



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Trail County

Hillsboro, North Dakota

Audit Report for the Year Ended December 31, 2023

*Client Code: PS49000*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

**TRAIL COUNTY**

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For the Years Ended December 31, 2023

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# TRAILL COUNTY

County Officials

December 31, 2023

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## COUNTY OFFICIALS

Larry Young

Les Amb

Kurt Elliott

Ken Nesvig

Thomas Eblen

Chairperson

Vice Chairperson

Commissioner

Commissioner

Commissioner

Glenda Haugen

Carla Swanson

Debra Guest

Steven Hunt

Charlie Stock

County Auditor

County Treasurer

Interim County Recorder

Sheriff

State's Attorney

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Traill County  
Hillsboro, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Traill 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill 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*, 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 Traill 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 to correct misstatements. Our opinion is not modified with respect to this matter.

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

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

## TRAILL COUNTY

### Independent Auditor's Report – Continued

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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 Traill 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 Traill 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 Traill 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.

**TRAILL COUNTY**

Independent Auditor’s Report – Continued

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***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Traill 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 September 23, 2024 on our consideration of Traill 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 Traill 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 Traill County’s internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 23, 2024

**TRAIL COUNTY**  
Statement of Net Position  
December 31, 2023

	Primary	Component Units		
	Government	Water	Health	Job
	Governmental	Resource	Unit	Development
	Activities	District		Authority
<b>ASSETS</b>				
Cash, Cash Equivalents, and Investments	\$ 16,188,153	\$ 6,407,358	\$ 479,761	\$ 371,625
Intergovernmental Receivable	361,876	-	-	-
Accounts Receivable	47,636	363,566	565	-
Road Receivables	392	-	-	-
Taxes Receivable	106,502	4,700	5,081	4,737
Special Assessments Receivable	-	5,764,670	-	-
Economic Development Loans Receivable	-	-	-	69,400
Capital Assets				
Nondepreciable	4,628,972	6,040,877	-	-
Depreciable, Net	32,883,801	11,620,865	49,907	-
<b>Total Assets</b>	<b>\$ 54,217,332</b>	<b>\$ 30,202,036</b>	<b>\$ 535,314</b>	<b>\$ 445,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Derived from Pensions	\$ 4,947,221	\$ 76,487	\$ 206,275	\$ 197,304
<b>LIABILITIES</b>				
Accounts Payable	\$ 418,685	\$ 264,516	\$ -	\$ 10,510
Salaries Payable	19,576	-	-	-
Other Liability	-	-	11,410	-
Interest Payable	-	76,678	-	-
Retainage Payable	60,713	128,757	-	-
Grants Received in Advance	1,269,453	-	-	-
Long-Term Liabilities				
Due Within One Year				
Long-Term Debt	-	728,408	-	-
Compensated Absences Payable	22,453	20	1,516	949
Due After One Year				
Long-Term Debt	-	9,739,436	-	-
Compensated Absences Payable	202,076	181	13,646	8,540
Net Pension Liability	6,818,768	83,983	300,369	202,836
<b>Total Liabilities</b>	<b>\$ 8,811,724</b>	<b>\$ 11,021,979</b>	<b>\$ 326,941</b>	<b>\$ 222,835</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Derived from Pensions	\$ 5,191,306	\$ 89,622	\$ 271,430	\$ 147,009
Taxes Received in Advance	1,742,205	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,933,511</b>	<b>\$ 89,622</b>	<b>\$ 271,430</b>	<b>\$ 147,009</b>
<b>NET POSITION</b>				
Net Investment In Capital Assets	\$ 37,512,773	\$ 6,988,463	\$ 49,907	\$ -
Restricted				
Capital Projects	2,086,315	-	-	-
Highways and Bridges	4,857,588	-	-	-
Health and Welfare	-	-	93,311	-
Conservation of Natural Resources	186,464	12,178,459	-	-
Emergencies	709,562	-	-	-
Economic Development	-	-	-	273,222
Unrestricted	(1,933,384)	-	-	-
<b>Total Net Position</b>	<b>\$ 43,419,318</b>	<b>\$ 19,166,922</b>	<b>\$ 143,218</b>	<b>\$ 273,222</b>

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

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

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units			
					Governmental Activities	Water Resource District	Health Unit	Job Development Authority	
<b>Primary Government</b>									
<b>Governmental Activities</b>									
General Government	\$ 2,458,939	\$ 116,100	\$ 116,238	\$ -	\$ (2,226,601)				
Public Safety	2,021,033	1,006,229	72,062	-	(942,742)				
Highways and Bridges	4,337,024	30,569	5,296,905	2,367,256	3,357,706				
Flood Repair	405,910	-	690,761	-	284,851				
Emergencies	332,485	-	-	-	(332,485)				
Health and Welfare	2,889,146	135,312	2,584,624	-	(169,210)				
Culture and Recreation	5,152	-	-	-	(5,152)				
Conserv. of Natural Resources	256,476	10,365	66,247	-	(179,864)				
<b>Total Governmental Activities</b>	<b>\$ 12,706,165</b>	<b>\$ 1,298,575</b>	<b>\$ 8,826,837</b>	<b>\$ 2,367,256</b>	<b>\$ (213,497)</b>				
<b>Component Units</b>									
Water Resource District	\$ 1,304,295	\$ 1,060,648	\$ 831,606	\$ 3,702,848		\$ 4,290,807	\$ -	\$ -	
District Health Unit	470,926	45,811	137,944	-		-	(287,171)	-	
Job Development Authority	315,521	-	-	-		-	-	(315,521)	
<b>Total Component Units</b>	<b>\$ 2,090,742</b>	<b>\$ 1,106,459</b>	<b>\$ 969,550</b>	<b>\$ 3,702,848</b>		<b>\$ 4,290,807</b>	<b>\$ (287,171)</b>	<b>\$ (315,521)</b>	
<b>General Revenues</b>									
Property Taxes					\$ 5,356,405	\$ 281,802	\$ 313,338	\$ 281,826	
Non Restricted Grants and Contributions					1,514,865	-	45,993	-	
Interest Income					-	28,668	-	-	
Gain on Sale of Capital Asset					22,240	-	-	-	
Unrestricted Investment Earnings					123,788	-	1,564	-	
Miscellaneous Revenue					80,543	20,384	151	23,545	
<b>Total General Revenues</b>					<b>\$ 7,097,841</b>	<b>\$ 330,854</b>	<b>\$ 361,046</b>	<b>\$ 305,371</b>	
<b>Change in Net Position</b>					<b>\$ 6,884,344</b>	<b>\$ 4,621,661</b>	<b>\$ 73,875</b>	<b>\$ (10,150)</b>	
<b>Net Position - January 1</b>					<b>\$ 36,437,723</b>	<b>\$ 14,636,878</b>	<b>\$ 69,343</b>	<b>\$ 283,372</b>	
<b>Prior Period Adjustments</b>					<b>\$ 97,251</b>	<b>\$ (91,617)</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net Position - January 1, as restated</b>					<b>\$ 36,534,974</b>	<b>\$ 14,545,261</b>	<b>\$ 69,343</b>	<b>\$ 283,372</b>	
<b>Net Position - December 31</b>					<b>\$ 43,419,318</b>	<b>\$ 19,166,922</b>	<b>\$ 143,218</b>	<b>\$ 273,222</b>	

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

# TRAIL COUNTY

Balance Sheet – Governmental Funds  
December 31, 2023

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash, Cash Equivalents, and Investments	\$ 3,522,220	\$ 10,550,187	\$ 2,115,746	\$ 16,188,153
Intergovernmental Receivable	78,849	283,027	-	361,876
Accounts Receivable	8,708	37,314	1,614	47,636
Road Receivables	-	392	-	392
Taxes Receivable	50,218	51,469	4,815	106,502
<b>Total Assets</b>	<b>\$ 3,659,995</b>	<b>\$ 10,922,389</b>	<b>\$ 2,122,175</b>	<b>\$ 16,704,559</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 132,753	\$ 279,685	\$ 6,247	\$ 418,685
Retainage Payable	-	60,713	-	60,713
Salaries Payable	7,660	11,916	-	19,576
Grants Received In Advance	-	1,269,453	-	1,269,453
<b>Total Liabilities</b>	<b>\$ 140,413</b>	<b>\$ 1,621,767</b>	<b>\$ 6,247</b>	<b>\$ 1,768,427</b>
<b>Deferred Inflows of Resources</b>				
Road Receivable	\$ -	\$ 392	\$ -	\$ 392
Taxes Receivable	50,218	51,469	4,815	106,502
Taxes Received in Advance	831,002	881,590	29,613	1,742,205
<b>Total Deferred Inflows of Resources</b>	<b>\$ 881,220</b>	<b>\$ 933,451</b>	<b>\$ 34,428</b>	<b>\$ 1,849,099</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 1,021,633</b>	<b>\$ 2,555,218</b>	<b>\$ 40,675</b>	<b>\$ 3,617,526</b>
<b>Fund Balances</b>				
<b>Restricted</b>				
Capital Projects	\$ -	\$ -	\$ 2,081,500	\$ 2,081,500
Public Safety	-	361,073	-	361,073
Highways and Bridges	-	6,145,575	-	6,145,575
Health and Welfare	-	477,167	-	477,167
Conservation of Natural Resources	-	255,697	-	255,697
Emergencies	-	786,493	-	786,493
General Government	-	341,166	-	341,166
Unassigned	2,638,362	-	-	2,638,362
<b>Total Fund Balances</b>	<b>\$ 2,638,362</b>	<b>\$ 8,367,171</b>	<b>\$ 2,081,500</b>	<b>\$ 13,087,033</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,659,995</b>	<b>\$ 10,922,389</b>	<b>\$ 2,122,175</b>	<b>\$ 16,704,559</b>

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

# TRAILL COUNTY

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

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**Total Fund Balances for Governmental Funds** \$ 13,087,033

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, therefore, are not reported in the governmental funds. 37,512,773

Certain receivables 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 inflow of resources in the funds.

Taxes Receivable	\$ 106,502	
Road Receivables	392	106,894
	<hr/>	

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Derived From Pensions and OPEB	\$ 4,947,221	
Deferred Inflows Derived From Pensions and OPEB	(5,191,306)	(244,085)
	<hr/>	

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.

Compensated Absences	\$ (224,529)	
Net Pension Liability	(6,818,768)	(7,043,297)
	<hr/>	

**Total Net Position of Governmental Activities** \$ 43,419,318

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

# TRAILL COUNTY

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

	General	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,634,406	\$ 2,627,781	\$ 89,576	\$ 5,351,763
Intergovernmental	868,088	9,472,712	901	10,341,701
Charges For Services	853,768	379,924	66,800	1,300,492
Licenses, Permits and Fees	1,105	-	-	1,105
Interest Income	79,031	26,702	18,055	123,788
Miscellaneous	69,646	10,899	-	80,545
<b>Total Revenues</b>	<b>\$ 4,506,044</b>	<b>\$ 12,518,018</b>	<b>\$ 175,332</b>	<b>\$ 17,199,394</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 2,105,848	\$ 236,673	\$ -	\$ 2,342,521
Public Safety	1,471,739	347,986	39,645	1,859,370
Highways and Bridges	-	5,165,180	-	5,165,180
Flood Repairs And Maintenance	-	405,910	-	405,910
Emergencies	-	332,485	-	332,485
Health and Welfare	125,778	2,546,087	-	2,671,865
Conserv. of Natural Resources	8,900	241,731	-	250,631
Capital Outlay	-	-	94,159	94,159
<b>Total Expenditures</b>	<b>\$ 3,712,265</b>	<b>\$ 9,276,052</b>	<b>\$ 133,804</b>	<b>\$ 13,122,121</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 793,779	\$ 3,241,966	\$ 41,528	\$ 4,077,273
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 10,850	\$ 628,710	\$ 485,357	\$ 1,124,917
Sale of Capital Assets	-	3,960	12,441	16,401
Transfers Out	-	(628,710)	(496,207)	(1,124,917)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 10,850</b>	<b>\$ 3,960</b>	<b>\$ 1,591</b>	<b>\$ 16,401</b>
<b>Net Change in Fund Balances</b>	<b>\$ 804,629</b>	<b>\$ 3,245,926</b>	<b>\$ 43,119</b>	<b>\$ 4,093,674</b>
Fund Balances - January 1	\$ 1,833,733	\$ 5,121,245	\$ 2,038,381	\$ 8,993,359
Fund Balances - December 31	\$ 2,638,362	\$ 8,367,171	\$ 2,081,500	\$ 13,087,033

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

## TRAILL 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** \$ 4,093,674

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

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

Current Year Capital Outlay	\$ 2,234,328	
Capital Contribution	2,367,255	
Current Year Depreciation	<u>(1,384,055)</u>	3,217,528

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Proceeds from Sale of Capital Assets	\$ (16,401)	
Gain (Loss) on Sale of Capital Assets	<u>22,240</u>	5,839

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		(21,177)
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Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Change in Taxes Receivable	\$ 4,642	
Net Change in Road Department Receivables	<u>(3,021)</u>	1,621

The Net Pension 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 and OPEB Liability	\$ 2,906,951	
Net Change in Deferred Outflows of Resources Derived from Pension and OPEB	(2,122,797)	
Net Change in Deferred Inflows of Resources Derived from Pension and OPEB	<u>(1,197,295)</u>	<u>(413,141)</u>

**Change in Net Position of Governmental Activities** \$ 6,884,344

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

# TRAILL COUNTY

## Statement of Fiduciary Net Position – Fiduciary Funds

December 31, 2023

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	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 4,377,468</u>
<b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b>	
Liabilities	
Funds Held for Other Governmental Units	<u>\$ 334,962</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 4,042,506</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 4,377,468</u>
Total Net Position	<u>\$ -</u>

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

# TRAILL COUNTY

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

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	Custodial Funds
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 18,186,829
Grant Collections for Other Governments	<u>1,275,431</u>
Total Additions	<u>\$ 19,462,260</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 18,186,829
Grant Disbursements to Other Governments	<u>1,275,431</u>
Total Deductions	<u>\$ 19,462,260</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u><u>\$ -</u></u>

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

# TRAILL 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 Traill County ("County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. 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 County'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 the County is financially accountable and other organizations for which the nature and significance of their relationships with the County such that exclusion would cause the County's 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 three component units discussed below are included within the County's reporting entity because of the significance of their operational or financial relationships with the County.

### Component Unit

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

*Discretely Presented Component Unit.* The component unit's column in the basic financial statements includes the financial data of the County's three component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

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

Traill 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's governing board must approve the tax levy established by the Water Resource District

Traill County Job Development Authority ("Job Development Authority") - The County's governing board appoints a voting majority of the members of the Job Development Authority Board. The County has the authority to approve or modify the Job Development Authority's operational and capital budgets. The County's governing board must approve the tax levy established by the Job Development Authority.

### Basis of Presentation

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

## TRAIL COUNTY

### Notes to the Financial Statements – Continued

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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.

*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. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 Project Fund – This fund accounts for the costs associated with a jail project and capital improvements. The major sources of revenue are a restricted tax levy and interest income

Additionally, the County reports the following fiduciary fund type:

*Custodial Fund.* These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's custodial 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general 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.

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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**Cash and Investments**

Cash includes amounts in demand deposits and money market accounts.

The investments of the County during the years ended December 31, 2023 consist of certificates of deposit stated at cost with maturities in excess of three months.

**Capital Assets**

**Primary Government**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<b>Assets</b>	<b>County</b>	<b>Health Unit</b>	<b>Job Development Authority</b>	<b>Water Resource District</b>
Buildings	25 - 100	---	---	---
Machinery and Equipment	5 - 20	---	---	5 - 7
Infrastructure	40	---	---	50
Vehicles	3 - 20	5 - 7	---	5 - 7
Office Equipment	3 - 15	3 - 5	7	---
Technology	---	---	3	---
Land Improvements	---	---	---	50

**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 at each year-end by social service employees, and up to 80 hours of vacation leave may be carried over at year-end by other County employees. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Up to 800 hours of sick leave hours may be carried over and employees are paid for one-tenth of their accumulated sick leave at retirement to a limit of 800 hours. On December 31<sup>st</sup> of each year if an employee has accumulated 880 hours of sick leave or more, the employee may trade 80 hours of sick leave for 8 hours of vacation. A liability for the vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

**Long-Term Liabilities**

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

When applicable, 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, and discounts received on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

## TRAIL COUNTY

### Notes to the Financial Statements – Continued

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#### **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, 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 Balance**

*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 County to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*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 capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted state and federal grants/reimbursements.

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

#### **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.

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Net Position of the County and Water Resource District as of January 1, 2023 has been restated for adjustments as shown below. The results of the adjustments increased Net Position for the County and decreased Net Position for the Water Resource District.

	<b>Primary Government</b>	<b>Water Resource District</b>
Beginning Net Position, as previously reported	\$ 36,437,723	\$ 14,636,878
<b>Adjustments to restate the January 1, 2023 Net Position</b>		
Capital Assets, Net	97,251	-
Special Assessments Receivable	-	(91,617)
Net Position January 1, as restated	\$ 36,534,974	\$ 14,545,261

**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 \$20,560,951 and the bank balances totaled \$20,785,462. Of the bank balances, \$11,813,507 was held at the Bank of North Dakota and \$1,532,253 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the Water Resource District's carrying amount of deposits totaled \$6,407,358 and the bank balances totaled \$6,496,060. Of the bank balances, \$1,000,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, The Health Unit's carrying amount of deposits totaled \$479,731, and the bank balances totaled \$482,260. Of the bank balances, \$450,562 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, The Job Development Authority's carrying amount of deposits totaled \$376,896, and the bank balances totaled \$382,465. Of the bank balances, \$330,176 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.

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

**NOTE 4 PROPERTY TAXES**

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

**NOTE 5 CAPITAL 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 Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction Progress	546,353	4,121,583	-	(54,786)	4,613,150
Machinery and Equipment in Transit	97,251	376,138	-	(473,389)	-
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 659,426</b>	<b>\$ 4,497,721</b>	<b>\$ -</b>	<b>\$ (528,175)</b>	<b>\$ 4,628,972</b>
<i>Capital assets being depreciated</i>					
Machinery and Equipment	\$ 3,996,544	\$ 53,265	\$ 275,889	\$ 406,138	\$ 4,180,058
Office Equipment	591,593	-	-	-	591,593
Vehicles	1,605,208	150,597	148,983	67,251	1,674,073
Buildings	2,972,829	-	-	-	2,972,829
Infrastructure	35,873,623	-	-	54,786	35,928,409
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 45,039,797</b>	<b>\$ 203,862</b>	<b>\$ 424,872</b>	<b>\$ 528,175</b>	<b>\$ 45,346,962</b>
<i>Less Accumulated Depreciation for</i>					
Machinery and Equipment	\$ 2,232,747	\$ 254,887	\$ 187,903	\$ -	\$ 2,299,731
Office Equipment	275,961	36,409	-	-	312,370
Vehicles	1,128,600	127,423	142,808	-	1,113,215
Buildings	969,072	67,125	-	-	1,036,197
Infrastructure	6,803,437	898,211	-	-	7,701,648
<b>Total Accumulated Depreciation</b>	<b>\$ 11,409,817</b>	<b>\$ 1,384,055</b>	<b>\$ 330,711</b>	<b>\$ -</b>	<b>\$ 12,463,161</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 33,629,980</b>	<b>\$ (1,180,193)</b>	<b>\$ 94,161</b>	<b>\$ 528,175</b>	<b>\$ 32,883,801</b>
<b>Total Capital Assets, Net</b>	<b>\$ 34,289,406</b>	<b>\$ 3,317,528</b>	<b>\$ 94,161</b>	<b>\$ -</b>	<b>\$ 37,512,773</b>

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

General Government	\$ 38,406
Public Safety	167,998
Highways and Bridges	1,164,935
Health and Welfare	9,611
Culture and Recreation	945
Conservation of Natural Resources	2,160
<b>Total Depreciation Expense</b>	<b>\$ 1,384,055</b>

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

**Discretely Presented Component Units**

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

<b>Water Resource District</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<i>Capital assets not being depreciated</i>					
Land and Easements	\$ 2,285,142	\$ 115,798	\$ -	\$ -	\$ 2,400,940
Construction Progress	2,343,905	3,275,906	-	(1,979,874)	3,639,937
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 4,629,047</b>	<b>\$ 3,391,704</b>	<b>\$ -</b>	<b>\$ (1,979,874)</b>	<b>\$ 6,040,877</b>
<i>Capital assets being depreciated</i>					
Equipment	\$ 15,946	\$ -	\$ -	\$ -	\$ 15,946
Building	-	525,000	-	-	525,000
Infrastructure	11,184,413	-	-	1,979,874	13,164,287
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 11,200,359</b>	<b>\$ 525,000</b>	<b>\$ -</b>	<b>\$ 1,979,874</b>	<b>\$ 13,705,233</b>
<i>Less Accumulated Depreciation for</i>					
Equipment	\$ 13,805	\$ 711	\$ -	\$ -	\$ 14,516
Building	-	10,500	-	-	10,500
Infrastructure	1,796,647	262,705	-	-	2,059,352
<b>Total Accumulated Depreciation</b>	<b>\$ 1,810,452</b>	<b>\$ 273,916</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,084,368</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 9,389,907</b>	<b>\$ 251,084</b>	<b>\$ -</b>	<b>\$ 1,979,874</b>	<b>\$ 11,620,865</b>
<b>Total Capital Assets, Net</b>	<b>\$ 14,018,954</b>	<b>\$ 3,642,788</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,661,742</b>

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

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

<b>Health Unit</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<i>Capital assets being depreciated</i>					
Vehicles	\$ 62,816	\$ -	\$ -	\$ -	\$ 62,816
Equipment	41,000	-	-	-	41,000
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 103,816</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,816</b>
<i>Less Accumulated Depreciation for</i>					
Vehicles	\$ 36,695	\$ 6,282	\$ -	\$ -	\$ 42,977
Equipment	8,199	2,733	-	-	10,932
<b>Total Accumulated Depreciation</b>	<b>\$ 44,894</b>	<b>\$ 9,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,909</b>
<b>Total Capital Assets, Net</b>	<b>\$ 58,922</b>	<b>\$ (9,015)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,907</b>

Depreciation expense was charged to the health and welfare function.

The following is a summary of changes in capital assets for the years ended December 31, 2023 for the Job Development Authority:

<b>Job Development Authority</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<i>Capital assets being depreciated</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
<i>Less Accumulated Depreciation for</i>					
Office Equipment	\$ 16,855	\$ -	\$ -	\$ -	\$ 16,855
<b>Total Capital Assets, Net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Depreciation expense was charged to the economic development function.

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

**NOTE 6 LONG-TERM LIABILITIES**

**Primary Government**

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

<b>Primary Government</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 203,352	\$ 21,177	\$ -	\$ 224,529	\$ 22,453
Net Pension Liability *	9,725,719	-	2,906,951	6,818,768	-
<b>Total Primary Government</b>	<b>\$ 9,929,071</b>	<b>\$ 21,177</b>	<b>\$ 2,906,951</b>	<b>\$ 7,043,297</b>	<b>\$ 22,453</b>

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

**Discretely Presented Component Units**

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

<b>Water Resource District</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Long-Term Debt					
Bonds Payable	\$11,064,262	\$ 527,559	\$ 1,485,159	\$ 10,106,662	\$ 721,876
Loans Payable	-	446,250	2,950	443,300	13,733
Bond Discounts	(89,319)	-	7,201	(82,118)	(7,201)
<b>Total Long-Term Debt</b>	<b>\$10,974,943</b>	<b>\$ 973,809</b>	<b>\$ 1,495,310</b>	<b>\$ 10,467,844</b>	<b>\$ 728,408</b>
Compensated Absences *	\$ 706	\$ 2,940	\$ 3,445	\$ 201	\$ 20
Net Pension Liability *	81,436	2,547	-	83,983	-
<b>Total Water Resource District</b>	<b>\$11,057,085</b>	<b>\$ 979,296</b>	<b>\$ 1,498,755</b>	<b>\$ 10,552,028</b>	<b>\$ 728,428</b>

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

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

<b>Year Ending Dec 31</b>	<b>Bonds Payable</b>		<b>Bond Discount</b>	<b>Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>		<b>Principal</b>	<b>Interest</b>
2024	\$ 721,876	\$ 327,480	\$ (7,201)	\$ 13,733	\$ 21,107
2025	737,158	308,631	(7,201)	14,470	20,370
2026	652,542	290,371	(7,201)	15,182	19,658
2027	618,571	272,631	(7,201)	15,930	18,910
2028	601,593	255,491	(6,605)	383,985	13,733
2029 - 2033	2,519,922	1,034,540	(26,399)	-	-
2034 - 2038	2,585,000	613,926	(19,562)	-	-
2039 - 2043	1,670,000	139,406	(748)	-	-
<b>Total</b>	<b>\$ 10,106,662</b>	<b>\$ 3,242,476</b>	<b>\$ (82,118)</b>	<b>\$ 443,300</b>	<b>\$ 93,778</b>

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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

<b>Health Unit</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 15,918	\$ 17,805	\$ 18,561	\$ 15,162	\$ 1,516
Net Pension Liability *	533,902	-	233,533	300,369	-
<b>Total Health Unit</b>	<b>\$ 549,820</b>	<b>\$ 17,805</b>	<b>\$ 252,094</b>	<b>\$ 315,531</b>	<b>\$ 1,516</b>

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

During the year ended December 31, 2023, the following changes occurred in governmental long-term liabilities of the Job Development Authority:

<b>Job Development Authority</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 5,135	\$ 8,729	\$ 4,375	\$ 9,489	\$ 949
Net Pension Liability *	284,678	-	81,842	202,836	-
<b>Total Governmental Activities</b>	<b>\$ 289,813</b>	<b>\$ 8,729</b>	<b>\$ 86,217</b>	<b>\$ 212,325</b>	<b>\$ 949</b>

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

**NOTE 7: 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.

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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

**Death and Disability Benefits**

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

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

Primary Government	\$ 6,494,952
Water Resource District	79,000
Health Unit	282,547
Job Development Authority	190,801

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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</b>
Primary Government	0.336831%	0.011642%	\$ 692,180
Water Resource District	0.004097%	0.001396%	2,134
Health Unit	0.014653%	-0.003140%	13,030
Job Development Authority	0.009895%	0.000453%	52,370

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	\$ 211,431	\$ 35,819
Changes in Assumptions	3,581,392	4,929,833
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	170,416	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	688,853	188,275
Employer Contributions Subsequent to the Measurement Date	153,802	-
<b>Total Primary Government</b>	<b>\$ 4,805,894</b>	<b>\$ 5,153,927</b>

<b>Water Resources District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 2,571	\$ 436
Changes in Assumptions	43,562	59,963
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	2,073	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	23,371	27,824
Employer Contributions Subsequent to the Measurement Date	1,869	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 73,446</b>	<b>\$ 88,223</b>

<b>Health Unit</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 9,196	\$ 1,558
Changes in Assumptions	155,800	214,460
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	7,414	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	13,695	53,603
Employer Contributions Subsequent to the Measurement Date	13,078	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 199,183</b>	<b>\$ 269,621</b>

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

<b>Job Development Authority</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 6,211	\$ 1,052
Changes in Assumptions	105,210	144,822
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	5,006	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	68,324	-
Employer Contributions Subsequent to the Measurement Date	4,513	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 189,264</b>	<b>\$ 145,874</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, 2024:

Primary Government	\$ 153,802
Water Resource District	1,869
Health Unit	13,078
Job Development Authority	4,513

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>	<b>Health Unit</b>	<b>Job Development Authority</b>
2024	\$ 140,035	\$ (4,138)	\$ (9,970)	\$ 37,195
2025	(562,062)	(12,916)	(42,576)	5,761
2026	270,989	1,920	(7,747)	6,006
2027	(350,797)	(1,512)	(23,223)	(10,085)

**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

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.

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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

<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	\$ 8,954,978	\$ 6,494,952	\$ 4,454,169
Discretely Presented Component Units			
Water Resource District	108,923	79,000	54,178
Health Unit	389,564	282,547	193,768
Job Development Authority	263,068	190,801	130,849

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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**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 8: 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.

**TRAIL 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:

Primary Government	\$ 323,816
Water Resource District	4,983
Health Unit	17,822
Job Development Authority	12,035

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:

	Proportion	Increase (Decrease) in Proportion from June 30, 2022 Measurement	OPEB Expense
Primary Government	0.323897%	0.023925%	\$ 67,648
Water Resource District	0.004984%	0.001947%	1,046
Health Unit	0.017826%	-0.000046%	3,657
Job Development Authority	0.012038%	0.001422%	3,772

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	\$ 6,092	\$ 3,706
Changes in Assumptions	69,063	26,816
Net Difference Between Projected and Actual Investment	-	-
Earnings on Pension Plan Investments	23,388	-
Changes in Proportion and Differences Between Employer	-	-
Contributions and Proportionate Share of Contributions	26,315	6,857
Employer Contributions Subsequent to the Measurement Date	16,469	-
<b>Total Primary Government</b>	<b>\$ 141,327</b>	<b>\$ 37,379</b>

<b>Water Resource District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 94	\$ 57
Changes in Assumptions	1,063	413
Net Difference Between Projected and Actual Investment	-	-
Earnings on Pension Plan Investments	360	-
Changes in Proportion and Differences Between Employer	-	-
Contributions and Proportionate Share of Contributions	1,225	929
Employer Contributions Subsequent to the Measurement Date	299	-
<b>Total Primary Government</b>	<b>\$ 3,041</b>	<b>\$ 1,399</b>

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

<b>Health Unit</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 336	\$ 204
Changes in Assumptions	3,801	1,476
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,287	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	612	129
Employer Contributions Subsequent to the Measurement Date	1,056	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 7,092</b>	<b>\$ 1,809</b>

<b>Job Development Authority</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 227	\$ 138
Changes in Assumptions	2,567	997
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	869	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,654	-
Employer Contributions Subsequent to the Measurement Date	723	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 8,040</b>	<b>\$ 1,135</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, 2024:

Primary Government	\$ 16,469
Water Resource District	299
Health Unit	1,056
Job Development Authority	723

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

	<b>Primary Government</b>	<b>Water Resource District</b>	<b>Health Unit</b>	<b>Job Development Authority</b>
2024	\$ 30,552	\$ 452	\$ 1,612	\$ 2,387
2025	26,269	353	1,325	2,204
2026	37,677	521	1,790	1,812
2027	(7,019)	17	(500)	(221)

**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

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

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.

**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:

Proportionate Share of the Net OPEB Liability	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Primary Government	\$ 425,574	\$ 323,816	\$ 238,149
Discretely Presented Component Units			
Water Resource District	6,549	4,983	3,665
Health Unit	23,422	17,822	13,107
Job Development Authority	15,817	12,035	8,851

**TRAILL COUNTY**

Notes to the Financial Statements – Continued

**NOTE 9 TRANSFERS**

The following is reconciliation between cash transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2023:

<b>Governmental Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Major Funds		
General Fund	\$ 10,850	\$ -
Special Revenue Fund	628,710	628,710
Capital Project Fund	485,357	496,207
<b>Total Transfers</b>	<b>\$ 1,124,917</b>	<b>\$ 1,124,917</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 10 JOINT VENTURES**

**Red River Joint WRD**

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

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

<b>Governmental Activities</b>	<b>Red River Joint Joint WRD</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.

**NOTE 11 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of two million dollars

**TRAIL COUNTY**

Notes to the Financial Statements – Continued

per occurrence for general liability, two million for automobile, and \$3,307,100 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 North Dakota Workforce Safety and Insurance.

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

**NOTE 12 CONDUIT DEBT**

From time to time, Traill County has issued Industrial Revenue Bonds to 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 bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there are Industrial Revenue Bonds to the South Dakota Health and Educational Facilities Authority with an amount outstanding totaling \$146,475,000.

**NOTE 13 CONSTRUCTION COMMITMENTS**

**Primary Government**

The County had one construction commitment as of December 31, 2023 as follows:

	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>	<b>Percent Completed</b>
County Road 1	\$ 3,205,899	\$ 3,035,632	\$ 60,713	\$ 230,980	94.69%

**Discretely Presented Component Unit**

The Water Resource District had two construction commitments as of December 31, 2023 as follows:

	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>	<b>Percent Completed</b>
Blanchard-Norman Drain 23-40	\$ 2,575,148	\$ 1,819,452	\$ 128,757	\$ 884,453	70.65%
Elm River Dams 1, 2, 3	4,923,469	-	-	4,923,469	0.00%
<b>Total</b>	<b>\$ 7,498,617</b>	<b>\$ 1,819,452</b>	<b>\$ 128,757</b>	<b>\$ 5,807,922</b>	<b>24.26%</b>

**NOTE 14 SUBSEQUENT EVENTS**

**Discretely Presented Component Unit**

Subsequent to December 31, 2023, the Water Resource District issued maintenance levy improvement bonds in the amount of \$7,250,000 for the purpose of financing Elm River Dams Improvements. Future bond principal payments are due annually and range from \$1,050,000 to \$1,305,000, with interest between 3.375% to 5.000%. The bonds mature in FY2030.

**TRAILL COUNTY**

Budgetary Comparison Schedule - General Fund  
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,837,625	\$ 2,837,625	\$ 2,634,406	\$ (203,219)
Intergovernmental	693,092	693,092	868,088	174,996
Charges for Services	833,021	833,021	853,768	20,747
Licenses, Permits and Fees	-	-	1,105	1,105
Interest Income	10,000	10,000	79,031	69,031
Miscellaneous	93,000	93,000	69,646	(23,354)
<b>Total Revenues</b>	<b>\$ 4,466,738</b>	<b>\$ 4,466,738</b>	<b>\$ 4,506,044</b>	<b>\$ 39,306</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 2,360,948	\$ 2,360,948	\$ 2,105,848	\$ 255,100
Public Safety	1,852,952	1,852,952	1,471,739	381,213
Health & Welfare	151,534	151,534	125,778	25,756
Conservation of Natural Resources	10,000	10,000	8,900	1,100
<b>Total Expenditures</b>	<b>\$ 4,375,434</b>	<b>\$ 4,375,434</b>	<b>\$ 3,712,265</b>	<b>\$ 663,169</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 91,304	\$ 91,304	\$ 793,779	\$ 702,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 10,850	\$ 10,850
<b>Net Change in Fund Balances</b>	<b>\$ 91,304</b>	<b>\$ 91,304</b>	<b>\$ 804,629</b>	<b>\$ 713,325</b>
Fund Balances - January 1	\$ 1,833,733	\$ 1,833,733	\$ 1,833,733	\$ -
<b>Fund Balances - December 31</b>	<b>\$ 1,925,037</b>	<b>\$ 1,925,037</b>	<b>\$ 2,638,362</b>	<b>\$ 713,325</b>

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

# TRAILL COUNTY

## Budgetary Comparison Schedule - Special Revenue Fund For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,480,250	\$ 1,480,250	\$ 2,627,781	\$ 1,147,531
Intergovernmental	1,492,282	1,492,282	9,472,712	7,980,430
Charges for Services	173,091	173,091	379,924	206,833
Interest Income	18,000	18,000	26,702	8,702
Miscellaneous	-	-	10,899	10,899
<b>Total Revenues</b>	<b>\$ 3,163,623</b>	<b>\$ 3,163,623</b>	<b>\$ 12,518,018</b>	<b>\$ 9,354,395</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ -	\$ 233,287	\$ 236,673	\$ (3,386)
Public Safety	213,487	429,898	347,986	81,912
Highways and Bridges	4,505,368	5,486,877	5,165,180	321,697
Flood Repairs And Maintenance	-	631,234	405,910	225,324
Emergencies	-	434,543	332,485	102,058
Health and Welfare	1,660,645	1,839,494	2,546,087	(706,593)
Conservation of Natural Resources	222,660	249,848	241,731	8,117
<b>Total Expenditures</b>	<b>\$ 6,602,160</b>	<b>\$ 9,305,181</b>	<b>\$ 9,276,052</b>	<b>\$ 29,129</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (3,438,537)	\$ (6,141,558)	\$ 3,241,966	\$ 9,383,524
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 628,710	\$ 628,710
Sale of Capital Assets	-	-	3,960	3,960
Transfers Out	-	(100,000)	(628,710)	(528,710)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ (100,000)</b>	<b>\$ 3,960</b>	<b>\$ 103,960</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,438,537)</b>	<b>\$ (6,241,558)</b>	<b>\$ 3,245,926</b>	<b>\$ 9,487,484</b>
Fund Balances - January 1	\$ 5,121,245	\$ 5,121,245	\$ 5,121,245	\$ -
Fund Balances - December 31	\$ 1,682,708	\$ (1,120,313)	\$ 8,367,171	\$ 9,487,484

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

**TRAILL 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>Primary Government</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered-Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.336831%	\$ 6,494,952	\$ 4,119,011	157.68%	65.31%
2022	0.325189%	9,365,660	3,774,913	248.10%	54.47%
2021	0.276614%	2,883,149	3,132,347	92.04%	78.26%
2020	0.287941%	9,058,670	3,274,257	276.66%	48.91%
2019	0.312803%	3,666,282	3,352,422	109.36%	71.66%
2018	0.288557%	4,869,706	3,061,477	159.06%	62.80%
2017	0.290388%	4,667,488	2,964,411	157.45%	61.98%
2016	0.270400%	2,635,310	2,724,995	96.71%	70.46%
2015	0.282479%	1,920,808	2,516,548	76.33%	77.15%
2014	0.282392%	2,073,075	2,378,805	87.15%	77.70%

<b>Economic Development Commission</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered-Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.009895%	\$ 190,801	\$ 121,007	157.68%	65.31%
2022	0.009442%	271,936	109,602	248.11%	54.47%
2021	0.009048%	94,307	103,957	90.72%	78.26%
2020	0.008877%	279,288	96,591	289.15%	48.91%
2019	0.009493%	111,260	98,896	112.50%	71.66%
2018	0.009450%	159,487	97,049	164.34%	62.80%
2017	0.009005%	145,546	92,439	157.45%	61.98%
2016	0.008778%	85,552	88,463	96.71%	70.46%
2015	0.008872%	60,329	79,040	76.33%	77.15%
2014	0.008869%	65,111	74,714	87.15%	77.70%

**TRAIL COUNTY**

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

<b>Health District</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.014653%	\$ 282,547	\$ 179,186	157.68%	65.31%
2022	0.017793%	512,450	206,551	248.10%	54.47%
2021	0.016536%	172,355	187,248	92.05%	78.26%
2020	0.016320%	513,431	180,024	285.20%	48.91%
2019	0.016804%	196,955	174,786	112.68%	71.66%
2018	0.016518%	278,759	169,692	164.27%	62.80%
2017	0.016138%	259,391	164,748	157.45%	61.98%
2016	0.015868%	154,649	159,912	96.71%	70.46%
2015	0.017423%	118,473	155,214	76.33%	77.15%
2014	0.017792%	112,930	149,880	75.35%	77.70%

<b>Water Resource District</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.004097%	\$ 79,000	\$ 50,100	157.68%	65.31%
2022	0.002701%	77,791	31,350	248.14%	54.47%
2021	0.005325%	55,503	60,299	92.05%	78.26%
2020	0.005300%	167,117	58,602	285.17%	48.91%
2019	0.005500%	64,909	57,600	112.69%	71.66%
2018	0.005600%	94,624	57,600	164.28%	62.80%
2017	0.005400%	86,008	54,630	157.44%	61.98%
2016	0.010400%	101,426	104,874	96.71%	70.46%
2015	0.011400%	77,674	103,878	74.77%	77.70%

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

**TRAIL 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>Primary Government</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	\$ 309,027	\$ 309,027	\$ 0	\$ 4,199,309	7.36%
2022	284,315	245,725	38,590	\$ 3,766,013	6.52%
2021	230,997	241,006	(10,009)	3,147,384	7.66%
2020	231,846	236,351	(4,505)	3,225,919	7.33%
2019	244,076	232,778	11,298	3,352,422	6.94%
2018	225,491	215,586	9,905	3,061,477	7.04%
2017	214,956	204,605	10,351	2,964,411	6.90%
2016	197,285	194,989	2,296	2,724,995	7.16%
2015	190,956	187,607	3,349	2,516,548	7.45%
2014	169,371	169,371	-	2,378,805	7.12%

<b>Economic Development Commission</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	\$ 8,650	\$ 9,026	\$ (376)	\$ 121,491	7.43%
2022	8,255	7,120	1,135	110,122	6.47%
2021	7,556	3,701	3,855	99,719	3.71%
2020	6,839	6,972	(133)	100,966	6.91%
2019	7,200	6,867	333	98,896	6.94%
2018	7,148	6,834	314	97,049	7.04%
2017	6,703	6,380	323	92,439	6.90%
2016	6,405	6,330	75	88,463	7.16%
2015	6,004	5,898	106	79,040	7.46%
2014	5,320	5,320	-	74,714	7.12%

**TRAIL COUNTY**

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

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 13,190	\$ 13,190	\$ (0)	\$ 185,246	7.12%
2022	15,557	13,963	1,594	196,556	7.10%
2021	13,809	13,278	531	191,818	6.92%
2020	12,748	12,786	(38)	182,684	7.00%
2019	12,726	12,414	312	174,786	7.10%
2018	12,499	12,052	447	169,692	7.10%
2017	11,946	11,701	245	164,748	7.10%
2016	11,577	11,357	220	159,912	7.10%
2015	11,790	11,051	739	155,214	7.12%
2014	10,671	10,671	-	149,880	7.12%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 3,738	\$ 3,738	\$ -	\$ 52,500	7.12%
2022	2,362	3,000	(638)	47,700	6.29%
2021	4,447	4,657	(210)	48,783	7.71%
2020	4,172	4,172	-	58,602	7.12%
2019	4,101	4,101	-	57,600	7.12%
2018	4,101	4,101	-	57,600	7.12%
2017	3,890	3,890	-	54,630	7.12%
2016	7,467	7,467	-	104,874	7.12%
2015	7,396	7,396	-	103,878	7.12%

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

**TRAILL 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>Primary Government</b>	<b>Proportion of the Net OPEB Liability (Asset)</b>	<b>Proportionate Share of the Net OPEB (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.323897%	\$ 323,816	\$ 3,255,758	9.95%	62.74%
2022	0.299972%	360,059	3,096,923	11.63%	56.28%
2021	0.281346%	150,915	2,958,372	5.10%	76.63%
2020	0.273020%	229,663	3,208,300	7.16%	63.38%
2019	0.291586%	234,199	3,352,422	6.99%	63.13%
2018	0.291586%	234,199	3,061,477	7.65%	61.89%
2017	0.274015%	216,749	2,964,411	7.31%	59.78%

<b>Economic Development Commission</b>	<b>Proportion of the Net OPEB Liability (Asset)</b>	<b>Proportionate Share of the Net OPEB (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.012038%	\$ 12,035	\$ 121,007	9.95%	62.74%
2022	0.010616%	12,742	109,602	11.63%	56.28%
2021	0.009397%	5,228	102,456	5.10%	76.63%
2020	0.008417%	7,081	94,645	7.48%	63.38%
2019	0.008849%	7,107	98,896	7.19%	63.13%
2018	0.008849%	6,988	97,049	7.20%	61.89%
2017	0.009055%	145,546	92,439	157.45%	59.78%

**TRAIL COUNTY**

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

<b>Health District</b>	<b>Proportion of the Net OPEB Liability (Asset)</b>	<b>Proportionate Share of the Net OPEB (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.017826%	\$ 17,822	\$ 179,186	9.95%	62.74%
2022	0.017872%	21,452	184,509	11.63%	56.28%
2021	0.017175%	9,552	187,248	5.10%	76.63%
2020	0.015792%	13,284	182,684	7.27%	63.38%
2019	0.015664%	12,581	174,786	7.20%	63.13%
2018	0.015664%	12,214	169,692	7.20%	61.89%
2017	0.015228%	12,046	164,748	7.31%	59.78%

<b>Water Resource District</b>	<b>Proportion of the Net OPEB Liability (Asset)</b>	<b>Proportionate Share of the Net OPEB (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.004984%	\$ 4,983	\$ 50,100	9.95%	62.74%
2022	0.003037%	3,645	31,350	11.63%	56.28%
2021	0.005531%	3,076	60,299	5.10%	76.63%
2020	0.005141%	4,325	58,602	7.38%	63.38%
2019	0.005162%	4,146	57,600	7.20%	63.13%
2018	0.005264%	4,146	57,600	7.20%	61.89%
2017	0.005050%	3,995	54,630	7.31%	59.78%

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

**TRAIL 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>Primary Government</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	\$ 37,836	\$ 37,836	\$ 0	\$ 3,318,939	1.14%
2022	37,693	35,351	2,342	3,766,013	0.94%
2021	35,575	36,312	(737)	3,147,384	1.23%
2020	37,691	37,454	237	3,225,919	1.16%
2019	38,989	37,271	1,718	3,352,422	1.11%
2018	35,909	34,518	1,391	3,061,477	1.13%
2017	34,459	32,760	1,699	2,964,411	1.11%

<b>Economic Development Commission</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	\$ 1,385	\$ 1,445	\$ (60)	\$ 121,491	1.19%
2022	1,334	1,140	194	110,122	1.04%
2021	1,232	593	639	99,719	0.59%
2020	1,112	1,105	7	100,966	1.09%
2019	1,150	1,099	51	98,896	1.11%
2018	1,138	1,094	44	97,049	1.13%
2017	1,075	1,022	53	92,439	1.11%

**TRAIL COUNTY**

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

<b>Health 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	\$ 2,112	\$ 2,112	\$ (0)	\$ 185,246	1.14%
2022	2,246	2,121	125	196,556	1.08%
2021	2,252	2,126	126	191,818	1.11%
2020	2,115	2,047	68	182,684	1.12%
2019	2,033	1,988	45	174,786	1.14%
2018	1,990	1,930	60	169,692	1.14%
2017	1,915	1,874	41	164,748	1.14%

<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	\$ 599	\$ 599	\$ (0)	\$ 52,500	1.14%
2022	382	480	(98)	47,700	1.01%
2021	725	744	(19)	48,783	1.53%
2020	688	666	22	58,602	1.14%
2019	670	657	13	57,600	1.14%
2018	676	657	19	57,600	1.14%
2017	635	879	(244)	54,630	1.61%

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

## **TRAILL 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: 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.

### **NOTE 3: 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.

**TRAIL COUNTY**

Notes to the Required Supplementary Information - Continued

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**NOTE 4: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

GASB Statement No. 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 5: LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

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

Fund	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
Special Revenue Fund	\$ 6,602,160	\$ 2,803,021	\$ 9,405,181
Capital Projects Fund	90,000	113,994	203,994

**TRAIL COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Years Ended December 31, 2023**

Assistance Listing Number	Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	Expenditures
<b>US DEPARTMENT OF TRANSPORTATION</b>			
Passed through the North Dakota Department of Transportation			
20.616	National Priority Safety Programs	N/A	\$ 3,160
20.600	State and Community Highway Safety	N/A	<u>8,640</u>
Total U.S. Department of Transportation			<u>\$ 11,800</u>
<b>US DEPARTMENT OF THE TREASURY</b>			
Passed through Department of State Treasurer			
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 227,549
21.032	Local Assistance and Tribal Consistency Fund	N/A	<u>100,000</u>
Total U.S. Department of the Treasury			<u>\$ 327,549</u>
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through North Dakota Department of Human Services			
93.566	Refugee and Entrant Assistance	N/A	<u>\$ 1,060,911</u>
Total Department of Health and Human Services			<u>\$ 1,060,911</u>
<b>US DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the State Department of Emergency Service			
97.137	State and Local Cybersecurity Grant Program Tribal Cybersecurity Program	CYBER2022	\$ 37,350
97.067	Homeland Security Grant Program	HLS2022	37,640
97.042	Emergency Management Performance Grants	EMPG2021-2022	12,610
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4460	895,024
97.039	Hazard Mitigation Grant	DR4509 HM	<u>102,882</u>
Total U.S. Department of Homeland Security			<u>\$ 1,085,507</u>
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through the North Dakota Department of Health			
93.268	Immunization Cooperative Agreements	G19.1311/G21.833/G23.081	\$ 22,301
93.069	Public Health Emergency Preparedness	G21.1156/G23.032A	1,979
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	G19.1311/G21.1113	64,050
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	G19.1090	<u>13,616</u>
Total U.S. Department of Health and Human Services			<u>\$ 101,946</u>
Total Expenditure of Federal Awards			<u>\$ 2,587,713</u>

See notes to the Schedule of Expenditures of Federal Awards

## **TRAILL 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

STATE AUDITOR  
Joshua C. Gallion



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

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Independent Auditor's Report

Board of County Commissioners  
Traill County  
Hillsboro, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Traill County as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Traill County's basic financial statements, and have issued our report thereon dated September 23, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings and questioned costs* as item 2023-001 to be a material weakness.

**TRAILL 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 Traill 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 not required to be reported under *Government Auditing Standards*.

**Traill County's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on Traill County's response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Traill 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  
September 23, 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  
Traill County  
Hillsboro, North Dakota

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

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

We have audited Traill 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 Traill County's major federal programs for the year ended December 31, 2023. Traill 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, Traill 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 years 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 Traill 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 Traill 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 Traill County's federal programs.

## TRAILL 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 Trill 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 Trill 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 Trill 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 Trill 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 Trill 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.

**TRAIL COUNTY**

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

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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  
September 23, 2024

**TRAIL 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
Aggregate Discretely Presented Component Units	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>      </u> Yes	<u>  X  </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
93.566	Refugee and Entrant Assistance
97.036	Disaster Grants – Public Assistance

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

## **TRAILL 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 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

##### **Condition**

The Trill County Water Resource District have 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 fraud and the risk of misstatement of the Trill County Water Resource District's financial condition.

##### **Cause**

Management has chosen to allocate economic resources to other functions of the Trill 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 and credit memos should be reviewed 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.

##### **Trill County Water Resource District's Response**

See Water Resource District's Corrective Action Plan

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

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No matters were reported.



Trail County Water Resource District  
102 1<sup>st</sup> St SW · PO Box 10  
Hillsboro, ND 58045

**Date:** September 16, 2024  
**To:** Joshua C. Gallion, ND State Auditor  
**FROM:** Jessica Spaeth, Secretary-Treasurer  
**RE:** Trail County WRD 2023 Corrective Action Plan

**Contact Person Responsible for Corrective Acton Plan:** Jessica Spaeth, Secretary-Treasurer

**Section I – Financial Statement Findings:**

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**2023-001      LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

**Condition:**

The Trail County Water Resource District have 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:**

We agree. In addition to monthly bank reconciliations, Trail|County Water Resource District will permit online bank account viewing capabilities to the chairperson and vice-chairperson. Other duties will be separated upon hiring additional personnel.

**Anticipated Completion Date:**

Immediately. Additional personnel will be hired when resources are available.

Phone: 701.636.5812  
Email: tcwrd@co.trail.nd.us

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**TRAILL COUNTY**  
Glenda Haugen, County Auditor  
PO Box 429 Hillsboro ND 58045  
Phone: (701) 636-4458  
Fax: 701-636-5418  
Email: glenda.haugen@co.trail.nd.us

**TRAILL COUNTY AUDITOR**

**Date:** August 7, 2024  
**To:** Joshua C. Gallion, ND State Auditor  
**FROM:** Glenda Haugen, Traill County Auditor  
**RE:** Traill County – FY2023 Schedule of Prior Year Findings

**2022-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**

**Condition**

During the audit of the Traill County, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP) The adjustments were approved by management and are reflected in the financial statements.

**Recommendation**

We recommend the Traill County review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

**Current Status**

Effective March 2024, Traill County has updated their procedure in checking all financial statements before presenting to the Audit team for review.

**2022-002 COUNTY BUDGET – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE**

**Condition**

Traill County did not prepare its 2022 and 2021 budgets in accordance with state laws listed below:

- The estimated cash amount for the mill levy calculation did not have proper supporting documentation in accordance with N.D.C.C. §57-15-31(1).
- The preliminary and final budget files for 2022 and 2021 did not include the 2<sup>nd</sup>, 3<sup>rd</sup>, and 5<sup>th</sup> required element included in N.D.C.C. §11-23-02.

**Recommendation**

We recommend that Traill County implement procedures to ensure its compliance with all aspects of N.D.C.C. §57-15-31(1) and N.D.C.C. §11-23-02.

**Current Status**

Effective 06-30-24, Previously Traill County used an excel spread sheet that did not have all the elements in calculating the mills, which was hard to follow the actual cash on hand. We have now implemented the State Audit Budget Report provided by Heath Erickson going forward.

*Glenda Haugen*  
Glenda Haugen, Traill County Auditor

*Traill County places significant importance on the safety and well-being of its employees and the public it serves.*



Trail County Water Resource District  
102 1<sup>st</sup> St SW • PO Box 10  
Hillsboro, ND 58045

**Date:** June 27, 2024  
**To:** Joshua C. Gallion, ND State Auditor  
**FROM:** Jessica Spaeth, Secretary-Treasurer  
**RE:** Trail County WRD – FY2023 Schedule of Prior Year Findings

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**2022-003      AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

**Condition**

During the audit of the Trail County Water Resource District, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP) The adjustments were approved by management and are reflected in the financial statements.

**Recommendation**

We recommend the Trail County Water Resource District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

**Current Status**

Partially Implemented – Trail County Water Resource District reviewed its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate. Additional training for accounting staff on GAAP requirements is needed to enhance their understanding and application in the preparation of financial statements. The WRD expects to engage with external financial consultants to review our financial statements and procedures.

**2022-004      LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

**Condition**

The Trail County Water Resource District have 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**

To mitigate the risk associated with this lack of segregation of duties, we recommend the following: • Financial statements and credit memos should be reviewed 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.

**Current Status**

Partially Implemented – Trail County Water Resource District provides detailed financial statements and spreadsheets for full board review. Check Detail and General Ledger reports are provided for full board review.

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Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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