620,596	14,157,333	653	15,778,582
Charges for Services	552,864	1,243,349	-	1,796,213
Licenses, Permits and Fees	2,895	-	-	2,895
Interest Income	790,445	-	-	790,445
Miscellaneous	573,719	128,566	-	702,285
Total Revenues	\$ 9,719,571	\$ 18,768,591	\$ 57,149	\$ 28,545,311
<b>EXPENDITURES</b>				
Current				
General Government	\$ 3,263,334	\$ -	\$ -	\$ 3,263,334
Public Safety	3,022,129	1,640,760	-	4,662,889
Highways and Bridges	-	9,600,192	-	9,600,192
Flood Repair	-	394,726	-	394,726
Health and Welfare	82,967	5,612,720	-	5,695,687
Culture and Recreation	69,256	-	-	69,256
Conserv. of Natural Resources	10,290	510,477	-	520,767
Economic Development	-	80,325	-	80,325
Debt Service				
Principal	-	322,429	-	322,429
Interest and Fees	-	39,616	-	39,616
Total Expenditures	\$ 6,447,976	\$ 18,201,245	\$ -	\$ 24,649,221
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,271,595	\$ 567,346	\$ 57,149	\$ 3,896,090
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Financing	\$ -	\$ 357,231	\$ -	\$ 357,231
Unrealized Gain on Investments	112,117	-	-	112,117
Transfers In	-	7,228,074	-	7,228,074
Transfers Out	(2,566,324)	(4,661,750)	-	(7,228,074)
Total Other Financing Sources and Uses	\$ (2,454,207)	\$ 2,923,555	\$ -	\$ 469,348
Net Change in Fund Balances	\$ 817,388	\$ 3,490,901	\$ 57,149	\$ 4,365,438
Fund Balances - January 1	\$ 5,938,966	\$ 7,773,823	\$ -	\$ 13,712,789
Fund Reclassification	\$ -	\$ (433,199)	\$ 433,199	\$ -
Fund Balances - Jan. 1, as restated	\$ 5,938,966	\$ 7,340,624	\$ 433,199	\$ 13,712,789
Fund Balances - December 31	\$ 6,756,354	\$ 10,831,525	\$ 490,348	\$ 18,078,227

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

## **RICHLAND COUNTY**

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2023

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**Net Change in *Fund Balances* - Total Governmental Funds** **\$ 4,365,438**

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

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

Capital Outlay	\$ 4,876,666	
Capital Contribution	490,307	
Depreciation Expense	<u>(2,600,471)</u>	2,766,502

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

Gain on Sale of Capital Assets	\$ 12,901	
Lease Financing	<u>(357,231)</u>	(344,330)

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

322,429

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

Net Change in Compensated Absences Liability	\$ (87,196)	
Net Change in Interest Payable	<u>(20,168)</u>	(107,364)

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

Net Change in Net Pension Liability and OPEB	\$ 4,274,290	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(2,235,168)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(2,717,404)</u>	(678,282)

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

15,097

**Change in Net Position of Governmental Activities** **\$ 6,339,490**

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

**RICHLAND COUNTY**

Statement of Fiduciary Net Position – Fiduciary Funds  
For the Year Ended December 31, 2023

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	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 25,457,029</u>
<b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b>	
Liabilities	
Funds Held for Other Governmental Units	<u>\$ 507,261</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 3,389,564</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,896,825</u>
<b>NET POSITION</b>	
Resticted	
Funds Held for Other Purposes	\$ 157,872
Funds Held for FM Diversion Settlement	<u>21,381,208</u>
Total Net Position	<u>\$ 21,539,080</u>

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

**RICHLAND COUNTY**Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
December 31, 2023

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	Custodial Funds
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 28,746,693
Diversion Settlement Receipts	2,144,511
Grant Collections for Other Governments	59,762
Intergovernmental Collections	1,162,354
Miscellaneous Collections	<u>219,960</u>
Total Additions	<u>\$ 32,333,280</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 29,699,075
Grant Disbursements to Other Governments	59,762
Diversion Settlement Disbursements	11,672,910
Miscellaneous Disbursements	<u>300,706</u>
Total Deductions	<u>\$ 41,732,453</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ (9,399,173)</u>
Net Position - Beginning	<u>\$ 30,938,253</u>
Net Position - Ending	<u>\$ 21,539,080</u>

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

## **RICHLAND COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2023

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

The financial statements of Richland County ("County") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### **Reporting Entity**

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

Based on these criteria, the component unit discussed below is included within the County's reporting entity because of the significance of its operational or financial relationship with the County.

#### **Component Units**

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

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

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

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

#### **Basis of Presentation**

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

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

## **RICHLAND COUNTY**

### **Notes to the Financial Statements – Continued**

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*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category, *governmental* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The County reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

Capital Projects Fund - This fund accounts for financial resources that exist for capital projects. The major source of revenue is a restricted tax levy.

Additionally, the County reports the following fund type:

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

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

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Cash and Investments**

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months as well as municipal bonds that are recorded at fair market value.



## **RICHLAND COUNTY**

### **Notes to the Financial Statements – Continued**

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#### **Inventories**

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

#### **Capital Assets**

Capital assets which include land, buildings and building improvements, equipment, vehicles, infrastructure assets (e.g., roads, bridges and similar items) and intangibles (e.g. easements and right-to-use leases), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, with the exception of land and right-to-use leases, are defined by the government as assets with an initial, individual cost of more than \$5,000. Land is capitalized regardless of cost. Right-to-use leases are amortized when the related lease liability is reported. Such assets, with the exception of right-to-use leases are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Right-to-use leases are valued at the present value of future lease payments, initial direct costs necessary to place the lease asset into service, and lease payments made before the commencement of the lease term. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

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

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

#### **Compensated Absences**

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

#### **Leases**

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

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

## **RICHLAND COUNTY**

### **Notes to the Financial Statements – Continued**

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

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

#### **Long-Term Obligations**

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

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

#### **Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Other Post-Employment Benefits (OPEB)**

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

#### **Fund Balances**

*Fund Balance Spending Policy.* It is the policy of the County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Nonspendable Fund Balances.* Nonspendable fund balances consist of amounts for loan receivables, advances to other governments which cannot be spent, and inventory.

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3<sup>rd</sup> parties (state and federal governments for various grants & reimbursements).

*Unassigned Fund Balances.* Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

#### **Net Position**

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

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

**Interfund Transactions**

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

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

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

**NOTE 2 FUND RECLASSIFICATION**

Fund Balance of the County as of January 1, 2023 has been restated for a fund reclassification as shown below. The results of the adjustments increased Fund Balance for the capital projects fund and decreased the fund balance of the special revenue fund for the County.

<b>Governmental Activities</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>
<b>Beginning Net Position/Fund Balance, as previously reported</b>	\$ 7,773,823	\$ -
Adjustments to restate the January 1, 2022 Net Position/Fund Balance:		
Reclassification of Special Revenue Fund	(433,199)	433,199
Net Position/Fund Balance January 1, as restated	\$ 7,340,624	\$ 433,199

**NOTE 3 DEPOSITS****Custodial Credit Risk**

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

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

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

At year ended December 31, 2023, the County's carrying amount of deposits totaled \$46,275,023 and the bank balances totaled \$46,703,936. Of the bank balances, \$46,137,810 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

At year ended December 31, 2023, the Water Resource District's carrying amount of deposits totaled \$8,105,370 and the bank balances totaled \$8,136,345. All of the bank balances totaling \$8,136,345 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**NOTE 4 INVESTMENTS**

As of December 31, 2023, the County and Water Resource District had the following investments respectively:

<b>County</b>		<b>Investment Maturities</b>				<b>Percent of Investments</b>	<b>Fair Value Hierarchy</b>
<b>Investment Type</b>	<b>Moody's or S&amp;P Rating</b>	<b>Less than One Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>Fair Value</b>		
US Treasury Bonds	Not Rated	\$ 1,948,724	\$ -	\$ -	\$ 1,948,724	93%	Level 2
Money Market Fund	N/A	136,755	-	-	-	7%	Level 1
		<u>\$ 2,085,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,948,724</u>	<u>100%</u>	

  

<b>WRD</b>		<b>Investment Maturities</b>				<b>Percent of Investments</b>	<b>Fair Value Hierarchy</b>
<b>Investment Type</b>	<b>Moody's or S&amp;P Rating</b>	<b>Less than One Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>Fair Value</b>		
US Treasury Bonds	Not Rated	\$ 979,490	\$ 976,950	\$ -	\$ 1,956,440	89%	Level 2
Money Market Fund	N/A	124,906	-	-	-	11%	Level 1
		<u>\$ 1,104,396</u>	<u>\$ 976,950</u>	<u>\$ -</u>	<u>\$ 1,956,440</u>	<u>100%</u>	

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

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

**Interest Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Fair Value Measurement**

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

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

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

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

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The fair value leveling of the County's investment portfolio were as of December 31, 2023.

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

**NOTE 5    PROPERTY TAXES**

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

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 6 CAPITAL ASSETS/RIGHT-TO-USE ASSETS****Primary Government**

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

<b>Primary Government</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Capital assets not being depreciated					
Land	\$ 57,840	\$ -	\$ -	\$ -	\$ 57,840
Construction in Progress	7,333,659	2,589,014	-	(4,305,831)	5,616,842
Equipment in Transit	24,850	-	-	(24,850)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 7,416,349</b>	<b>\$ 2,589,014</b>	<b>\$ -</b>	<b>\$ (4,330,681)</b>	<b>\$ 5,674,682</b>
Capital assets being Depreciated					
Buildings	\$ 5,634,898	\$ -	\$ -	\$ -	\$ 5,634,898
Equipment	4,536,303	93,251	33,170	24,850	4,621,234
Vehicles	1,860,085	160,040	42,970	-	1,977,155
Infrastructure	53,690,058	2,123,424	-	4,305,831	60,119,313
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 65,721,344</b>	<b>\$ 2,376,715</b>	<b>\$ 76,140</b>	<b>\$ 4,330,681</b>	<b>\$ 72,352,600</b>
Less accumulated depreciation					
Buildings	\$ 3,145,374	\$ 123,296	\$ -	\$ -	\$ 3,268,670
Equipment	2,922,773	271,033	31,503	-	3,162,303
Vehicles	1,234,263	132,110	40,038	-	1,326,335
Infrastructure	13,861,805	1,717,102	-	-	15,578,907
<b>Total Accumulated Depreciation</b>	<b>\$ 21,164,215</b>	<b>\$ 2,243,541</b>	<b>\$ 71,541</b>	<b>\$ -</b>	<b>\$ 23,336,215</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 44,557,129</b>	<b>\$ 133,174</b>	<b>\$ 4,599</b>	<b>\$ 4,330,681</b>	<b>\$ 49,016,385</b>
<b>Primary Government - Capital Assets, Net</b>	<b>\$ 51,973,478</b>	<b>\$ 2,722,188</b>	<b>\$ 4,599</b>	<b>\$ -</b>	<b>\$ 54,691,067</b>

<b>Primary Government</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Right-to-use assets being amortized					
Equipment	\$ 2,498,510	\$ 418,744	\$ -	\$ -	\$ 2,917,254
<b>Total Right-to-Assets, Being Amortized</b>	<b>\$ 2,498,510</b>	<b>\$ 418,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,917,254</b>
Less Accumulated Amortization for					
Equipment	\$ 356,930	\$ 356,930	\$ -	\$ -	\$ 713,860
<b>Total Accumulated Amortization</b>	<b>\$ 356,930</b>	<b>\$ 356,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 713,860</b>
<b>Total Right-to-Use Assets Being Amortized, Net</b>	<b>\$ 2,141,580</b>	<b>\$ 61,814</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,203,394</b>
<b>Total Capital Assets and Right-to-Use Assets, Net</b>	<b>\$ 54,115,058</b>	<b>\$ 2,784,002</b>	<b>\$ 4,599</b>	<b>\$ -</b>	<b>\$ 56,894,461</b>

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

<b>Primary Government</b>	<b>Depreciation</b>	<b>Amortization</b>
General Government	\$ 78,097	\$ -
Public Safety	204,742	-
Highways & Bridges	1,939,764	356,930
Health and Welfare	18,210	-
Conservation of Natural Resources	2,728	-
<b>Total Depreciation Expense</b>	<b>\$ 2,243,541</b>	<b>\$ 356,930</b>

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

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

<b>Water Resource District</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
Capital assets not being depreciated					
Land	\$ 1,123,944	\$ -	\$ -	\$ -	\$ 1,123,944
Construction in Progress	494,440	430,254	-	(494,440)	430,254
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 1,618,384</b>	<b>\$ 430,254</b>	<b>\$ -</b>	<b>\$ (494,440)</b>	<b>\$ 1,554,198</b>
Capital assets being depreciated					
Equipment	\$ 11,421	\$ -	\$ -	\$ -	\$ 11,421
Infrastructure	10,393,925	392,197	-	494,440	11,280,562
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 10,405,346</b>	<b>\$ 392,197</b>	<b>\$ -</b>	<b>\$ 494,440</b>	<b>\$ 11,291,983</b>
Less accumulated depreciation					
Equipment	\$ 10,511	\$ 909	\$ -	\$ -	\$ 11,420
Infrastructure	2,280,947	361,542	-	-	2,642,489
<b>Total Accumulated Depreciation</b>	<b>\$ 2,291,458</b>	<b>\$ 362,451</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,653,909</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 8,113,888</b>	<b>\$ 29,746</b>	<b>\$ -</b>	<b>\$ 494,440</b>	<b>\$ 8,638,074</b>
<b>Water Resource District - Capital Assets, Net</b>	<b>\$ 9,732,272</b>	<b>\$ 460,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,192,272</b>

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

**NOTE 7 LEASES**

The obligations under leases for the County are as follows:

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

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

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

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

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

Richland County entered into an agreement to lease a Caterpillar Motor grader for 7 years beginning on July 5, 2023, totaling \$430,591. Due in yearly principal and interest installments of \$51,513 at 1.80% until July 2030. Payments are to be made from the Special Revenue Fund. Included in the lease agreement there is bargain purchase option of \$1 at the end of the lease term.

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

See lease liability requirements as follows:

<b>PRIMARY GOVERNMENT</b>		
<b>Year Ending December 31</b>	<b>Lease Liability</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 372,332	\$ 51,226
2025	380,490	43,068
2026	388,864	34,694
2027	397,460	26,098
2028	406,287	17,271
2029-2033	251,785	11,079
Total	\$ 2,197,218	\$ 183,436

**NOTE 8 LONG-TERM LIABILITIES****Primary Government**

During the year ended December 31, 2023, the following changes occurred in governmental activities long-term liabilities:

	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
<b>Primary Government</b>					
<b>Long-Term Debt</b>					
Lease Liability	\$ 2,162,416	\$ 357,231	\$ 322,429	\$ 2,197,218	\$ 372,332
Total Long-Term Debt	\$ 2,162,416	\$ 357,231	\$ 322,429	\$ 2,197,218	\$ 372,332
Compensated Absences *	\$ 573,147	\$ 87,196	\$ -	\$ 660,343	\$ 165,086
Net Pension and OPEB Liability *	16,696,552	-	4,274,290	12,422,262	-
Total Primary Government	\$ 19,432,115	\$ 444,427	\$ 4,596,719	\$ 15,279,823	\$ 537,418

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

**Discretely Presented Component Unit**

During the year ended December 31, 2023, the following changes occurred in governmental long-term liabilities of the Water Resource District:

	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
<b>Water Resource District</b>					
<b>Long-Term Debt</b>					
Bonds Payable	\$ 360,000	\$ 76,750	\$ 105,000	\$ 331,750	\$ 116,548
Compensated Absences *	\$ 22,659	\$ -	\$ 500	\$ 22,159	\$ 2,216
Net Pension and OPEB Liability *	448,925	-	202,467	246,458	-
Total Water Resource District	\$ 831,584	\$ 76,750	\$ 307,967	\$ 600,367	\$ 118,764

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



**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

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

<b>WATER RESOURCE DISTRICT</b>				
<b>Year Ending December 31</b>	<b>Bonds Payable</b>		<b>Notes Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 105,000	\$ 3,769	\$ 11,548	\$ 3,121
2025	105,000	1,781	12,025	2,644
2026	45,000	394	12,513	2,157
2027	-	-	13,020	1,649
2028	-	-	13,545	1,124
2029-2033	-	-	14,099	572
Total	\$ 255,000	\$ 5,944	\$ 76,750	\$ 11,267

**NOTE 9: PENSION PLAN****General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

**Pension Benefits**

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

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

**Death and Disability Benefits**

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

**RICHLAND COUNTY****Notes to the Financial Statements – Continued**

the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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

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

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

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

At December 31, 2023, the following net pension liabilities were reported:

	<b>Net Pension Liability</b>
Primary Government	\$ 11,875,624
Water Resource District	235,613

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2023 and reported the following pension expense for the year ended December 31, 2023:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2022 Measurement</b>	<b>Pension Expense 12/31/2023</b>
Primary Government	0.615875%	0.048295%	\$ 1,177,051
Water Resource District	0.012219%	(0.002744%)	23,353

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

At December 31, 2023, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 386,592	\$ 65,494
Changes of Assumptions	6,548,358	9,013,901
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	311,595	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,005,289	297,180
District Contributions Subsequent to the Measurement Date	284,177	-
<b>Total Primary Government</b>	<b>\$ 8,536,011</b>	<b>\$ 9,376,575</b>

<b>Water Resource District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 7,670	\$ 1,299
Changes of Assumptions	129,920	178,836
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	6,182	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	19,945	5,896
District Contributions Subsequent to the Measurement Date	5,638	-
<b>Total Water Resource District</b>	<b>\$ 169,355</b>	<b>\$ 186,031</b>

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

Primary Government	\$ 284,177
Water Resource District	5,638

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

	<b>Primary Government</b>	<b>Water Resource District</b>
2024	\$ 217,512	\$ 4,315
2025	(1,221,440)	(24,233)
2026	441,754	8,764
2027	(562,566)	(11,161)

**Actuarial Assumptions**

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	6.50%, Net of Investment Expenses
Cost-of-Living Adjustments	None

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

**Discount Rate**

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Primary Government	\$ 16,373,634	\$ 11,875,624	\$ 8,144,177
Water Resource District	324,853	235,613	161,581

**Pension Plan Fiduciary Net Position**

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

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)****General Information about the OPEB Plan*****North Dakota Public Employees Retirement System***

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

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

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

**OPEB Benefits**

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

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

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

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

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

At December 31, 2023, the following net OPEB liabilities were reported:

	<b>Net OPEB Liability</b>
Primary Government	\$ 546,638
Water Resource District	10,845

The net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2023 and reported the following OPEB expense for the year ended December 31, 2023:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2022 Measurement</b>	<b>OPEB Expense 12/31/2023</b>
Primary Government	0.546774%	0.017692%	\$ 108,102
Water Resource District	0.010848%	0.000302%	2,145

At December 31, 2023, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 10,284	\$ 6,256
Changes of Assumptions	116,585	45,268
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	39,483	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	11,048	12,810
District Contributions Subsequent to the Measurement Date	45,500	-
<b>Total Primary Government</b>	<b>\$ 222,900</b>	<b>\$ 64,334</b>

<b>Water Resource District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 204	\$ 124
Changes of Assumptions	2,313	898
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	783	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	219	254
District Contributions Subsequent to the Measurement Date	903	-
<b>Total Water Resource District</b>	<b>\$ 4,422</b>	<b>\$ 1,276</b>

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

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

Primary Government	\$ 45,500
Water Resource District	903

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

2024	\$ 46,295
2025	34,353
2026	50,363
2027	(15,702)

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

**Discount Rate**

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

**RICHLAND COUNTY**

## Notes to the Financial Statements – Continued

**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, 2023, calculated using the discount rate of 5.75%, 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

<b>Proportionate Share of the OPEB Liability</b>	<b>1% Decrease (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
Primary Government	\$ 718,416	\$ 546,638	\$ 402,022
Water Resource District	14,253	10,845	7,976

**NOTE 11 TRANSFERS**

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2023:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds</b>		
General Fund	\$ -	\$ 2,566,324
Special Revenue Fund	7,228,074	4,661,750
<b>Total Transfers</b>	<b>\$ 7,228,074</b>	<b>\$ 7,228,074</b>

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

**NOTE 12 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability, two million for automobile, and \$6,512,563 for public assets/mobile equipment and portable property.

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

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



**NOTE 13 CONDUIT DEBT**

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

At December 31, 2023, the County is involved in conduit debt obligations under the following criteria.

**Industrial Revenue Bonds**

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

As of December 31, 2023, there are three series of Industrial Revenue Bonds with a principal amount outstanding of \$35,255,000. The County is in no way liable to repay the Industrial Revenue Bonds.

**NOTE 14 JOINT VENTURE**

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

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2023:

	<b>Red River Joint Water Resource District</b>
Total Assets	\$ 20,817,974
Total Liabilities	79,012
Net Position	\$ 20,738,962
Revenues	\$ 3,296,645
Expenses	1,177,517
Change in Net Position	\$ 2,119,128

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

**RICHLAND COUNTY**

Notes to the Financial Statements – Continued

**NOTE 15 CONSTRUCTION COMMITMENTS**

The County had open constructions commitment as of December 31, 2023 as follows:

<b>Primary Government</b>	<b>Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>	<b>Percent Complete</b>
CP-0610(021) - Mechanical	\$ 887,931	\$ 887,931	\$ 88,793	\$ 88,793	100.00%
123.09BRZ -0039(048) - Construction Engineering	254,670	-	-	254,670	0.00%
Courthouse Remodel HVAC - Construction	3,950,563	211,356	21,136	3,760,343	5.35%
Courthouse Remodel HVAC - Engineering	283,800	230,890	-	52,910	81.36%
<b>Total Commitments</b>	<b>5,376,964</b>	<b>1,330,177</b>	<b>109,929</b>	<b>4,156,716</b>	<b>24.74%</b>

**RICHLAND COUNTY**

Budgetary Comparison Schedule - General Fund  
December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 6,266,450	\$ 6,266,450	\$ 6,179,052	\$ (87,398)
Intergovernmental	1,334,649	1,334,649	1,620,596	285,947
Charges for services	455,200	455,200	552,864	97,664
Licenses, permits and fees	3,650	3,650	2,895	(755)
Interest income	100,000	100,000	790,445	690,445
Miscellaneous	479,150	479,150	573,719	94,569
<b>Total Revenues</b>	<b>\$ 8,639,099</b>	<b>\$ 8,639,099</b>	<b>\$ 9,719,571</b>	<b>\$ 1,080,472</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ 3,567,869	\$ 3,567,869	\$ 3,263,334	\$ 304,535
Public safety	3,290,901	3,290,901	3,022,129	268,772
Health and welfare	104,295	104,295	82,967	21,328
Culture and recreation	67,000	67,000	69,256	(2,256)
Conservation of natural resources	10,290	10,290	10,290	-
<b>Total Expenditures</b>	<b>\$ 7,040,355</b>	<b>\$ 7,040,355</b>	<b>\$ 6,447,976</b>	<b>\$ 592,379</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,598,744	\$ 1,598,744	\$ 3,271,595	\$ 1,672,851
<b>OTHER FINANCING SOURCES (USES)</b>				
Unrealized Gain on Investments	\$ -	\$ -	\$ 112,117	\$ 112,117
Transfers out	-	-	(2,566,324)	(2,566,324)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,454,207)</b>	<b>\$ (2,454,207)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,598,744</b>	<b>\$ 1,598,744</b>	<b>\$ 817,388</b>	<b>\$ (781,356)</b>
<b>Fund Balances - January 1</b>	<b>\$ 5,938,966</b>	<b>\$ 5,938,966</b>	<b>\$ 5,938,966</b>	<b>\$ -</b>
<b>Fund Balances - December 31</b>	<b>\$ 7,537,710</b>	<b>\$ 7,537,710</b>	<b>\$ 6,756,354</b>	<b>\$ (781,356)</b>

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

**RICHLAND COUNTY**Budgetary Comparison Schedule - Special Revenue Fund  
December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 3,260,488	\$ 3,260,488	\$ 3,239,343	\$ (21,145)
Intergovernmental	14,461,791	14,461,791	14,157,333	(304,458)
Charges for services	1,156,200	1,156,200	1,243,349	87,149
Miscellaneous	131,826	131,826	128,566	(3,260)
<b>Total Revenues</b>	<b>\$ 19,010,305</b>	<b>\$ 19,010,305</b>	<b>\$ 18,768,591</b>	<b>\$ (241,714)</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	\$ 3,212,167	\$ 3,237,947	\$ 1,640,760	\$ 1,597,187
Highways and Bridges	9,280,877	10,541,061	9,242,961	1,298,100
Flood Repair	-	394,726	394,726	-
Health and Welfare	5,329,452	5,383,902	5,612,720	(228,818)
Conserv. of Natural Resources	537,577	589,198	510,477	78,721
Economic Development	511,900	511,900	80,325	431,575
Debt Service				
Principal	-	-	322,429	(322,429)
Interest and Fees	-	-	39,616	(39,616)
<b>Total Expenditures</b>	<b>\$ 18,871,973</b>	<b>\$ 20,658,734</b>	<b>\$ 17,844,014</b>	<b>\$ 2,814,720</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 138,332	\$ (1,648,429)	\$ 924,577	\$ 2,573,006
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 7,228,074	7,228,074
Transfers out	-	-	(4,661,750)	(4,661,750)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,566,324</b>	<b>\$ 2,566,324</b>
<b>Net Change in Fund Balances</b>	<b>\$ 138,332</b>	<b>\$ (1,648,429)</b>	<b>\$ 3,490,901</b>	<b>\$ 5,139,330</b>
Fund Balances - January 1	\$ 7,773,823	\$ 7,773,823	\$ 7,773,823	\$ -
Prior Period Adjustments	\$ -	\$ -	\$ (433,199)	\$ (433,199)
Fund Balances - Jan. 1, as restated	\$ 7,773,823	\$ 7,773,823	\$ 7,340,624	\$ -
Fund Balances - December 31	\$ 7,912,155	\$ 6,125,394	\$ 10,831,525	\$ 4,706,131

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

**RICHLAND COUNTY**

Schedule of Employer's Share of Net Pension and Employer Contributions  
For the Year Ended December 31, 2023

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

<b>County</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.615875%	\$ 11,875,624	\$ 7,531,359	157.68%	64.04%
2022	0.556515%	16,027,998	6,460,223	248.10%	53.04%
2021	0.568831%	5,928,932	6,441,397	92.04%	76.69%
2020	0.597040%	18,783,007	6,586,067	285.19%	48.04%
2019	0.567580%	6,652,449	5,903,803	112.68%	70.26%
2018	0.575523%	9,712,579	5,912,447	164.27%	61.50%
2017	0.550137%	8,842,502	5,616,029	157.45%	60.63%
2016	0.513519%	5,004,744	5,277,256	94.84%	69.09%
2015	0.552910%	3,759,693	4,925,759	76.33%	75.76%
2014	0.587117%	3,659,597	4,856,874	75.35%	76.30%

<b>Water Resource District</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.012219%	\$ 235,613	\$ 149,422	157.68%	1.27%
2022	0.014963%	430,949	173,698	248.10%	1.43%
2021	0.011617%	121,081	131,546	92.04%	1.57%
2020	0.010777%	339,046	118,883	285.19%	0.87%
2019	0.011313%	132,596	117,674	112.68%	1.40%
2018	0.012191%	205,736	125,240	164.27%	1.30%
2017	0.012260%	197,063	125,158	157.45%	1.35%
2016	0.010159%	99,013	104,404	94.84%	1.37%
2015	0.010135%	68,915	90,289	76.33%	1.39%
2014	0.010762%	67,080	89,026	75.35%	1.40%

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

**RICHLAND COUNTY**

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

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

<b>County</b>	<b>Statutory Required Contribution</b>	<b>Contributions in Relation to the Statutory Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
2023	\$ 623,839	\$ 537,795	\$ 86,045	\$ 8,760,733	6.02%
2022	483,285	454,466	28,819	6,787,251	6.52%
2021	475,024	479,315	(4,291)	7,570,556	6.33%
2020	466,351	458,032	8,319	6,586,067	6.83%
2019	429,830	440,295	(10,465)	5,903,803	7.31%
2018	435,477	461,711	(26,234)	5,912,447	7.65%
2017	407,231	396,102	11,129	5,616,029	6.90%
2016	382,065	376,864	5,201	5,277,256	7.00%
2015	380,996	372,472	8,525	4,925,759	7.43%
2014	345,809	345,809	-	4,856,874	6.99%

<b>Water Resource District</b>	<b>Statutory Required Contribution</b>	<b>Contributions in Relation to the Statutory Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
2023	\$ 12,377	\$ 10,670	\$ 1,707	\$ 174,887	0.12%
2022	12,994	12,219	775	182,967	0.18%
2021	9,701	9,789	(88)	154,606	0.13%
2020	8,418	8,268	150	118,883	0.12%
2019	8,567	8,776	(209)	117,674	0.15%
2018	9,224	9,780	(556)	125,240	0.16%
2017	9,075	8,827	248	125,158	0.15%
2016	7,559	7,456	103	104,404	0.14%
2015	6,984	6,827	156	90,289	0.14%
2014	6,339	6,339	-	89,026	0.13%

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

**RICHLAND COUNTY**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
For the Year Ended December 31, 2023

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

<b>County</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.543022%	\$ 542,886	\$ 5,458,364	9.69%	61.10%
2022	0.556985%	668,554	5,750,343	11.32%	54.81%
2021	0.567990%	315,901	6,192,561	5.00%	75.10%
2020	0.567827%	477,654	6,473,056	7.23%	62.11%
2019	0.530060%	425,737	5,914,712	7.07%	62.01%
2018	0.540999%	426,074	5,919,696	7.06%	60.68%
2017	0.519679%	411,072	5,622,097	7.16%	58.54%

<b>Water Resource District</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.014600%	\$ 14,597	\$ 146,761	0.26%	1.64%
2022	0.014976%	17,976	154,611	0.30%	1.47%
2021	0.011600%	6,451	126,465	0.10%	1.53%
2020	0.011596%	9,755	132,193	0.15%	1.27%
2019	0.009568%	7,685	106,765	0.13%	1.12%
2018	0.010783%	8,492	117,991	0.14%	1.21%
2017	0.011008%	8,707	119,090	0.15%	1.24%

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

**RICHLAND COUNTY**

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

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

<b>County</b>	<b>Statutory Required Contribution</b>	<b>Contributions in Relation to the Statutory Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
2023	\$ 59,625	\$ 85,517	\$ (25,891)	\$ 5,284,491	1.59%
2022	56,363	72,766	(16,403)	4,976,821	1.43%
2021	74,467	74,961	(494)	7,570,556	1.26%
2020	76,045	72,792	3,253	6,473,056	1.10%
2019	68,788	70,625	(1,837)	5,914,712	1.17%
2018	69,435	74,017	(4,582)	5,919,696	1.23%
2017	65,353	63,490	1,863	5,622,097	1.11%

<b>Water Resource District</b>	<b>Statutory Required Contribution</b>	<b>Contributions in Relation to the Statutory Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
2023	\$ 1,603	\$ 2,299	\$ (696)	\$ 86,427	0.04%
2022	1,515	1,956	(441)	100,250	0.04%
2021	1,521	1,531	(10)	154,606	0.03%
2020	1,553	1,487	66	132,193	0.02%
2019	1,242	1,275	(33)	106,765	0.02%
2018	1,384	1,475	(91)	117,991	0.02%
2017	1,384	1,345	39	119,090	0.02%

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



## **RICHLAND COUNTY**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2023

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

#### **Budgetary Information**

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

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

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

### **NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB**

#### **Pension**

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

#### **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, 2022.

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

**Pension**

All 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**OPEB**

All 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**NOTE 5: LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

The board of County commissioners amended the County budget for 2023:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<b>Major Funds</b>			
Special Revenue Fund	\$ 18,871,973	\$ 1,786,761	\$ 20,658,734

**NOTE 6 BUDGET TO ACTUAL RECONCILIATION**

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

	Combined Statement	Adjustment	Budget to Actual Statement
<b>Special Revenue Fund</b>			
Expenditures	\$ 18,201,245	\$ (357,231)	\$ 17,844,014
Lease Proceeds	357,231	(357,231)	-

# RICHLAND COUNTY

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal ALN Number	Pass-Through Grantor's Number	Expenditures
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>			
<u>Direct Program</u>			
State & Local Fiscal Recovery Funds	21.027	N/A	\$ 435,523
Total U.S. Department of the Treasury			\$ 435,523
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<u>Passed through the State Department of Human Services</u>			
Child Support Enforcement	93.563	N/A	\$ 129
National Family Caregiver Support, Title III, Part E	93.052	N/A	10,627
Opioid STR	93.788	N/A	65,000
Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	93.044	N/A	6,500
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	N/A	660
Public Health Emergency Preparedness	93.069	HLH5273	1,425
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HLH5393	238
Family Planning Services	93.217	HLH5114	14,351
Immunization Cooperative Agreements	93.268	HLH5114,HLH5313	23,353
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HLH5114, HLH4501,HLH6504	64,427
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	HLH0025	807
Activities to Support State, Tribal, Local Territorial Health Department Response to Public Health or Healthcare Crises	93.391	N/A	58,984
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	HLH5213	13,762
HIV Care Formula Grants	93.917	HLH0025,HLH5433	1,921
HIV Prevention Activities Health Department Based	93.940	HLH0025	561
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	76,000
Maternal and Child Health Services Block Grant to the States	93.994	HLH0025	7,163
<u>Passed through the State Department of Health</u>			
Public Health Emergency Preparedness	93.069	HLH5273	\$ 2,760
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HLH5393	638
Family Planning Services	93.217	HLH5114	13,156
Immunization Cooperative Agreements	93.268	HLH5114,HLH5313	46,219
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HLH5114, HLH4501,HLH6504	80,031
Activities to Support State, Tribal, Local Territorial Health Department Response to Public Health or Healthcare Crises	93.391	N/A	59,020
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	HLH0025	9,526
HIV Care Formula Grants	93.917	HLH0025,HLH5433	3,687
HIV Prevention Activities Health Department Based	93.940	HLH0025	1,671
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	HLH5213	81,570
Maternal and Child Health Services Block Grant to the States	93.994	HLH0025	3,160
Total U.S. Department of Health and Human Services			\$ 647,347
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<u>Passed through State Job Service</u>			
Unemployment Insurance (UI) Program	17.225	J2423	\$ 118
Total U.S. Department of Labor			\$ 118
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<u>Passed through the State Attorney General Office</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 4,875
Total U.S. Department of Justice			\$ 4,875
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<u>Passed through the State Department of Human Services</u>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HLH5153	\$ 39,193
<u>Passed through the State Department of Health</u>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HLH5153	47,383
Total U.S. Department of Agriculture			\$ 86,576
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
<u>Passed through the State Department of Emergency Services</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4717, DR4660	\$ 404,709
Emergency Management Performance Grants	97.042	EMPG2022, EMPG 2023	45,142
Homeland Security Grant Program	97.067	N/A	6,800
BRIC: Building Resilient Infrastructure and Communities	97.047	N/A	34,993
Total U.S. Department of Homeland Security			\$ 491,645
Total Expenditures of Federal Awards			\$ 1,666,084

## **RICHLAND COUNTY**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023

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### **NOTE 1 BASIS OF PRESENTATION / ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2023. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

### **NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Governmental fund types account for the County's federal grant activity. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

### **NOTE 3 PASS-THROUGH GRANT NUMBER**

For federal programs marked "N/A", the County was unable to obtain a pass-through grant number.

### **NOTE 4 INDIRECT COST RATE**

The County does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate

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

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### Independent Auditor's Report

Board of County Commissioners  
Richland County  
Wahpeton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Richland County's basic financial statements, and have issued our report thereon dated July 30, 2024.

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

In planning and performing our audit of the financial statements, we considered Richland County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Richland County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of audit findings as items 2023-002 through 2023-004 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of audit findings as items 2023-001 to be a significant deficiency.

## **RICHLAND COUNTY**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

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

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

### **Richland County's Response to Findings**

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

### **Purpose of this Report**

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
July 30, 2024

STATE AUDITOR  
Joshua C. Gallion



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---

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

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### Independent Auditor's Report

Board of County Commissioners  
Richland County  
Wahpeton, North Dakota

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

##### **Opinion on Each Major Federal Program**

We have audited Richland County's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Richland County's major federal programs for the year ended December 31, 2023. Richland County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Richland County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

##### **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 Richland 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 Richland 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 Richland County's federal programs.

## **RICHLAND COUNTY**

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

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#### **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 Richland 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Richland 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 Richland 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 Richland 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 Richland 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**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
July 30, 2024



**RICHLAND COUNTY**

## Summary of Auditor's Results

For the Year Ended December 31, 2023

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**Financial Statements**

Type of Report Issued:	
Governmental Activities	Unmodified
Discretely Presented Component Unit	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Internal control over financial reporting**

Material weaknesses identified?	<u>  X  </u> Yes	<u>      </u> None	Noted
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u> Yes	<u>      </u> None	Noted
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> None	Noted

**Federal Awards**Internal Control Over Major Programs

Material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> None	noted
Reportable conditions identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None	noted
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	<u>      </u> Yes	<u>  X  </u> None	noted

**Identification of Major Programs**

ALN Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and B programs:	<u>  \$ 750,000  </u>
Auditee qualified as low-risk auditee?	<u>      </u> Yes <u>  X  </u> No

## **RICHLAND COUNTY**

Schedule of Audit Findings and Questioned Costs  
For the Year Ended December 31, 2023

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### **SECTION I – FINANCIAL STATEMENT FINDINGS**

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#### **2023-001 – AUDIT ADJUSTMENTS – SIGNIFICANT DEFICIENCY**

##### **Condition**

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

##### **Effect**

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

##### **Cause**

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

##### **Criteria**

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

##### **Repeat Finding**

Yes.

##### **Recommendation**

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

##### **Richland County's Response**

See Corrective Action Plan.

**2023-002 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – MATERIAL WEAKNESS**

**Condition**

The Richland County Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

**Effect**

The lack of segregation of duties increases the risk of material misstatement to the Richland County Water Resource District's financial condition, whether due to error or fraud.

**Cause**

Management has chosen to allocate economic resources to other functions of the Richland County Water Resource District.

**Criteria**

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the districts.

**Repeat Finding**

Yes.

**Recommendation**

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

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

**Richland County Water Resource District's Response**

See Corrective Action Plan.

**2023-003 – AUDIT ADJUSTMENTS - COMPONENT UNIT – MATERIAL WEAKNESS**

**Condition**

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

**Effect**

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

**Cause**

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

**Criteria**

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

**Repeat Finding**

Yes.

**Recommendation**

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

**Richland County Water Resource District's Response**

See Corrective Action Plan.

**RICHLAND COUNTY****Schedule of Audit Findings and Questioned Costs - Continued**

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**2023-004 – IMPROPER OR LACK OF EXPENDITURE APPROVALS – COMPONENT UNIT – MATERIAL WEAKNESS****Condition**

Richland County Water Resource District had the following issues surrounding expenditures noted during the audit period:

- Check #21073 was written on 8/28/2023 for payroll to an individual in the amount of \$3,737.74. This check was signed by one board member and by the individual receiving the check. Check #21079 was written on 9/19/2023 in the amount of \$3,643.67 and was for the same pay period as Check #21073. Check #21079 was signed by two board members which is the standard practice for the district. Both Checks were approved at the September 19, 2023 meeting minutes.
- On April 11, 2023 and April 25, 2023, ATM cash withdrawals in the amount of \$100.00 and \$280.00, respectively, occurred with the water district's debit card without authorization from the water district board and had no supporting documentation for the withdrawals.

**Effect**

Without an adequate authorization process of Richland County Water Resource District expenditures, the district exposes itself to an increased risk of loss of assets, potential liabilities, and damage to Richland County Water Resource District's reputation, whether due to error or fraud.

**Cause**

Richland County Water Resource District did not follow the same procedures that would require two board members to sign the payroll checks. Additionally, the water resource district did not have adequate procedures in place to ensure all types of expenditures (including ATM withdrawals) are properly supported and authorized.

**Criteria**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to expenditures paid by the water resource district, management is responsible for adequate internal controls surrounding the authorization process.

**Repeat Finding**

No.

**Recommendation**

We recommend Richland County Water Resource District implement procedures to ensure all types of expenditures are properly supported and authorized by the board.

**Richland County Water Resource District's Response**

See Corrective Action Plan.

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**SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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No matters were reported.

**RICHLAND COUNTY**

Management's Corrective Action Plan  
For the Year Ended December 31, 2023

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**Date:** July 16, 2024  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Sandy Fossum, County Auditor  
**RE:** Richland County – FY2023 Corrective Action Plan

**Contact Person Responsible for Corrective Acton Plan:** Sandy Fossum, County Auditor

**Section I – Financial Statement Findings:**

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**2023-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**

**Condition:**

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

**Corrective Action Plan:**

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

**Anticipated Completion Date:**

FY2023

**Recommendation First Issued:**

FY2021

---

# ***RICHLAND COUNTY WATER RESOURCE DISTRICT***

## **MANAGERS**

*Tom Kubela, Chr. (Wahpeton)  
Brandon Ward, Vice Chr. (Mooreton)  
Clint Arndt (Hankinson)  
Arv Burvee (Fairmount)  
Gary Friskop (Wahpeton)*

## **SECRETARY/TREASURER**

*Alison Zajac  
(701)642-7773 (Phone)  
(701) 642-6332 (Fax)  
[azajac@co.richland.nd.us](mailto:azajac@co.richland.nd.us)*

## **CIVIL TECHNICIAN**

*Justin Johnson  
(701)642-7835 (Phone)  
[justinj@co.richland.nd.us](mailto:justinj@co.richland.nd.us)*

---

**Date:** July 16, 2024  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Alison Zajac, Water Resource District Treasurer  
**RE:** Richland County Water Resource District – FY2023 Corrective Action Plan

**Contact Person Responsible for Corrective Action Plan: Alison Zajac, Water Resource District Treasurer**

## **Section I – Financial Statement Findings:**

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### **2023-002 LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – MATERIAL WEAKNESS**

#### **Condition:**

The Richland County Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

#### **Corrective Action Plan:**

Agree. We will segregate duties when it becomes feasible.

#### **Anticipated Completion Date:**

FY2024

#### **Recommendation First Issued:**

FY2021

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## **2023-003    AUDIT ADJUSTMENTS - COMPONENT UNIT – MATERIAL WEAKNESS**

### **Condition:**

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

### **Corrective Action Plan:**

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

### **Anticipated Completion Date:**

FY2024

### **Recommendation First Issued:**

FY2021

---

## **2023-004    IMPROPER OR LACK OF EXPENDITURE APPROVALS – COMPONENT UNIT – MATERIAL WEAKNESS**

### **Condition:**

Richland County Water Resource District had the following issues surrounding expenditures noted during the audit period:

- Check #21073 was written on 8/28/2023 for payroll to an individual in the amount of \$3,737.74. This check was signed by one board member and by the individual receiving the check. Check #21079 was written on 9/19/2023 in the amount of \$3,643.67 and was for the same pay period as Check #21073. Check #21079 was signed by two board members which is the standard practice for the district. Both Checks were approved at the September 19, 2023 meeting minutes.
- On April 11, 2023 and April 25, 2023, ATM cash withdrawals in the amount of \$100.00 and \$280.00, respectively, occurred with the water district's debit card without authorization from the water district board and had no supporting documentation for the withdrawals.

### **Corrective Action Plan:**

Agree. We will review the approval process for all types of expenditures and ensure they are supported and authorized by the board.

### **Anticipated Completion Date:**

FY2024

### **Recommendation First Issued:**

FY2023





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**2022-001 – AUDIT ADJUSTMENTS – SIGNIFICANT DEFICENCY WEAKNESS**

**Condition:**

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

**Recommendation:**

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

**Current Status of Recommendation:**

Partially Implemented. We have implemented a review of the financial statements to ensure its accuracy in accordance with Uniform Guidance and GAAP respectively.

---

# ***RICHLAND COUNTY WATER RESOURCE DISTRICT***

## **MANAGERS**

*Tom Kubela, Chr. (Wahpeton)  
Brandon Ward, Vice Chr. (Mooreton)  
Clint Arndt (Hankinson)  
Arv Burvee (Fairmount)  
Gary Friskop (Wahpeton)*

## **SECRETARY/TREASURER**

*Alison Zajac  
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(701) 642-6332 (Fax)  
[azajac@co.richland.nd.us](mailto:azajac@co.richland.nd.us)*

## **CIVIL TECHNICIAN**

*Justin Johnson  
(701)642-7835 (Phone)  
[justinj@co.richland.nd.us](mailto:justinj@co.richland.nd.us)*

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### **2022-002 – AUDIT ADJUSTMENTS – SIGNIFICANT DEFICIENCY**

#### **Condition:**

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

#### **Recommendation:**

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

#### **Current Status of Recommendation:**

Partially Implemented. We have implemented a review of the financial statements to ensure its accuracy in accordance with Uniform Guidance and GAAP respectively.

---

### **2022-003 – LACK OF SEGREGATION OF DUTIES– MATERIAL WEAKNESS**

#### **Condition:**

The Richland County Water Resource District has limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

#### **Recommendation:**

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the districts.

#### **Current Status of Recommendation:**

Partially Implemented. We have implemented a change in a few of the noted processes where reconciliations are reviewed another individual in the office that doesn't perform the reconciliation. We are currently working on other procedures as noted above to separate those out as well.

STATE AUDITOR  
Joshua C. Gallion



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## GOVERNANCE COMMUNICATION

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July 30, 2024

Board of County Commissioners  
Richland County  
Wahpeton, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, North Dakota, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 14, 2024. Professional standards also require that we communicate to you with the following information related to our audit.

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Richland County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Richland County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

### Difficulties Encountered in Performing the Audit

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

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management.

Management has corrected all such misstatements. The schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

2023 Adjustments	Audit Adjustments	
	Debit	Credit
<b>Governmental Activities</b>		
<b>Special Revenue Fund</b>		
<u>To record unrecorded Intergovernmental Receivables</u>		
Intergovernmental Receivable	31,089	-
Revenue	-	31,089
<u>To reclass Miscellaneous Revenue to Intergovernmental Revenue</u>		
Miscellaneous Revenue	837,619	-
Intergovernmental Revenue	-	837,619
<u>To include unrecorded Accounts Payable</u>		
Expenditures	137,934	-
Accounts Payable	-	137,934
<b>Government Wide Adjustments</b>		
<u>To record unrecorded Capital Assets</u>		
Capital Assets, Net	82,523	-
Expenditures	-	82,523
<u>To record unrecorded Intergovernmental Receivables</u>		
Intergovernmental Receivable	31,089	-
Revenue	-	31,089
<u>To include unrecorded Accounts Payable</u>		
Expenditures	137,934	-
Accounts Payable	-	137,934
<b>Water Resource District</b>		
<u>To accrue unrecorded receivables</u>		
Accounts Receivable	7,230	-
Revenue	-	7,230
<u>To accrue unrecorded payables</u>		
Expenditures	80,667	-
Accounts Payable	-	80,667
<u>To remove payroll incorrect payroll liabilities</u>		
Expenditures	34,540	-
Payroll Liabilities	-	34,540

**Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated July 30, 2024.

### **Management Consultations with Other Independent Accountants**

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

### **Other Audit Findings or Issues**

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

### **Other Matters**

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

We were engaged to report on the *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

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

Thank you and the employees of Richland County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Richland County.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
July 30, 2024



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505