

**SOURIS BASIN PLANNING COUNCIL  
MINOT, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

## SOURIS BASIN PLANNING COUNCIL

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Souris Basin Planning Council  
Minot, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of Souris Basin Planning Council (the Council) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

#### *Summary of Opinions*

For the year ended December 31, 2023:

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Unmodified
General Fund	Unmodified
Impact Fund	Unmodified
Business Accelerator Fund	Unmodified
Resiliency Fund	Unmodified

For the year ended December 31, 2022:

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Unmodified
General Fund	Unmodified
Impact Fund	Unmodified
Business Accelerator Fund	Unmodified
Resiliency Fund	Unmodified

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of December 31, 2023 and 2022, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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## ***Basis for Opinions***

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 the Council'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 the Council'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 management's discussion and analysis on pages 5-9 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 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 25, 2024, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

*Wohlenberg Ritzman + Co., LLC*

Yankton, South Dakota  
September 25, 2024

**SOURIS BASIN PLANNING COUNCIL**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023 AND 2022

This section of the Souris Basin Planning Council's annual financial report presents our discussion and analysis of the Council's financial performance during the years ended December 31, 2023 and 2022. Please read it in conjunction with the Council's financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of Souris Basin Planning Council exceeded its liabilities \$4,912,755 and \$4,236,680 for the years ended December 31, 2023 and 2022, respectively (*net position*). Of this amount, \$1,710,603 and \$1,746,967 (*unrestricted net position*) may be used to meet the Council's ongoing obligations for the years ended December 31, 2023 and 2022, respectively.
- The Council's total net position increased by \$676,075 and \$790,827 for the years ended December 31, 2023 and 2022, respectively.
- As of the close of the current fiscal year, Souris Basin Planning Council's governmental funds reported combined ending fund balances of \$4,926,327 and \$4,248,581 for the years ended December 31, 2023 and 2022, respectively.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$419,288 and \$432,421 for the years ended December 31, 2023 and 2022, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) Federal Awards section. This report also contains required supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Council:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the Council's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Council's operations in *more detail* than the government-wide statements.
  - The *governmental funds statements* tell how general government services were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**SOURIS BASIN PLANNING COUNCIL**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
DECEMBER 31, 2023 AND 2022

**Government-Wide Statements**

The government-wide statements report information about the Council as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. The statement of activities includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the Council's *net position* and how they have changed. Net position – the difference between the Council's assets and liabilities – is one way to measure the Council's financial health or *position*.

- Over time, increases or decreases in the Council's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Council's overall health, you need to consider additional nonfinancial factors.

The governmental activities of the Council include general grant administration, community development and economic development.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Council's most significant funds – not the Council as a whole. Funds are accounting devices the Council uses to keep track of specific sources of funding and spending on particular purposes. The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Council has one type of funds:

- Governmental funds: Most of the Council's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation after each governmental fund statement that explains the differences between the governmental funds statement and the government-wide statements.

The Council adopts an annual budget for its general fund. Budgetary comparison statements are omitted from the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The Council's assets exceeded liabilities by \$4,912,755 and the net position increased by \$676,075 for the year ended December 31, 2023. The Council's assets exceeded liabilities by \$4,236,680 and the net position increased by \$790,827 for the year ended December 31, 2022.

Sixty five percent of the Council's net position is restricted for use in the loan fund programs in 2023 and fifty nine percent in 2022. Unrestricted net position may be used to fund Council activities in the next fiscal year.

**SOURIS BASIN PLANNING COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

<u>Governmental Activities</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Assets:			
Current and other assets	\$ 1,367,738	\$ 1,034,268	\$ 1,403,533
Notes receivable, net	3,618,552	3,241,292	2,068,444
Capital assets	-	-	2,636
Right of use assets	217,871	250,259	-
Total assets	<u>5,204,161</u>	<u>4,525,819</u>	<u>3,474,613</u>
Liabilities:			
Current liabilities	90,317	57,464	18,554
Long-term liabilities	201,089	231,675	10,206
Total liabilities	<u>291,406</u>	<u>289,139</u>	<u>28,760</u>
Net Position:			
Net investment in capital assets	(4,461)	(2,558)	(65)
Restricted for loan programs	3,206,613	2,492,271	1,754,999
Unrestricted	1,710,603	1,746,967	1,690,919
Total net position	<u>\$ 4,912,755</u>	<u>\$ 4,236,680</u>	<u>\$ 3,445,853</u>

<u>Governmental Activities</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Revenues:			
Program revenues:			
Fees, fines, & charges for services	\$ 704,124	\$ 665,936	\$ 315,258
Operating grants & contributions	665,168	815,859	2,041,931
General revenues:			
Joint power agreements	70,532	71,177	69,971
Membership dues	5,100	5,050	4,900
Interest income	3,423	1,964	2,379
Miscellaneous	2,507	1,014	19,018
Total revenues	<u>1,450,854</u>	<u>1,561,000</u>	<u>2,453,457</u>
Expenses:			
Economic development	666,024	622,663	737,041
Lending programs	108,755	147,510	43,832
Total expenses	<u>774,779</u>	<u>770,173</u>	<u>780,873</u>
Change in net position	<u>676,075</u>	<u>790,827</u>	<u>1,672,584</u>
Net position, beginning of year	<u>4,236,680</u>	<u>3,445,853</u>	<u>1,773,269</u>
Net position, end of year	<u>\$ 4,912,755</u>	<u>\$ 4,236,680</u>	<u>\$ 3,445,853</u>

The Council's total revenues for 2023 and 2022 were \$1,450,854 and \$1,561,000, respectively. In 2023, 49% of the Council's revenues came from charges for services and 46% came from grants. In 2022, 43% came from charges for services and 52% came from grants.

The total cost of all programs and services was \$774,779 in 2023 and \$770,173 in 2022.

**SOURIS BASIN PLANNING COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Council's governmental funds include the general fund, Impact fund, Business Accelerator fund, and Resiliency fund for both years ending December 31, 2023 and 2022.

Analysis of the government's funds during 2023 are as follows:

- Revenues from governmental fund types totaled \$1,450,854, a decrease of \$110,146 from the preceding year.
- Expenditures from governmental fund types totaled \$774,779, an increase of \$4,606 from the preceding year.
- Total fund balances increased by \$676,075.
- The general fund balance decreased by \$11,674.

Analysis of the government's funds during 2022 are as follows:

- Revenues from governmental fund types totaled \$1,561,000, a decrease of \$892,457 from the preceding year.
- Expenditures from governmental fund types totaled \$770,173, a decrease of \$10,700 from the preceding year.
- Total fund balances increased by \$790,827.
- The general fund balance increased by \$32,703.

**CAPITAL ASSETS**

**Capital Assets**

The Council's investment in capital assets was \$0 at the end of fiscal years 2023 and 2022 (net of accumulated depreciation). This investment includes office equipment and software. Additional information on the Council's capital assets can be found in Note 5 of this report.

**Long-Term Debt**

The Council has recorded a liability for an operating and a finance lease. The Council is also liable for compensated absences in the event an employee leaves employment.

<u>Governmental Activities</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Compensated absences payable	\$ 9,111	\$ 9,343
Operating lease liability	222,332	251,540
Finance lease liability	-	1,277
Total long-term liabilities	<u>\$ 231,443</u>	<u>\$ 262,160</u>

**SOURIS BASIN PLANNING COUNCIL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

Additional information on the Council's long-term debt can be found in Note 4 of this report.

**ECONOMIC FACTORS**

For 2023:

- Staff salary increases were included in the annual budget based on funds available and staff performance.
- The Council was awarded a Bush Foundation Ecosystem Grant. The Council will receive \$150,00 annually for three years to use for operating and programming expenses.
- The Council continues to increase its revenue potential by providing technical and planning services to nonprofit and public organizations throughout the region.
- The Council was approved for \$805,300 from the City of Minot MAGIC Fund for the Business Accelerator Fund.

For 2022:

- Staff salary increases were included in the annual budget based on funds available and staff performance.
- The Council contracted with Mountrail County Job Development Authority to provide administrative, program, and financial services.
- The Council continues to seek projects for the benefit of the region from public and private sources.
- The Council lent 100% of CARES Revolving Loan Fund supplemental funding (Resiliency Fund) received from the Economic Development Administration. A total of \$1.28mm will continue to revolve.
- The Council received \$780m from the City of Minot MAGIC Fund for the Business Accelerator Fund.

**CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Council's finances and to demonstrate the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the executive director at PO Box 2024, Minot, North Dakota 58702-2024.

**SOURIS BASIN PLANNING COUNCIL**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 787,408	\$ 624,801
Accounts receivable	73,164	40,664
Due from other funds	1,555	-
Accrued interest	98,757	51,443
Prepaid expenses	2,167	708
Current portion of notes receivable	404,687	316,652
Total current assets	<u>1,367,738</u>	<u>1,034,268</u>
<b>CAPITAL ASSETS, NET</b>	-	-
Right of use asset - operating lease	217,871	248,986
Right of use asset - finance lease	-	1,273
<b>OTHER ASSETS</b>		
Notes receivable	3,791,884	3,371,730
Allowance for credit losses	(173,332)	(130,438)
Total other assets	<u>3,618,552</u>	<u>3,241,292</u>
Total assets	<u>5,204,161</u>	<u>4,525,819</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	25,581	21,018
Due to other funds	1,555	-
Accrued liabilities	7,903	5,961
Deferred revenue	24,924	-
Current portion of operating lease liability	30,354	29,208
Current portion of finance lease liability	-	1,277
Total current liabilities	<u>90,317</u>	<u>57,464</u>
<b>LONG-TERM LIABILITIES</b>		
Compensated absences payable	9,111	9,343
Operating lease liability	191,978	222,332
Total long-term liabilities	<u>201,089</u>	<u>231,675</u>
Total liabilities	<u>291,406</u>	<u>289,139</u>
<b>NET POSITION</b>		
Net investment in capital assets	(4,461)	(2,558)
Restricted		
Loan programs	3,206,613	2,492,271
Unrestricted	1,710,603	1,746,967
Total net position	<u>\$ 4,912,755</u>	<u>\$ 4,236,680</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Program Activities	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Fees, Fines & Charges for Services	Operating Grants & Contributions	
Governmental activities				
Economic development	\$ 666,024	\$ 572,221	\$ -	\$ (93,803)
Lending programs	108,755	131,903	665,168	688,316
Total governmental activities	<u>\$ 774,779</u>	<u>\$ 704,124</u>	<u>\$ 665,168</u>	<u>594,513</u>
General revenues				
Joint powers agreement				70,532
Membership dues				5,100
Interest income				3,423
Miscellaneous				<u>2,507</u>
Total general revenues				<u>81,562</u>
Change in net position				676,075
Net position, January 1, 2023				<u>4,236,680</u>
Net position, December 31, 2023				<u>\$ 4,912,755</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Program Activities	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Fees, Fines & Charges for Services	Operating Grants & Contributions	
Governmental activities				
Economic Development	\$ 622,663	\$ 556,456	\$ -	\$ (66,207)
Lending Programs	147,510	109,480	815,859	777,829
Total government activities	<u>\$ 770,173</u>	<u>\$ 665,936</u>	<u>\$ 815,859</u>	<u>711,622</u>
General revenues				
Joint powers agreement				71,177
Membership dues				5,050
Interest Income				1,964
Miscellaneous				<u>1,014</u>
Total general revenues				<u>79,205</u>
Change in net position				790,827
Net position, January 1, 2022				<u>3,445,853</u>
Net position, December 31, 2022				<u>\$ 4,236,680</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

ASSETS	Major Funds				Total Governmental Funds
	General	Impact Fund	Business Accelerator Fund	Resiliency Fund	
<b>CURRENT ASSETS</b>					
Cash	\$ 359,557	\$ 228,846	\$ 2,511	\$ 196,494	\$ 787,408
Accounts receivable	72,634	530	-	-	73,164
Due from other funds	-	-	1,555	-	1,555
Accrued interest	-	5,505	92,340	912	98,757
Prepaid expenses	2,167	-	-	-	2,167
Current portion of notes receivable	-	156,858	140,000	107,829	404,687
Total current assets	<u>434,358</u>	<u>391,739</u>	<u>236,406</u>	<u>305,235</u>	<u>1,367,738</u>
<b>OTHER ASSETS</b>					
Notes receivable	-	1,080,968	1,709,486	1,001,430	3,791,884
Allowance for credit losses	-	(143,744)	(18,495)	(11,093)	(173,332)
Total other assets	<u>-</u>	<u>937,224</u>	<u>1,690,991</u>	<u>990,337</u>	<u>3,618,552</u>
Total assets	<u>\$ 434,358</u>	<u>\$ 1,328,963</u>	<u>\$ 1,927,397</u>	<u>\$ 1,295,572</u>	<u>\$ 4,986,290</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 5,000	\$ 14,714	\$ 3,380	\$ 2,487	\$ 25,581
Deferred revenue	-	14,435	-	10,489	24,924
Accrued liabilities	7,903	-	-	-	7,903
Due to other funds	-	1,555	-	-	1,555
Total current liabilities	<u>12,903</u>	<u>30,704</u>	<u>3,380</u>	<u>12,976</u>	<u>59,963</u>
<b>FUND BALANCES</b>					
Nonspendable	2,167	1,094,082	1,830,991	1,098,166	4,025,406
Spendable					
Restricted					
Loan program	-	-	93,026	184,430	277,456
Unassigned	419,288	204,177	-	-	623,465
Total fund balances	<u>421,455</u>	<u>1,298,259</u>	<u>1,924,017</u>	<u>1,282,596</u>	<u>4,926,327</u>
Total liabilities and fund balances	<u>\$ 434,358</u>	<u>\$ 1,328,963</u>	<u>\$ 1,927,397</u>	<u>\$ 1,295,572</u>	<u>\$ 4,986,290</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

ASSETS	Major Funds				Total Governmental Funds
	General	Impact Fund	Business Accelerator Fund	Resiliency Fund	
<b>CURRENT ASSETS</b>					
Cash	\$ 400,273	\$ 152,589	\$ 2,501	\$ 69,438	\$ 624,801
Accounts receivable	40,664	-	-	-	40,664
Accrued interest	-	5,037	45,405	1,001	51,443
Prepaid expenses	708	-	-	-	708
Current portion of notes receivable	-	208,770	-	107,882	316,652
Total current assets	<u>441,645</u>	<u>366,396</u>	<u>47,906</u>	<u>178,321</u>	<u>1,034,268</u>
<b>OTHER ASSETS</b>					
Notes receivable, net of current portion	-	1,077,956	1,184,318	1,109,456	3,371,730
Allowance for uncollectible accounts	-	(106,422)	(11,843)	(12,173)	(130,438)
Total other assets	<u>-</u>	<u>971,534</u>	<u>1,172,475</u>	<u>1,097,283</u>	<u>3,241,292</u>
Total assets	<u>\$ 441,645</u>	<u>\$ 1,337,930</u>	<u>\$ 1,220,381</u>	<u>\$ 1,275,604</u>	<u>\$ 4,275,560</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 2,555	\$ 14,749	\$ 2,060	\$ 1,654	\$ 21,018
Accrued liabilities	5,961	-	-	-	5,961
Total liabilities	<u>8,516</u>	<u>14,749</u>	<u>2,060</u>	<u>1,654</u>	<u>26,979</u>
<b>FUND BALANCES</b>					
Nonspendable	708	1,180,304	1,172,475	1,205,165	3,558,652
Spendable					
Restricted					
Loan program	-	-	45,846	68,785	114,631
Unassigned	432,421	142,877	-	-	575,298
Total fund balances	<u>433,129</u>	<u>1,323,181</u>	<u>1,218,321</u>	<u>1,273,950</u>	<u>4,248,581</u>
Total liabilities and fund balances	<u>\$ 441,645</u>	<u>\$ 1,337,930</u>	<u>\$ 1,220,381</u>	<u>\$ 1,275,604</u>	<u>\$ 4,275,560</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

Total Governmental Funds Balance \$ 4,926,327

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

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

Cost of capital assets	575	
Less accumulated depreciation	<u>(575)</u>	
Net capital assets		-

Right of Use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right of use asset - operating lease		217,871
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Long-term liabilities applicable to the Council's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Compensated absences payable	(9,111)	
Operating lease obligation	<u>(222,332)</u>	
Long-term liabilities		<u>(231,443)</u>

Net Position of Governmental Activities		<u>\$ 4,912,755</u>
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SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

Total Governmental Funds Balance		\$ 4,248,581
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Total net position reported for governmental activities in the statement of net position is difference because:

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

Cost of capital assets	575	
Less accumulated depreciation	(575)	
Net capital assets		-

Right of Use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right of use asset - operating lease	248,986	
Right of use asset - finance lease	1,273	
		250,259

Long-term liabilities applicable to the Council's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

Compensated absences payable	(9,343)	
Operating lease obligation	(251,540)	
Finance lease obligations	(1,277)	
Long-term liabilities		(262,160)

Net Position of Governmental Activities		\$ <u><u>4,236,680</u></u>
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SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Major Funds				Total Governmental Funds
	General	Impact Fund	Business Accelerator Fund	Resiliency Fund	
<b>REVENUES</b>					
Grant income	\$ -	\$ -	\$ 665,168	\$ -	\$ 665,168
Joint powers agreements	70,532	-	-	-	70,532
Project income	572,181	-	-	-	572,181
Membership dues	5,100	-	-	-	5,100
Interest income	1,703	863	12	845	3,423
Miscellaneous income	2,507	40	-	-	2,547
Interest on loans	-	53,415	46,935	14,374	114,724
Fees income	-	2,820	14,359	-	17,179
Total revenues	652,023	57,138	726,474	15,219	1,450,854
<b>EXPENDITURES</b>					
Administrative expense	-	53,552	13	7,654	61,219
Project expenses	501,627	-	-	-	501,627
Miscellaneous	3,703	755	3,450	-	7,908
Indirect	127,779	-	-	-	127,779
Bad debt expense	99	25,204	6,652	(1,081)	30,874
Loan program expenses	-	2,549	10,663	-	13,212
Total expenditures	633,208	82,060	20,778	6,573	742,619
Debt service:					
Interest	4	-	-	-	4
Principal	30,485	-	-	-	30,485
Total debt service expenditures	30,489	-	-	-	30,489
Total expenditures	663,697	82,060	20,778	6,573	773,108
<b>EXCESS REVENUE OVER (UNDER)</b>					
<b>EXPENDITURES</b>	(11,674)	(24,922)	705,696	8,646	677,746
<b>FUND BALANCE, BEGINNING OF YEAR</b>	433,129	1,323,181	1,218,321	1,273,950	4,248,581
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 421,455</u>	<u>\$ 1,298,259</u>	<u>\$ 1,924,017</u>	<u>\$ 1,282,596</u>	<u>\$ 4,926,327</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Major Funds				Total Governmental Funds
	General	Impact Fund	Business Accelerator Fund	Resiliency Fund	
<b>REVENUES</b>					
Grant income	\$ -	\$ -	\$ 576,698	\$ 239,161	\$ 815,859
Joint powers agreements	71,177	-	-	-	71,177
Project income	555,441	-	-	-	555,441
Membership dues	5,050	-	-	-	5,050
Interest income	1,658	284	3	19	1,964
Miscellaneous income	1,012	1,015	-	-	2,027
Interest on loans	-	42,159	27,549	11,717	81,425
Fees income	-	12,982	12,035	3,038	28,055
Total revenues	634,338	56,440	616,285	253,935	1,560,998
<b>EXPENDITURES</b>					
Current:					
Administrative expense	-	35,893	3	5,813	41,709
Project expenses	482,027	-	-	-	482,027
EDA admin fees	-	-	-	70,185	70,185
Miscellaneous	1,843	2,100	5,037	14,853	23,833
Indirect	88,132	-	-	-	88,132
Bad debts expense (recovery)	-	(16,673)	11,843	12,173	7,343
Loan program expenses	-	11,381	9,884	3,158	24,423
Total current expenditures	572,002	32,701	26,767	106,182	737,652
Debt service:					
Interest	15	-	-	-	15
Principal	29,618	-	-	-	29,618
Total debt service expenditures	29,633	-	-	-	29,633
Total expenditures	601,635	32,701	26,767	106,182	767,285
<b>EXCESS REVENUE OVER (UNDER)</b>					
<b>EXPENDITURES</b>	32,703	23,739	589,518	147,753	793,713
<b>FUND BALANCE, BEGINNING OF YEAR</b>	400,426	1,299,442	628,803	1,126,197	3,454,868
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 433,129</u>	<u>\$ 1,323,181</u>	<u>\$ 1,218,321</u>	<u>\$ 1,273,950</u>	<u>\$ 4,248,581</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**SOURIS BASIN PLANNING COUNCIL**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 677,746
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The change in net position reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expenses.

Amortization expense	(32,388)
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Governmental funds report principal payments on debt service as expenditures; whereas, the statement of activities does not consider this as an expense.

30,485

The change in compensated absences payable does not provide or use current financial resources and therefore, is not reported in the governmental funds. The amount of the change is:

232

Total Change in Net Position of Governmental Activities	<u>\$ 676,075</u>
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**SOURIS BASIN PLANNING COUNCIL**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 793,713
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The change in net position reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expenses.

Depreciation expense	(116)
Amortization expense	(31,995)

Governmental funds report principal payments on debt service as expenditures; whereas, the statement of activities does not consider this as an expense.	29,618
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The change in compensated absences payable does not provide or use current financial resources and therefore, is not reported in the governmental funds. The amount of the change is:	<u>(393)</u>
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Total Change in Net Position of Governmental Activities	<u>\$ 790,827</u>
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**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Souris Basin Planning Council ("the Council") operates as an entity under Chapter 54-40 of the North Dakota Century Code. The financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. As described in Note 1, the Council has implemented the financial reporting model as required by the provisions of GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The powers and duties of regional councils set out in NDCC 54-40.1-04 provide that a regional council shall:

1. Adopt agreements, rules or procedures, as may be necessary to effectuate planning and development in the region.
2. Coordinate planning and development within the regions for all matters of regional concern as determined by the regional council, including land use, social and economic planning, economic development, transportation, health, environmental quality, water and sewage, solid waste, flood relief, parks and open spaces, hospitals, and public buildings.
3. Participate with other public agencies and private organizations in regard to research for planning activities relevant to the region.
4. For the purpose of coordination, work with state departments, agencies, and institutions in reviewing and commenting on all plans and federal aid applications as to their impact on the region.
5. Develop guidelines for the coordination of land use plans and ordinances within the region.
6. Prepare a regional comprehensive plan and upon the preparation of such a plan or any phase, amendment, revision, extension, addition, functional part, or part thereof, file such plan, phase, functional part, amendment, revision, extension, addition, or part thereof with the office, all local planning agencies within the region, and other planning agencies in adjoining areas.
7. Develop an annual budget for operations during a fiscal year.
8. Receive and expand federal, state, and local funds, and contract for services with units of general local government and private individuals and organizations, consistent with the scope and objectives of planning and development functions.
9. Upon availability of funds, hire an executive director who must be given full control over the staff of the regional council. The executive director shall act as a liaison between the regional council and the staff of the regional council and shall advise and assist the regional council in the selection of staff.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

10. Provide technical assistance for primary sector business development by leveraging local funds to assist in product development, product testing, business plan development, feasibility studies, gaining patent protection, legal services, market strategy development, and other needs to stimulate business development.
11. Host business outreach forums to stimulate entrepreneurship and interchange with potential investment and forums on other matters of importance to the local area.
12. Upon request, facilitate the financing of local economic development activities, such as interest buy down programs and local revolving loan fund programs, without regard to the fiscal source.
13. Act as a regional development corporation as provided by the individual regional council's bylaws.
14. Have the authority to purchase, own, and manage real property for the purpose of the business incubator and regional council administrative functions.

Following is a summary of the more significant policies:

**Reporting Entity**

The Council's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the Council is considered to be financially accountable.

Component units are legally separated entities for which the Council (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally dependent upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Council and the Council is not includable as a component unit within another reporting entity.

**Basis of Presentation**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Council. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange transactions.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are those benefiting more than one function and include administrative and supporting services. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Governmental fund financial statements:* The fund financial statements provide information about the Council's funds. 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. Currently all funds of the Council qualify as major.

The Council reports the following major governmental funds for 2023 and 2022:

General Fund – The general fund is the primary operating fund of the Council. It accounts for all financial resources except those required to be accounted for in another fund.

Impact Fund – The Impact Fund provides loans to entities through local funds and former federal programs that have been defederalized (Revolving Loan Fund and Intermediary Relending Program Funds noted below). As loans are repaid, the revolved funds are available to be borrowed again.

Business Accelerator Fund – The Business Accelerator Fund provides loans to entities through funds from the City of Minot MAGIC Fund. As loans are repaid, the revolved funds are available to be borrowed again.

Resiliency Fund – The Resiliency Fund was established to provide loans to entities through federal funds. As loans are repaid, the revolved funds are available to be borrowed again.

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

*Government-wide financial statements:* The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, includes grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

*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 Council considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Charges for services and investment income are considered 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 adjustments, 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.

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

**Cash and Investments/Deposits**

Cash includes amounts in demand deposits and money market accounts. The Council has no investments. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or secured with pledges of securities equal to 110% of the uninsured balance. The Council has not adopted a policy limiting the amount that can be invested with any one issuer.

State statutes authorize the Council to invest in: (1) bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress; (2) securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above; (3) certificates of deposit fully insured by the federal deposit insurance corporation or by the state; (4) obligations of the state.

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 a 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 entity, and bonds issued by any other state of the United States or such other securities approved by the banking board.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**Capital Assets**

Capital assets include equipment and furniture. Assets are reported in the governmental activities column in the government-wide financial statements. Equipment is defined by the Council as assets with a cost of \$500 or more. Assets are recorded at cost if purchased and at acquisition value if donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Equipment is depreciated using the straight-line method with the following estimated useful lives:

Office Equipment and Software      5 years

**Notes Receivable and Allowance for Loan Losses**

Notes receivable represent funds advanced to borrowers under various federal and local programs and an internally operated loan program. The loans are generally collateralized by one or more of the following: Inventory, real property, equipment and personal guarantees.

Loans are stated at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is estimated based on the Council's anticipated uncollectible balances based on historical write-offs and the financial stability of its clients. An allowance of \$143,744 for bad debts has been established to account for potential uncollectible accounts for the Impact Fund, \$18,495 for Business Accelerator Fund, and \$11,093 for Resiliency Fund for the year ending December 31, 2023. An allowance of \$106,422 for the Impact Fund, \$11,843 for the Business Accelerator Fund, and \$12,173 for the Resiliency Fund was established for the year ending December 31, 2022. Notes considered uncollectible are liquidated and any amount remaining is charged-off.

A loan is considered impaired when, based on current information and events, it is probable that the Council will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of delay, the reasons for the delay, the borrower's prior payment record, and amount of the shortfall in relation to the principal and interest owed. Loans with a balance of \$158,460 and \$94,500 were considered impaired as of December 31, 2023 and 2022.

Interest income on notes receivable is recorded as earned. Interest stops accruing once a note receivable is considered non-collectible. Payments received on loans in nonaccrual status are applied to the outstanding accrued interest balance until such balance is fully paid at which time the payments are applied to principal and current interest balances and the loan resumes accrual of interest.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**Accounts Receivable**

Accounts receivable are carried at original invoice amount less a reserve estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Management has determined that no allowance for doubtful accounts is necessary. Accounts receivable are written off when deemed to be uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

**Compensated Absences**

Employees accrue vacation hours monthly based on years of service. Vacation may be accrued to a maximum of 240 hours. Upon separation of employment, eligible employees will receive payment for accrued hours at their current pay rate.

**Deferred Revenue**

Deferred revenue consists of grant funds received from the granting agency to be disbursed to approved loan applicants.

**Indirect Costs**

The Council allocates indirect costs using a formal Indirect Cost Distribution Plan. The plan allocates indirect costs to programs based on each program's percentage of direct salary and benefits to total salary and benefits.

**Advertising Costs**

The Council follows the policy of expensing advertising costs as incurred.

**Tax-Exempt Status**

The Council is exempt from Federal Income Taxes under the Internal Revenue Code Section 501(c)(4) and from payment of state income taxes under Section 57-38-09 of the North Dakota Century Code. All appropriate federal and state filings are up to date.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Fund Balance Classifications**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact. Nonspendable fund balance is comprised of amounts reported in nonspendable form such as prepaid expenses and amounts legally or contractually required to be maintained intact, such as notes receivable.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted* – consists of amounts related to (a) externally imposed constraints established by creditors, grantors, contributors; or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board of directors – the Council's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the board of directors removed the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – This classification reflects the amounts constrained by the Council's "intent" to be used for special purposes but are neither restricted nor committed. The board of directors has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Council's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the Council's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2        DEPOSITS**

At December 31, 2023, the Council held deposits at multiple financial institutions in the local area. The deposits are covered by Federal Depository Insurance up to \$250,000 per financial institution. The Council was also collateralized with securities held by the pledging financial institutions' agents in case their deposits grew larger than the FDIC coverage. Management periodically reviews the pledges of securities. As of December 31, 2023 and 2022, approximately \$289,000 and \$150,000, respectively, of the Council's deposits were not fully covered by FDIC insurance; however, the Council did have adequate pledged securities to cover 110% of the amount in excess of FDIC insurance in accordance with the North Dakota Century Code.

**NOTE 3        NOTES RECEIVABLE**

Souris Basin Planning Council provides loans to businesses and local governments in its region for start-up, expansion and capital improvements. Loans are provided through one of the following loan programs:

*Impact Funds* – The Impact Fund is comprised of two defederalized loan programs, The Revolving Loan Fund and Intermediary Relending Program. The Revolving Loan Fund (RLF) was established to provide loans to entities through federal and donated funds. The RLF fund was defederalized during 2021 and the funds were included in the Impact Fund. The Intermediary Relending Program (IRP) provides loans to entities through a federal loan and local match. The IRP program was defederalized in 2021 and the funds were included in the Impact Fund.

*Business Accelerator Fund* – The Business Accelerator Fund provides loans to entities through funds from the City of Minot MAGIC Fund.

*Resiliency Fund* – The Resiliency Fund was established to provide loans to entities through federal funds received from the EDA.

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

The Council's notes receivable balance consisted of the following as of December 31, 2023:

**Impact Fund Relending Programs**

loans bearing interest from 2.50% to 6.70%, with maturity dates ranging from 2024 through 2033 secured with personal guarantees, inventory, property and equipment.	\$ 1,237,826
Less: current portion	<u>(156,858)</u>
Total long-term portion of Impact Fund notes receivable	1,080,968
Less: allowance for loan loss	<u>(143,744)</u>
Total long-term portion of Impact Fund notes receivable, net	<u>937,224</u>

**Business Accelerator Fund**

loans bearing interest from 1.70% to 3.50%, with maturity dates of 2024 to 2033 secured with personal guarantees, inventory, property and equipment.	1,849,486
Less: current portion	<u>(140,000)</u>
Total long-term portion of Business Accelerator Fund notes receivable	1,709,486
Less: allowance for loan loss	<u>(18,495)</u>
Total long-term portion of Business Accelerator Fund notes receivable, net	<u>1,690,991</u>

**Resiliency Fund**

loans bearing interest from 1.00% to 6.30%, with maturity dates ranging from 2024 through 2042 secured with personal guarantees, inventory, property and equipment.	1,109,259
Less: current portion	<u>(107,829)</u>
Total long-term portion of Resiliency Fund notes receivable	1,001,430
Less: allowance for loan loss	<u>(11,093)</u>
Total long-term portion of Business Accelerator Fund notes receivable, net	<u>990,337</u>
Total long-term notes receivable, net	<u><u>\$ 3,618,552</u></u>

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

The Council's notes receivable balance consisted of the following as of December 31, 2022:

**Impact Fund Relending Programs**

loans bearing interest from 2.50% to 6.70%, with maturity dates ranging from 2024 through 2042 secured with personal guarantees, inventory, property and equipment.	\$ 1,286,726
Less: current portion	<u>(208,770)</u>
Total long-term portion of Impact Fund notes receivable	1,077,956
Less: allowance for loan loss	<u>(106,422)</u>
Total long-term portion of Impact Fund notes receivable, net	<u>971,534</u>

**Business Accelerator Fund**

loans bearing interest from 1.70% to 3.50%, with maturity dates of 2024 to 2032 secured with personal guarantees, inventory, property and equipment.	1,184,318
Less: current portion	<u>-</u>
Total long-term portion of Business Accelerator Fund notes receivable	1,184,318
Less: allowance for loan loss	<u>(11,843)</u>
Total long-term portion of Business Accelerator Fund notes receivable, net	<u>1,172,475</u>

**Resiliency Fund**

loans bearing interest from 1.00% to 6.30%, with maturity dates ranging from 2024 through 2042 secured with personal guarantees, inventory, property and equipment.	1,217,338
Less: current portion	<u>(107,882)</u>
Total long-term portion of Resiliency Fund notes receivable	1,109,456
Less: allowance for loan loss	<u>(12,173)</u>
Total long-term portion of Resiliency Fund notes receivable, net	<u>1,097,283</u>
Total long-term notes receivable, net	<u><u>\$ 3,241,292</u></u>

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

The following table presents information data by class of financing receivable regarding their age and interest accrual status at December 31, 2023:

	<u>Past Due</u>				<u>Total Financing Receivables on Nonaccrual Status</u>
	<u>30 - 59 Days</u>	<u>60 - 89 Days</u>	<u>&gt; 90 Days</u>	<u>Total Past Due</u>	
Impact Fund	\$ -	\$ -	\$ 94,500	\$ 94,500	\$ 158,460
BAF	-	-	-	-	-
Resiliency	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,500</u>	<u>\$ 94,500</u>	<u>\$ 158,460</u>

The following table presents information data by class of financing receivable regarding their age and interest accrual status at December 31, 2022:

	<u>Past Due</u>				<u>Total Financing Receivables on Nonaccrual Status</u>
	<u>30 - 59 Days</u>	<u>60 - 89 Days</u>	<u>&gt; 90 Days</u>	<u>Total Past Due</u>	
Impact Fund	\$ -	\$ -	\$ 94,500	\$ 94,500	\$ 94,500
BAF	-	-	-	-	-
Resiliency	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,500</u>	<u>\$ 94,500</u>	<u>\$ 94,500</u>

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4      LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ending December 31, 2023 is as follows:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023	Due Within One Year
Compensated absences*	\$ 9,343	\$ -	\$ (232)	\$ 9,111	\$ -
Operating lease liability	251,540	-	(29,208)	222,332	30,354
Finance lease liability	1,277	-	(1,277)	-	-
Total long-term liabilities	<u>\$ 262,160</u>	<u>\$ -</u>	<u>\$ (30,717)</u>	<u>\$ 231,443</u>	<u>\$ 30,354</u>

Changes in long-term liabilities for the year ending December 31, 2022 is as follows:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022	Due Within One Year
Compensated absences*	\$ 8,950	\$ 393	\$ -	\$ 9,343	\$ -
Operating lease liability	-	279,635	(28,095)	251,540	29,208
Finance lease liability	-	2,800	(1,523)	1,277	1,277
Total long-term liabilities	<u>\$ 8,950</u>	<u>\$ 282,828</u>	<u>\$ (29,618)</u>	<u>\$ 262,160</u>	<u>\$ 30,485</u>

\*The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Compensated absences will be paid by the general fund.

**NOTE 5      CAPITAL ASSETS**

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

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Office equipment and software	\$ 575	\$ -	\$ -	\$ 575
Accumulated depreciation	(575)	-	-	(575)
Governmental capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Office equipment and software	\$ 7,448	\$ -	\$ (6,873)	\$ 575
Accumulated depreciation	(4,812)	(116)	4,353	(575)
Governmental capital assets, net	<u>\$ 2,636</u>	<u>\$ (116)</u>	<u>\$ (2,520)</u>	<u>\$ -</u>

Depreciation expense of \$0 and \$116 was charged to the economic development program on the statement of activities during 2023 and 2022, respectively.

**NOTE 6      RESTRICTED NET POSITION/RESTRICTED FUND BALANCES**

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

The restricted net position and restricted fund balances are the result of the revolving loan fund, intermediary relending program, and the business accelerator fund and resiliency fund. The IRP program has requirements for funds to be restricted for bad debts and debt service. The remaining funds are to continue being loaned under the provisions of each of the loan programs.

**NOTE 7      NONSPENDABLE FUND BALANCE**

Nonspendable fund balances are comprised of the following as of December 31, 2023:

	General Fund	Impact Fund	Business Accelerator Fund	Resiliency Fund	Total Governmental Fund
Prepaid expenses	\$ 2,167	\$ -	\$ -	\$ -	\$ 2,167
Current portion of notes receivable	-	156,858	140,000	107,829	404,687
Notes receivable, net of current portion	-	1,080,968	1,709,486	1,001,430	3,791,884
Allowance for uncollectible accounts	-	(143,744)	(18,495)	(11,093)	(173,332)
	<u>\$ 2,167</u>	<u>\$ 1,094,082</u>	<u>\$ 1,830,991</u>	<u>\$ 1,098,166</u>	<u>\$ 4,025,406</u>

Nonspendable fund balances are comprised of the following as of December 31, 2022:

	General Fund	Impact Fund	Business Accelerator Fund	Resiliency Fund	Total Governmental Fund
Prepaid expenses	\$ 708	\$ -	\$ -	\$ -	\$ 708
Current portion of notes receivable	-	208,770	-	107,882	316,652
Notes receivable, net of current portion	-	1,077,956	1,184,318	1,109,456	3,371,730
Allowance for uncollectible accounts	-	(106,422)	(11,843)	(12,173)	(130,438)
	<u>\$ 708</u>	<u>\$ 1,180,304</u>	<u>\$ 1,172,475</u>	<u>\$ 1,205,165</u>	<u>\$ 3,558,652</u>

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 8      RISK MANAGEMENT**

The Council 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, the state and other 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 Council pays an annual premium to NDIRF for its general insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence. The Council carries commercial insurance for all other risks of loss, including workers' compensation, state bonding fund, state fire and tornado fund, and employee health and accident insurance. No claims from these risks have exceeded insurance coverage in any of the past three years.

**NOTE 9      LEASES**

The summary of lease expense and other information for the year ended December 31, 2023 is as follows:

**Lease expense**

Amortization of ROU assets	\$ 32,388
Interest on lease liabilities	4
Operating lease expense	3,838
<b>Total</b>	<b>\$ 36,230</b>

**Other Information**

(Gains) losses on sale-leaseback transactions, net *	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	\$ 4
Financing cash flows from finance leases (i.e. principal portion)	\$ 1,277
Operating cash flows from operating leases	\$ 29,208
Weighted-average remaining lease term in years for operating leases	6.58
Weighted-average discount rate for operating leases	1.63%

The future minimum lease commitments of leases as of December 31, 2023 are as follows:

	<u>Operating</u>
2024	\$ 33,707
2025	34,377
2026	35,066
2027	35,767
2028	36,485
Thereafter	59,176
Total undiscounted cash flows	234,578
Less: present value discount	(12,246)
Total lease liabilities	<u>\$ 222,332</u>

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

The summary of lease expense and other information for the year ended December 31, 2022 is as follows:

**Lease expense**

Amortization of ROU assets	\$ 31,995
Interest on lease liabilities	15
Operating lease expense	34,954
<b>Total</b>	<b><u>\$ 66,964</u></b>

**Other Information**

(Gains) losses on sale-leaseback transactions, net *	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	\$ 15
Financing cash flows from finance leases (i.e. principal portion)	\$ 1,523
Operating cash flows from operating leases	\$ 28,095
ROU assets obtained in exchange for new finance lease liabilities	\$ 2,800
ROU assets obtained in exchange for new operating lease liabilities	\$ 279,455
Weighted-average remaining lease term in years for finance leases	0.83
Weighted-average remaining lease term in years for operating leases	7.58
Weighted-average discount rate for finance leases	0.78%
Weighted-average discount rate for operating leases	1.63%

The future minimum lease commitments of leases as of December 31, 2022 are as follows:

	Finance	Operating
2023	\$ 1,281	\$ 33,047
2024	-	33,707
2025	-	34,377
2026	-	35,066
2027	-	35,767
Thereafter	-	95,661
Total undiscounted cash flows	1,281	267,625
Less: present value discount	(4)	(16,085)
Total lease liabilities	<b><u>\$ 1,277</u></b>	<b><u>\$ 251,540</u></b>

**SOURIS BASIN PLANNING COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 10      DUE TO/FROM OTHER FUNDS**

Amounts recorded as Due to/from other funds relate to cash paid out of one fund for expenses of another fund. During the year ended December 31, 2023, the Council had receivables for amounts due from other funds of \$1,555 in the Business Accelerator fund, which was due from the Impact Fund. No due to/from other funds were noted as of the year ending December 31, 2022.

**NOTE 11      RETIREMENT PLAN**

The Council participates in a simple investment retirement account (Simple IRA) plan, which is administered by American Funds. In order to participate in the plan, employees must complete the probation period and earn at least \$5,000 in annual compensation with the Council. Once the employee achieves eligibility, the employee may choose to contribute to the Plan not to exceed an annual contribution of \$13,000. Employees 50 years or older may contribute an additional \$3,000. All employee contributions are deducted from compensation before taxes are assessed. The Council will match employee contributions dollar for dollar up to 3% of the employee's compensation. All contributions are 100% vested immediately. During the years ended December 31, 2023 and 2022, the Council contributed \$6,388 and \$7,089 in employer matching contributions, respectively.

**NOTE 12      FUTURE GASB PRONOUNCEMENTS**

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The statement is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

Management has not yet determined the effect these statements will have on the Council's financial statements.

**NOTE 13      SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Council's year end. The Council has evaluated subsequent events through September 25, 2024, the date which these financial statements were available to be issued.

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

To the Board of Directors  
Souris Basin Planning Council  
Minot, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Souris Basin Planning Council (the Council) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated September 25, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

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## Report on Compliance and Other Matters

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

## Purpose of This Report

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

*Wohlenberg Ritzman + Co., LLC*

Yankton, South Dakota  
September 25, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

To the Board of Directors  
Souris Basin Planning Council  
Minot, North Dakota

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

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

We have audited Souris Basin Planning Council's (the Council) 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 the Council's major federal programs for the years ended December 31, 2023 and 2022. The Council'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, the Council complied, in all material respects, with the types of 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 and 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Council 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 the Council'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 the Council's federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council'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 generally accepted auditing standards, *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 the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Council'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 the Council'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 the Council'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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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

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

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

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

*Wohlenberg Ritzman + Co., LLC*

Yankton, South Dakota  
September 25, 2024

**SOURIS BASIN PLANNING COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Federal Grantor/Program or Cluster Title	Identifying Pass-Through Grant Number	Federal AL Number	Federal Expenditures	
			2023	2022
<u>U.S. Department of Commerce, Economic Development</u>				
Economic Development Cluster				
COVID-19 Economic Adjustment Assistance - Resiliency Fund (CARES)		11.307	\$ 1,313,407	\$ 1,327,064
COVID-19 Economic Adjustment Assistance - EDA Cares Grant		11.307	-	110,765
Total Economic Development Cluster			<u>1,313,407</u>	<u>1,437,829</u>
Economic Development Support for Planning Organizations		11.302	<u>70,000</u>	<u>70,000</u>
Total U.S. Department of Commerce			<u>1,383,407</u>	<u>1,507,829</u>
<u>Corporation for National and Community Service</u>				
Passed through ND Department of Commerce				
AmeriCorps State and National	18AFHND001	94.006	90,876	104,390
Americorps Volunteers In Service to America	Unknown	94.013	<u>57,677</u>	<u>23,081</u>
Total Corporation for National and Community Service			<u>148,553</u>	<u>127,471</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,531,960</u>	<u>\$ 1,635,300</u>

SEE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**SOURIS BASIN PLANNING COUNCIL**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule of expenditures of federal awards (the "Schedule") are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 2 INDIRECT COST RATE**

The Council has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Souris Basin Planning Council under programs of the federal government for the year ended December 31, 2023 and 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Souris Basin Planning Council, it is not intended to and does not present the financial statements of the governmental activities, each major fund, and remaining fund information of Souris Basin Planning Council.

**NOTE 4 LOAN PROGRAMS**

The following is the calculation of the federal expenditures of the Resiliency Fund Revolving Loan Fund for the years ended December 31, 2023 and 2022:

	2023	2022
End of year loan balances	\$ 1,109,259	\$ 1,217,338
End of year cash balances	196,494	69,438
Current year administrative expenses	7,654	5,813
Current year loans written off	-	34,475
Total expenditures	1,313,407	1,327,064
Federal percentage	100%	100%
Total federal expenditures	<u>\$ 1,313,407</u>	<u>\$ 1,327,064</u>

**SOURIS BASIN PLANNING COUNCIL**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

**NOTE 5 FEDERAL PORTION OF GRANT INCOME CALCULATION**

The Council received funds from multiple agencies which were comprised of both federal and non-federal dollars. The calculation of the federal amounts of funding for proper presentation in the schedule of expenditures of federal awards are as follows:

Grant Income	2023	2022
EDA Planning grant	\$ 70,000	\$ 70,000
EDA Cares grant	-	110,765
Americorps State and National	90,876	104,390
Americorps Volunteers In Service to America	57,677	23,081
Federal portion of grant income	<u>218,553</u>	<u>308,236</u>
Non-federal portion of grant income	<u>446,615</u>	<u>507,623</u>
Total grant income	<u>\$ 665,168</u>	<u>\$ 815,859</u>

**NOTE 6 RECONCILIATION OF SEFA SCHEDULE TO FINANCIAL STATEMENTS**

The following schedule ties the total amount of federal awards as stated on the SEFA schedule to the financial statements:

	2023	2022
Federal portion of grant income as stated in SEFA footnote 5	\$ 218,553	\$ 308,236
Federal expenditures of RLF Resiliency Funds calculated in SEFA footnote 4	<u>1,313,407</u>	<u>1,327,064</u>
Total federal awards as stated on SEFA schedule	<u>\$ 1,531,960</u>	<u>\$ 1,635,300</u>

SEE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## **SOURIS BASIN PLANNING COUNCIL**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEARS ENDED DECEMBER 31, 2023 AND 2022**

#### **PRIOR FINANCIAL STATEMENT AUDIT FINDINGS**

##### **Finding 2021-001 – Internal Control Over Financial Reporting – Material Adjustments Proposed**

Condition: The Council lacks an appropriate system of internal control to ensure accounts are reconciled to underlying documentation and transactions are recorded in accordance with Generally Accepted Accounting Principles and expenditures are accurately reported on the Schedule of Expenditures of Federal Awards. Errors identified in the Schedule of Expenditures of Federal Awards did not impact major program compliance. The Council's budget format differs from the classification in the funds and does not reconcile to the financial statements. In addition, we noted inconsistencies in recording and improper classification of various loan program revenues and expenses between funds.

Recommendation: It is important to reconcile subsidiary ledgers or supporting schedules to the general ledger for each fund to ensure the accuracy of financial information and minimize the risk of misstatement. We recommend that management establish a standard policy for classifying revenues and expenses to appropriate funds and programs. We recommend management implement a policy whereby all subsidiary ledgers and/or supporting schedules are reconciled to the general ledger on a monthly basis and at year-end. We also recommend that appropriate management-level personnel review the reconciliations prepared by the third-party accountant for accuracy. Management personnel should document evidence of their review for audit purposes.

Current Status: Corrected.

#### **PRIOR FEDERAL AWARD AUDIT FINDINGS**

##### **Finding 2021-002 – Internal Control Over Financial Reporting – Delinquent Single Audit**

Condition: The audit was not completed and the Data Collection Form and reporting package were not submitted within the required timeframe.

Recommendation: The delay in issuing the audited financial statements and subsequently filing the Data Collection Form within nine months past the fiscal year-end was due to staff turnover and the Council being unprepared for the audit. We recommend management monitor the filing deadlines for future periods requiring a single audit.

Current Status: Repeated as Finding 2022-001 and corrected for 2023.

**SOURIS BASIN PLANNING COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2022 AND 2023**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X      </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X      </u> None reported

Noncompliance material to financial statements noted?            Yes       X       No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X      </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X      </u> None reported

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 the Uniform Guidance 2 CFR 200.516(a)?       X       Yes            No

Identification of major programs:

Assistance Listing Numbers  
11.307

Name of Federal Program or Cluster  
Economic Development Cluster

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as low-risk auditee?            Yes       X       No

## **SOURIS BASIN PLANNING COUNCIL**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2023 AND 2022**

#### **SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT**

None reported.

#### **SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

##### **Finding 2022-001: Single Audit Report Filed Late**

*Condition:* The audited financial statements for the year ended December 31, 2022 were not submitted to the Federal Clearinghouse by the due date of September 30, 2023.

*Criteria:* In accordance with 2 CFR Section 200-512, an entity expending more than \$750,000 of federal funds within a fiscal year must submit the data collection form and reporting package by a due date that is the earlier of 30 calendar days after receipt of the auditor's report(s) or nine months after the year end of the audit period.

*Questioned Costs:* None.

*Effect:* The Council was not in compliance with Uniform Guidance, which could lead to sanctions by the funding agencies.

*Cause:* The Council did not provide documentation in a timely manner, causing delays in preparing for the audit. The delays resulted in the Council not meeting the required timeframe for filing the annual reporting package and data collection form.

*Recommendation:* We recommend the Council should establish a timely process to ensure completion of the audit by September 30 of each year.

*Response:* See the corrective action plan that accompanies the schedule of findings and questioned costs.



Corrective Action Plan – December 31, 2022

2022-001

Contact Person: Briselda Hernandez, Executive Director

Corrective Action Plan: Future audits will be conducted earlier so the reporting deadline can be met. Additionally, Brady Martz will provide audit support to ensure SBPC is prepared beforehand and during the audit.

Completion Date: SBPC will continue to work with Brady Martz as long as it remains cost effective.

A handwritten signature in black ink, appearing to read 'B. Hernandez', is positioned above the printed name.

Briselda Hernandez  
Executive Director