



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Burleigh County

Bismarck, North Dakota

Audit Report for the Year Ended December 31, 2021

*Client Code: PS8000*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# BURLEIGH COUNTY

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For the Years Ended December 31, 2021

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# BURLEIGH COUNTY

County Officials  
December 31, 2021

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## COUNTY OFFICIALS

At December 31, 2021

Jim Peluso	Commissioner - Chairman
Brian Bitner	Commissioner – Vice Chairman
Mark Armstrong	Commissioner
Kathleen Jones	Commissioner
Becky Matthews	Commissioner
Leo Vetter	Auditor/Treasurer
Robin Grenz	Finance Director
Kelly Leben	Sheriff
Melissa Hanson	Recorder
Julie Lawyer	State's Attorney

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, North Dakota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, North Dakota, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, the 2020 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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

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

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 Burleigh County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

***Required Supplementary Information***

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

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

***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 on our consideration of Burleigh County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Burleigh County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 29, 2022

**BURLEIGH COUNTY**

Statement of Net Position

December 31, 2021

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS</b>		
Cash and Investments	\$ 71,009,566	\$ 2,493,341
Accounts Receivable	690,753	-
Intergovernmental Receivable	4,615,902	8,504
Inventories	1,908,337	-
Taxes Receivable	152,219	7,502
Special Assessments Receivable	3,627,629	1,318,197
Capital Assets		
Nondepreciable	9,849,242	277,816
Depreciable, Net	140,521,275	7,121,259
Total Assets	<u>\$ 232,374,923</u>	<u>\$ 11,226,619</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 19,946,322</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,843,597	\$ 34,793
Salaries Payable	598,249	561
Incurred But Not Reported Claims	464,000	-
Grants Received in Advance	8,323,570	-
Retainages Payable	27,569	-
Interest Payable	179,633	-
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	3,600,212	113,451
Compensated Absences Payable	157,203	-
Due After One Year		
Long Term Debt	49,508,972	1,941,621
Compensated Absences Payable	1,414,827	-
Net Pension and OPEB Liability	17,158,236	-
Total Liabilities	<u>\$ 84,276,068</u>	<u>\$ 2,090,426</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes Received in Advance	\$ 6,029,250	\$ -
Derived from Pension and OPEB	<u>32,505,829</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 38,535,079</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net Investment In Capital Assets	\$ 97,054,131	\$ 6,662,200
Restricted		
Debt Service	20,914,526	5,624
Highways and Bridges	2,587,490	-
Culture and Recreation	6,835,217	-
Conservation of Resources/Econ. Dev.	341,791	2,468,369
Other	393,590	-
Capital Projects	3,042,614	-
Unrestricted	<u>(1,659,261)</u>	<u>-</u>
Total Net Position	<u>\$ 129,510,098</u>	<u>\$ 9,136,193</u>

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

# BURLEIGH COUNTY

## Statement of Activities

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Water Resource Board
<b>Primary Government</b>						
Governmental Activities						
General Government	\$ 8,016,998	\$ 1,869,308	\$ 1,625,846	\$ -	\$ (4,521,844)	\$ -
Public Safety	21,493,678	6,156,592	156,104	-	(15,180,982)	-
Highways and Bridges	9,928,254	2,301,969	6,544,888	4,623,213	3,541,816	-
Health and Welfare	7,809,081	27,476	6,877,696	-	(903,909)	-
Culture and Recreation	929,156	-	-	-	(929,156)	-
Conservation and Economic Development	848,526	142,905	-	-	(705,621)	-
Other	1,428,949	-	2,720	-	(1,426,229)	-
Interest on Long Term Debt	1,322,248	-	-	-	(1,322,248)	-
<b>Total Primary Government</b>	<b>\$ 51,776,890</b>	<b>\$ 10,498,250</b>	<b>\$ 15,207,254</b>	<b>\$ 4,623,213</b>	<b>\$ (21,448,173)</b>	<b>\$ -</b>
<b>Component Unit</b>						
Water Resource District	\$ 877,344	\$ -	\$ 103,804	\$ 47,948	\$ -	\$ (725,592)
<b>General Revenues</b>						
Property taxes					\$ 17,375,138	\$ 879,915
Sales taxes					10,795,572	-
Non restricted grants and contributions					4,850,327	6,287
Interest Income					112,337	271
Gain (Loss) on Sale of Assets					(117,818)	-
Miscellaneous revenues					1,039,806	38,431
<b>Total General Revenues</b>					<b>\$ 34,055,362</b>	<b>\$ 924,904</b>
<b>Change in Net Position</b>					<b>\$ 12,607,189</b>	<b>\$ 199,312</b>
<b>Net Position - January 1</b>					<b>\$ 116,836,089</b>	<b>\$ 8,816,827</b>
<b>Prior Period Adjustments</b>					<b>\$ 66,820</b>	<b>120,054</b>
<b>Net Position - January 1, as restated</b>					<b>\$ 116,902,909</b>	<b>\$ 8,936,881</b>
<b>Net Position - December 31</b>					<b>\$ 129,510,098</b>	<b>\$ 9,136,193</b>

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



# BURLEIGH COUNTY

Balance Sheet – Governmental Funds  
December 31, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 19,901,730	\$ 28,271,260	\$ 2,416,987	\$ 16,084,015	\$ 66,673,992
Accounts Receivable	193,323	427,037	20	-	620,380
Intergovernmental Receivable	1,260,435	1,330,012	-	2,025,455	4,615,902
Interfund Loan Receivable	3,200,000	-	-	-	3,200,000
Taxes Receivable	118,137	34,082	-	-	152,219
Special Assessment Receivable	-	-	650,000	2,977,629	3,627,629
Inventories	-	1,908,337	-	-	1,908,337
<b>Total Assets</b>	<b>\$ 24,673,625</b>	<b>\$ 31,970,728</b>	<b>\$ 3,067,007</b>	<b>\$ 21,087,099</b>	<b>\$ 80,798,459</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 1,103,400	\$ 1,679,556	\$ 730	\$ -	\$ 2,783,686
Salaries Payable	379,931	218,318	-	-	598,249
Grants Received in Advance	-	8,323,570	-	-	8,323,570
<b>Total Liabilities</b>	<b>\$ 1,483,331</b>	<b>\$ 10,221,444</b>	<b>\$ 730</b>	<b>\$ -</b>	<b>\$ 11,705,505</b>
<b>Deferred Inflows of Resources</b>					
Taxes Receivable	\$ 118,137	\$ 34,082	\$ -	\$ -	\$ 152,219
Special Assessment Receivable	-	-	650,000	2,977,629	3,627,629
Taxes Received in Advance	4,326,353	1,506,661	23,663	172,573	6,029,250
<b>Total Deferred Inflow Of Resources</b>	<b>\$ 4,444,490</b>	<b>\$ 1,540,743</b>	<b>\$ 673,663</b>	<b>\$ 3,150,202</b>	<b>\$ 9,809,098</b>
<b>Total Liabilities And Deferred Inflows Of Resources</b>	<b>\$ 5,927,821</b>	<b>\$ 11,762,187</b>	<b>\$ 674,393</b>	<b>\$ 3,150,202</b>	<b>\$ 21,514,603</b>
<b>FUND BALANCE</b>					
<b>Nonspendable</b>					
Inventory	\$ -	\$ 1,908,337	\$ -	\$ -	\$ 1,908,337
Interfund Loan Receivable	3,200,000	-	-	-	3,200,000
<b>Restricted</b>					
Capital Project Funds	-	-	3,009,239	-	3,009,239
Conservation & Econ. Develop.	-	667,883	-	-	667,883
Culture and Recreation	-	6,775,561	-	-	6,775,561
Debt Service	-	-	-	17,936,897	17,936,897
General Government	-	985,495	-	-	985,495
Health and Welfare	-	633,275	-	-	633,275
Highways and Bridges	-	4,400,137	-	-	4,400,137
Other	-	678,433	-	-	678,433
Public Safety	-	2,375,277	-	-	2,375,277
<b>Committed</b>					
Cemetary	-	448	-	-	448
Jail Commissary	-	561,206	-	-	561,206
Parking Lot	-	69,122	-	-	69,122
Provident Building	-	1,504,618	-	-	1,504,618
<b>Unassigned</b>					
General Fund	15,545,804	-	-	-	15,545,804
Negative Funds	-	(351,251)	(616,625)	-	(967,876)
<b>Total Fund Balances</b>	<b>\$ 18,745,804</b>	<b>\$ 20,208,541</b>	<b>\$ 2,392,614</b>	<b>\$ 17,936,897</b>	<b>\$ 59,283,856</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,673,625</b>	<b>\$ 31,970,728</b>	<b>\$ 3,067,007</b>	<b>\$ 21,087,099</b>	<b>\$ 80,798,459</b>

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

# BURLEIGH COUNTY

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2021

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<b>Total Fund Balances for Governmental Funds</b>		<b>\$ 59,283,856</b>
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		150,370,517
An internal service fund is used by the county to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		682,036
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		
Taxes Receivable	\$ 152,219	
Special Assessments Receivable	<u>3,627,629</u>	3,779,848
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Inflows of Resources	\$ (32,505,829)	
Deferred Outflows of Resources	<u>19,946,322</u>	(12,559,507)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Long-Term Debt	\$ (53,109,184)	
Interest Payable	(179,633)	
Retainage Payable	(27,569)	
Compensated Absences Payable	(1,572,030)	
Net Pension and OPEB Liability	<u>(17,158,236)</u>	<u>(72,046,652)</u>
<b>Total Net Position of Governmental Activities</b>		<b><u><u>\$ 129,510,098</u></u></b>

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

# BURLEIGH COUNTY

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 13,583,644	\$ 3,820,408	\$ -	\$ -	\$ 17,404,052
Sales Taxes	-	-	-	10,795,572	10,795,572
Special Assessments	-	-	-	594,655	594,655
Licenses, Permits and Fines	199,182	74,994	-	-	274,176
Intergovernmental Revenue	5,346,172	14,904,370	4	-	20,250,546
Charges for Services	4,792,881	5,431,193	-	-	10,224,074
Interest Income	283,893	(260,857)	3,144	86,157	112,337
Miscellaneous	125,876	913,911	19	-	1,039,806
<b>Total Revenues</b>	<b>\$ 24,331,648</b>	<b>\$ 24,884,019</b>	<b>\$ 3,167</b>	<b>\$ 11,476,384</b>	<b>\$ 60,695,218</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$ 6,441,578	\$ 1,409,648	\$ -	\$ -	\$ 7,851,226
Public Safety	16,701,937	3,187,127	-	-	19,889,064
Highways and Bridges	-	11,182,582	-	-	11,182,582
Health and Welfare	840,647	6,657,640	-	-	7,498,287
Culture and Recreation	339,821	402,338	-	-	742,159
Conservation and Economic Development	78,633	765,675	-	-	844,308
Other	10,182	1,388,115	-	-	1,398,297
Capital Outlay	-	-	618,021	-	618,021
Debt Service					
Principal	-	165,081	-	11,258,335	11,423,416
Interest	-	14,206	-	1,320,399	1,334,605
Fees	-	-	15,625	6,169	21,794
<b>Total Expenditures</b>	<b>\$ 24,412,798</b>	<b>\$ 25,172,412</b>	<b>\$ 633,646</b>	<b>\$ 12,584,903</b>	<b>\$ 62,803,759</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (81,150)	\$ (288,393)	\$ (630,479)	\$ (1,108,519)	\$ (2,108,541)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	\$ -	\$ -	\$ 650,000	\$ -	\$ 650,000
Sale of Assets	-	502,800	-	-	502,800
Transfers In	320,084	8,005,624	-	8,185,419	16,511,127
Transfers Out	(354,469)	(8,389,848)	(2,376)	(7,764,434)	(16,511,127)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (34,385)</b>	<b>\$ 118,576</b>	<b>\$ 647,624</b>	<b>\$ 420,985</b>	<b>\$ 1,152,800</b>
<b>Net Change in Fund Balances</b>	<b>\$ (115,535)</b>	<b>\$ (169,817)</b>	<b>\$ 17,145</b>	<b>\$ (687,534)</b>	<b>\$ (955,741)</b>
Fund Balances - January 1	\$ 18,861,339	\$ 20,378,358	\$ 2,443,095	\$ 18,556,805	\$ 60,239,597
Fund Balance Classification Change	\$ -	\$ -	\$ (67,626)	\$ 67,626	\$ -
Fund Balances - January 1 Restated	\$ 18,861,339	\$ 20,378,358	\$ 2,375,469	\$ 18,624,431	\$ 60,239,597
Fund Balances - December 31	\$ 18,745,804	\$ 20,208,541	\$ 2,392,614	\$ 17,936,897	\$ 59,283,856

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

# BURLEIGH COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2021

**Net Change in *Fund Balances* - Total Governmental Funds** \$ (955,741)

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

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

Current Year Capital Outlay	\$ 5,839,078	
Capital Contributions	3,712,644	
Current Year Depreciation Expense	(4,688,783)	4,862,939

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

Proceeds from Sale of Asset	\$ (502,800)	
Loss on Sale of Capital Asset	(117,818)	(620,618)

The proceeds of debt issuances are reported as other financing sources in governmental funds and contribute to change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt Issuance	\$ (650,000)	
Repayment of Debt	11,423,416	
Net Amortization of Bond Discount/Premium	(35,600)	10,737,816

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

Decrease in Net Pension and OPEB Liability	\$ 33,203,853	
Decrease in Deferred Outflows of Resources	(9,972,317)	
Increase in Deferred Inflows of Resources	(24,523,755)	(1,292,219)

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

Decrease in Compensated Absences	\$ 90,911	
Decrease in Interest Payable	69,750	133,092

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

Decrease in Taxes Receivable	\$ (28,914)	
Increase in Special Assessments Receivable	122,951	94,037

An internal service fund is used by the county's management to charge the cost of health insurance to individual functions. The net operating income of certain activities of internal service funds is reported with governmental activities.

(352,117)

**Change in Net Position of Governmental Activities** \$ 12,607,189

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

**BURLEIGH COUNTY**

Statement of Net Position – Proprietary Fund – Health Insurance  
December 31, 2021

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	<u>Internal Service Fund</u>
<b>CURRENT ASSETS</b>	
Cash	\$ 4,335,574
Accounts Receivable	<u>70,373</u>
Total assets	<u>\$ 4,405,947</u>
<b>CURRENT LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 59,911
Incurred But Not Reported Claims	464,000
Interfund Loan Payable	<u>3,200,000</u>
Total Liabilities	<u>\$ 3,723,911</u>
<b>NET POSITION</b>	
Restricted	<u><u>\$ 682,036</u></u>

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

**BURLEIGH COUNTY**Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Health Insurance  
For the Year Ended December 31, 2021

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	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Contributions to Self-Insurance	\$ 5,142,446
Miscellaneous	<u>220,605</u>
Total Operating Revenues	<u>\$ 5,363,051</u>
<b>OPERATING EXPENSES</b>	
Health Insurance Claims	\$ 4,120,066
Administrative Fees	197,783
Stop Loss Fees	<u>1,400,979</u>
Total Operating Expenses	<u>\$ 5,718,828</u>
Operating Loss	<u>\$ (355,777)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	\$ 13,289
Interest Expense	<u>(9,629)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 3,660</u>
Change in Net Position	<u>(352,117)</u>
Net Position - January 1	<u>\$ 1,034,153</u>
Net Position - December 31	<u><u>\$ 682,036</u></u>

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

**BURLEIGH COUNTY**Statement of Cash Flows – Proprietary Fund – Health Insurance  
For the Year Ended December 31, 2021

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	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from User Charges	\$ 5,112,578
Other Receipts	220,605
Payments for Health Insurance Claims	(4,186,066)
Payments for Fees	<u>(1,636,236)</u>
 Net Decrease in Cash Provided by Operating Activities	 <u>\$ (489,119)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	\$ 13,289
Interest Expense	<u>(9,629)</u>
 Net Increase in Cash Provided by Investing Activities	 <u>\$ 3,660</u>
 Net Decrease in Cash And Cash Equivalents	 <u>\$ (485,459)</u>
 Cash - January 1	 <u>\$ 4,821,033</u>
 Cash - December 31	 <u><u>\$ 4,335,574</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET DECREASE IN CASH</b>	
Operating Income	<u>\$ (355,777)</u>
 Adjustments to Reconcile Operating Loss to Net Decrease in Cash	
Decrease in IBNR Claims Payable	\$ (66,000)
Decrease in Accounts Payable	(37,474)
Decrease in Deferred Revenue	(3,398)
Increase in Accounts Receivable	<u>(26,470)</u>
 Net Decrease in Cash	 <u><u>\$ (489,119)</u></u>

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

**BURLEIGH COUNTY**Statement of Fiduciary Net Position – Fiduciary Funds  
For the Year Ended December 31, 2021

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 41,707,699
Accounts Receivable	1,054
Taxes Receivable	798,130
Special Assessments Receivable	<u>375,111</u>
Total Assets	<u>42,881,994</u>
<b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b>	
Liabilities	
Funds Held for Other Governmental Units	\$ 7,305,120
Funds Held for Other Purposes	<u>4,803</u>
Total Liabilities	<u>\$ 7,309,923</u>
Deferred Inflows of Resources	
Taxes Receivable	<u>\$ 35,572,071</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 42,881,994</u>

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



**BURLEIGH COUNTY**

Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
December 31, 2021

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 301,212,939
Miscellaneous Collections	<u>247,519</u>
Total Additions	<u>\$ 301,460,458</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 301,212,939
Miscellaneous Disbursements	<u>247,519</u>
Total Deductions	<u>\$ 301,460,458</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u>\$ -</u>

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

## BURLEIGH COUNTY

Notes to the Financial Statements  
For the Year Ended December 31, 2021

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

The accompanying financial statements present the activities of the County. The County has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause its financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria in GASB Statement No. 61 to be considered in determining financial accountability. These criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

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

#### Component Unit

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

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

Burleigh County Water Resource District ("Water Resource District") – The governing board is appointed by the County's governing body. The County's governing body has the authority to disapprove, amend, or approve the Water Resource District budget.

Complete financial statements of the Water Resource District are included in these financial statements. Additional information may be obtained from the Burleigh County Water Resource District: 1720 Burnt Boat Drive, Ste 205; Bismarck, ND 58503.

#### Basis of Presentation

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

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

## BURLEIGH COUNTY

### Notes to the Financial Statements – Continued

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

The County reports the following major governmental funds:

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

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

Capital Projects Fund - This fund accounts for the costs associated with construction of buildings and infrastructure.

Debt Service Fund - This fund accounts for the costs associated with long-term debt obligations.

Additionally, the County reports the following fund types:

*Internal Service Fund.* This fund accounts for medical insurance and workers' compensation insurance and unemployment claims provided to other departments on a cost-reimbursement basis.

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

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

The government-wide, proprietary, and fiduciary fund 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 at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is contributions to self-insurance. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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**Cash and Investments**

Cash include amounts in demand deposits, money market accounts and short-term certificates of deposit. Cash includes certificates of deposit with maturities of 3 months or less.

The investments consist of an investment in an investment pool stated at market value, and certificates of deposit with maturities of greater than 3 months.

**Inventories**

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

**Capital Assets**

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

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

Infrastructure	40 – 50
Land Improvements	15 – 40
Buildings	40
Building Improvements	15 – 20
Office Equipment & Furniture	3 – 10
Vehicles	3 – 10
Machinery & Equipment	3 – 15

**Compensated Absences**

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the County. The employees may carry forward unused leave not to exceed 240 hours.

Compensation for unused sick leave will be granted to all full-time employees upon termination of employment of 5 or more years. Employees may carry forward unlimited unused sick leave. The severance payment will be based on 25% of accumulated sick leave for employees hired prior to January 1, 1991 and 10% of accumulated sick leave for those hired on or after January 1, 1991.

**Long-Term Obligations**

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

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

## BURLEIGH COUNTY

### Notes to the Financial Statements – Continued

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#### Pension

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

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

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

#### Fund Balances

*Minimum Fund Balance Policy.* The County will maintain a minimum unassigned fund balance in its General Fund ranging from 15 percent to 25 percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

*Replenishing deficiencies* – when fund balance falls below the minimum 25 percent range, the County will replenish shortages/deficiencies using the budget strategies and time frames described below.

The following budgetary strategies shall be utilized by the County to replenish funding deficiencies:

- Reduce recurring expenditures to eliminate any structural deficit
- Increase revenues or pursue other funding sources
- Some combination of the two options above.

Minimum fund balance deficiencies shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between 15 percent and 25 percent shall be replenished over a period not to exceed one year
- Deficiency resulting in a minimum fund balance between 10 percent and 15 percent shall be replenished over a period not to exceed three years
- Deficiency resulting in a minimum fund balance of less than 10 percent shall be replenished over a period not to exceed five years

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

*Nonspendable Balances.* Nonspendable fund balance is shown for inventory in the special revenue fund.

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

*Committed Fund Balances.* Committed fund balance is committed by the highest level of decision-making authority (governing board).

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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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**Net Position**

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

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

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

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

**Interfund Transactions**

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

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

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

**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments were necessary for the Capital Projects Funds balance and Debt Service Fund balance to properly report fund balances in their proper classifications. Additionally, a prior period adjustment was necessary to restate net position for missing capital assets.

	<b>Amounts</b>
<b>Beginning Net Position, as previously reported</b>	\$ 116,836,089
Adjustments to restate the January 1, 2021 Net Position	
Capital Assets, Net	66,820
<b>Net Position January 1, 2021, as restated</b>	<b>\$ 116,902,909</b>

	<b>Amounts</b>
<b>Beginning Capital Projects Fund Balance, as previously reported</b>	\$ 2,443,095
Adjustments to restate the January 1, 2021 Fund Balance	
Fund Classification Change	(67,626)
<b>Capital Projects Fund Balance January 1, 2021, as restated</b>	<b>\$ 2,375,469</b>

	<b>Amounts</b>
<b>Beginning Debt Service Fund Balance, as previously reported</b>	\$ 18,556,805
Adjustments to restate the January 1, 2021 Fund Balance	
Fund Classification Change	67,626
<b>Debt Service Fund Balance January 1, 2021, as restated</b>	<b>\$ 18,624,431</b>

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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**Component unit – Water Resource District**

Net position of the District as of January 1, 2021 has been restated for a capital asset adjustment as shown below. The results of the adjustment increased the beginning net position of the District.

<b>Water Resource District</b>	<b>Amounts</b>
<b>Beginning Net Position, as previously reported</b>	\$ 8,816,827
Adjustments to restate the January 1, 2021 Net Position:	
Capital Assets, Net	120,054
<b>Net Position January 1, 2021, as restated</b>	<b>\$ 8,936,881</b>

**NOTE 3 DEPOSITS**

**Custodial Credit Risk**

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

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

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

At year ended December 31, 2021, the County's carrying amount of deposits totaled \$112,705,792 and the bank balances totaled \$95,451,901. Of the bank balances, \$41,886,901 was covered by Federal Depository and the remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2021, the District's carrying amount of deposits totaled \$2,493,341, and the bank balances totaled \$2,506,532. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.
- (e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

Investment Type	Total Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	More Than 10 Years
Government Obligation Bonds	\$ 4,901,867	\$1,003,850	\$3,898,017	\$ -	\$ -
Municipal Bonds	4,729,998	944,112	2,851,697	605,015	329,174
Total	\$ 9,631,865	\$ 1,947,962	\$6,749,714.20	\$605,015.00	\$ 329,174

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

The following table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2021:

Asset	Quotes Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
General Obligation Bonds	\$ 4,901,867	\$ -	\$ -	\$ 4,901,867
Municipal Bonds	-	4,729,998	-	4,729,998
Total	\$ 4,901,867	\$ 4,729,998	\$ -	\$ 9,631,865



**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**NOTE 5 PROPERTY TAXES**

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

**NOTE 6 CAPITAL ASSETS****Primary Government**

The following is a summary of changes in capital assets for the year ended December 31, 2021:

<b>Primary Government</b>	<b>Bal Jan 1 Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital assets not being depreciated					
Land	\$ 7,990,580	\$ 43,389	\$ -	\$ -	\$ 8,033,969
Construction in Progress	785,684	7,308,055	-	(6,278,465)	1,815,274
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 8,776,264</b>	<b>\$ 7,351,444</b>	<b>\$ -</b>	<b>\$ (6,278,465)</b>	<b>\$ 9,849,243</b>
Capital assets, being depreciated					
Infrastructure	\$ 83,456,826	\$ -	\$ -	\$ 6,278,465	\$ 89,735,291
Land Improvements	6,551,879	-	-	-	6,551,879
Building	99,688,778	57,250	-	-	99,746,028
Machinery and Equipment	13,031,569	1,294,768	1,243,158	-	13,083,179
Furniture and Equipment	5,745,798	848,262	1,311,895	-	5,282,165
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 208,474,850</b>	<b>\$ 2,200,280</b>	<b>\$ 2,555,053</b>	<b>\$ 6,278,465</b>	<b>\$ 214,398,542</b>
Less accumulated depreciation					
Infrastructure	\$ 41,602,276	\$ 1,288,426	\$ -	\$ -	\$ 42,890,702
Land Improvements	2,388,866	223,934	-	-	2,612,800
Building	16,828,985	1,863,459	-	-	18,692,444
Machinery and Equipment	6,199,831	856,968	683,358	-	6,373,441
Furniture and Equipment	4,102,961	455,996	1,251,076	-	3,307,881
<b>Total Accumulated Depreciation</b>	<b>\$ 71,122,919</b>	<b>\$ 4,688,783</b>	<b>\$ 1,934,434</b>	<b>\$ -</b>	<b>\$ 73,877,268</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 137,351,931</b>	<b>\$ (2,488,503)</b>	<b>\$ 620,619</b>	<b>\$ 6,278,465</b>	<b>\$ 140,521,274</b>
<b>Total Capital Assets, Net</b>	<b>\$ 146,128,195</b>	<b>\$ 4,862,941</b>	<b>\$ 620,619</b>	<b>\$ -</b>	<b>\$ 150,370,517</b>

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

General Government	\$ 289,512
Public Safety	1,940,970
Highways and Bridges	2,256,861
Health and Welfare	4,119
Conservation of Natural Resources	11,745
Culture and Recreation	181,661
Other	3,915
<b>Total Depreciation Expense</b>	<b>\$ 4,688,783</b>

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**Water Resource District**

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	<b>Balance Restated Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<b>Water Resource District</b>					
Capital assets not being depreciated					
Land	\$ 112,482	\$ -	\$ -	\$ -	\$ 112,482
Construction in Progress	120,054	45,281	-	-	165,335
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 232,536</b>	<b>\$ 45,281</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 277,817</b>
Capital assets, being depreciated					
Infrastructure	\$ 6,679,992	\$ -	\$ -	\$ -	\$ 6,679,992
Land Improvements	1,810,033	-	-	-	1,810,033
Building	187,660	-	-	-	187,660
Office Furniture & Equip.	162,207	-	-	-	162,207
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 8,839,892</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,839,892</b>
Less accumulated depreciation					
Infrastructure	\$ 230,788	\$ 164,679	\$ -	\$ -	\$ 395,467
Land Improvements	989,289	57,723	-	-	1,047,012
Building	151,018	1,411	-	-	152,429
Office Furniture & Equip.	114,987	8,739	-	-	123,726
<b>Total Accumulated Depreciation</b>	<b>\$ 1,486,082</b>	<b>\$ 232,552</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,718,634</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 7,353,810</b>	<b>\$ (232,552)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,121,258</b>
<b>Total Capital Assets, Net</b>	<b>\$ 7,586,346</b>	<b>\$ (187,271)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,399,075</b>

Depreciation expense was charged to the Conservation of Natural Resources function.

**NOTE 7 LONG-TERM LIABILITIES**

**Primary Government**

During the year ended December 31, 2021, the following changes occurred in liabilities reported in long-term liabilities:

	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
<b>Primary Government</b>					
<b>Long-Term Debt</b>					
Sales Tax Bonds	\$ 52,957,000	\$ -	\$ 10,525,000	\$ 42,432,000	\$ 2,681,750
Certificate of Indebtedness	6,927,227	-	308,335	6,618,892	319,127
Capital Lease Payable	509,188	-	165,080	344,108	169,686
Special Assessment Bonds	3,885,000	650,000	425,000	4,110,000	465,000
Bond Discount	(501,246)	-	(53,057)	(448,189)	(52,809)
Bond Premium	69,831	-	17,458	52,373	17,458
<b>Total Long-Term Debt</b>	<b>63,847,000</b>	<b>650,000</b>	<b>11,387,816</b>	<b>53,109,184</b>	<b>3,600,212</b>
Compensated Absences *	1,662,941		90,911	1,572,030	157,203
Net Pension & OPEB Liability	50,362,089	-	33,203,853	17,158,236	-
<b>Total Primary Government</b>	<b>\$ 115,872,030</b>	<b>\$ 650,000</b>	<b>\$ 44,682,580</b>	<b>\$ 71,839,450</b>	<b>\$ 3,757,415</b>

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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

Debt Service requirement on long-term debt at December 31, 2021 are as follows:

Year Ending Dec 31	Sales Tax Bonds		Certificate of Indebtedness		Capital Lease Payable		Spec. Assmt. Bonds		Bond Discount	Bond Premium
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2022	\$ 2,681,750	\$ 799,094	\$ 319,127	\$ 130,700	\$ 169,686	\$ 9,601	\$ 465,000	\$ 80,051	\$ 52,809	\$ 17,458
2023	2,647,750	777,640	325,541	124,286	174,422	4,866	425,000	69,095	52,418	17,458
2024	2,673,250	751,162	332,085	117,742	-	-	435,000	59,595	52,418	17,457
2025	3,548,750	720,420	338,760	111,067	-	-	450,000	53,536	38,427	-
2026	3,591,250	674,286	345,569	104,258	-	-	510,000	46,129	38,427	-
2027 - 2031	18,967,750	2,370,374	1,834,867	414,267	-	-	1,625,000	94,814	178,741	-
2032 - 2036	8,321,500	214,279	2,026,835	222,300	-	-	200,000	1,906	34,949	-
2037 - 2041	-	-	1,096,108	35,663	-	-	-	-	-	-
Total	\$42,432,000	\$6,307,255	\$ 6,618,892	\$ 1,260,283	\$ 344,108	\$ 14,467	\$4,110,000	\$ 405,126	\$ 448,189	\$ 52,373

**Water Resource District**

During the year ended December 31, 2021, the following changes occurred in liabilities reported in long-term liabilities:

Water Resource District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
<b>Long Term Debt</b>					
Loans Payable	\$ 160,000	\$ -	\$ 10,000	\$ 150,000	\$ 10,000
Bonds Payable	2,045,000	-	115,000	1,930,000	105,000
Bond Discount	(26,477)	-	1,549	(24,928)	(1,549)
Total Long Term Debt	\$ 2,178,523	\$ -	\$ 126,549	\$ 2,055,072	\$ 113,451

Debt Service requirement on long-term debt at December 31, 2021 are as follows:

Year Ending Dec 31	Loans Payable		Bonds Payable		Bond Discount
	Principal	Interest	Principal	Interest	
2022	\$ 10,000	\$ 3,750	\$ 105,000	\$ 31,480	\$ 1,549
2023	10,000	3,500	105,000	30,230	1,549
2024	10,000	3,250	110,000	28,930	1,549
2025	15,000	3,000	110,000	27,580	1,549
2026	15,000	2,625	110,000	26,067	1,549
2027 - 2031	75,000	7,500	585,000	100,910	7,747
2032 - 2036	15,000	375	490,000	49,779	5,897
2037 - 2041	-	-	315,000	11,794	3,539
Total	\$ 150,000	\$ 24,000	\$ 1,930,000	\$ 306,770	\$ 24,928

**NOTE 8 LEASE PAYMENTS RECEIVABLE**

**Operating Leases** - The County has five leases of building and tower space with other entities. Lease revenues in 2021 were \$146,156. Future minimum lease revenue is as follows:

Year Ended December 31	Amount
2022	\$ 150,718
2023	41,975
2024	41,975
2025	41,975
2026	34,979
Total	\$ 311,622

**NOTE 9 PENSION PLAN**

**General Information about the NDPERS Pension Plan**

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

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

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

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

**Pension Benefits**

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

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

**Death and Disability Benefits**

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

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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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

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

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

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

At December 31, 2021, the following net pension liabilities were reported:

	<b>Net Pension Liability</b>
Primary Government	\$ 16,378,627

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021 the entities had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2020 Measurement</b>	<b>Pension Expense</b>
Primary Government	1.571392%	0.008634%	\$ 2,757,224

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 282,772	\$ 1,671,663
Changes in Assumptions	18,127,960	23,635,071
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	6,074,574
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	546,874	771,816
Employer Contributions Subsequent to the Measurement Date	700,727	-
<b>Total Primary Government</b>	<b>\$ 19,658,333</b>	<b>\$ 32,153,124</b>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022:

Primary Government	\$ 700,727
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (1,829,616)
2023	(2,983,189)
2024	(2,502,766)
2025	(5,879,947)
2026	-

**Actuarial Assumptions**

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	7.00%, Net of Investment Expenses
Cost-of-Living Adjustments	None

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

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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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

**Discount Rate**

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Primary Government	\$ 26,047,522	\$ 16,378,627	\$ 8,327,753

**Pension Plan Fiduciary Net Position**

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

**NOTE 10 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

***North Dakota Public Employees Retirement System***

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

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

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

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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



**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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

At December 31, 2021, for its respective proportionate share of the net pension liability, the following net OPEB liabilities were reported:

	<b>Net OPEB Liability</b>
Primary Government	\$ 779,609

The net OPEB liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021, the entities had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2020 Measurement</b>	<b>OPEB Expense</b>
Primary Government	1.401738%	-0.021695%	\$ 95,049

At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 44,772	\$ 21,369
Changes in Assumptions	120,731	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	267,113
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	28,979	64,223
Employer Contributions Subsequent to the Measurement Date	93,506	-
<b>Total Primary Government</b>	<b>\$ 287,988</b>	<b>\$ 352,705</b>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021:

Primary Government	\$ 93,506
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

	<b>Primary Government</b>
2022	\$ (27,623)
2023	(29,546)
2024	(42,154)
2025	(61,969)
2026	3,069
2027	-
Thereafter	-

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**Actuarial assumptions**

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not applicable
Investment Rate of Return	6.50%, net of investment expenses
Cost-of-Living Adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Primary Government	\$ 1,156,260	\$ 779,609	\$ 460,905

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**NOTE 11 TRANSFERS**

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2021:

	Transfers In	Transfers Out
General Fund	\$ 320,084	\$ 354,469
Special Revenue Fund	8,005,624	8,389,848
Capital Project Fund	-	2,376
Debt Service Fund	8,185,419	7,764,434
<b>Total Transfers</b>	<b>\$ 16,511,127</b>	<b>\$ 16,511,127</b>

Transfers are primarily used to move funds between highway gas tax to road and bridge department and to move funds between debt service and capital project funds for construction costs. The remaining transfers are for various purposes.

**NOTE 12 CONSTRUCTION COMMITMENTS****Primary Government**

Burleigh County had multiple open constructions commitment as of December 31, 2021 as follows:

Project	Amended Contract	Complete	Retainage	Balance to Finish
66th St North of 43rd	\$ 2,220,000	\$ 1,111,272	\$ -	\$ 1,108,728
66th St Overpass	793,298	380,078	-	\$ 413,220
Courthouse Remodel	1,163,196	296,394	27,569	894,371
<b>Total</b>	<b>\$ 4,176,494</b>	<b>\$ 1,787,744</b>	<b>\$ 27,569</b>	<b>\$ 2,416,319</b>

**NOTE 13 RISK MANAGEMENT**

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

In 1986 state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Burleigh County pays an annual premium to NDRIF for its general liability, automobile, and public assets insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile and \$6,439,134 for public assets (mobile equipment and portable property).

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

Burleigh County has workers compensation with the North Dakota Workforce Safety and Insurance and purchases commercial insurance for employee dental, vision, cancer, and various other types of insurance.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 14 CONDUIT DEBT**

From time to time, the County has issued Municipal Industrial Development (MIDA) Bonds and obtained community development block grant loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds and loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2021, there were 12 outstanding issuances with a total balance of \$137,257,214.

**NOTE 15 TAX ABATEMENTS**

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

At December 31, 2021, local governments within the County provided tax abatements to individuals and commercial entities in the form of property tax exemptions under the following criteria.

**Charitable Organization**

Under NDCC §57-02-08(8), buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to NDCC §23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land actually occupied by such institutions not leased or otherwise used with a view to profit is exempt.

Total Charitable Organization tax abatements as of December 31, 2021, were \$741,373.

**Water Resource District**

The total reduction in property tax revenue due to tax abatements for the Burleigh County Water Resource District was \$32,365 for Charitable Organizations.

**NOTE 16 COST SHARE ARRANGEMENT**

Burleigh County entered into an agreement with the City of Bismarck and the City of Mandan for a combined communications center known as Central Dakota Communications Center (CenCom). The most recent agreement in effect is as of January 1, 2016. CenCom will dispatch all emergency call for law enforcement, fire and emergency medical services in Bismarck, Mandan, and Burleigh County, including Wilton. Burleigh County collects all 911 fees and 75% is remitted to the City of Bismarck for the operating expenses. The amount remitted in 2021 for operating expenses was \$1,112,857. After revenue and that portion of 911 fees allocated for the annual operating budget of CenCom, the remainder of the budget responsibility is split between the parties who entered into the agreement, with Burleigh County's share at 28%. Burleigh County incurred operating expenditures of \$661,146 related to costs of CenCom during the year ending December 31, 2021. Burleigh County also receives 911 fees from Morton County to help cover this payment. Total 911 fees from Morton County totaled \$328,286 for the year ending December 31, 2021.

**NOTE 17 CONTINGENT LIABILITIES**

The County is a plaintiff and defendant in various lawsuits incident to its operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the financial condition of the County.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**NOTE 18 DEFECIT FUND BALANCES**

The following funds had a deficit fund balance at December 31, 2021. The county plans to eliminate this deficit with less spending, future collections, or transfers from other funds.

	<b>Negative Fund Balance</b>	<b>Negative Cash Balance</b>
<b>Special Revenue Funds</b>		
Riverview Unorganized Township	\$ (258,587)	\$ (228,461)
Florence Unorganized Township	(35,563)	(34,340)
Job Development Authority	(1,494)	-
Victim/Witness Advocate	(1,168)	(40,064)
Law Enforcement Block Grant	(54,439)	(54,439)
Total Special Revenue Funds	\$ (351,251)	\$ (357,304)
<b>Capital Project Funds</b>		
Country Creek 1st-5th SubDivision	\$ (403,023)	\$ (403,023)
Olive Tree Subdivision	(210,759)	(210,759)
Towne & Country/Morgan Country Est	(842)	(842)
Sabot's/Eden's/Oakland	(2,000)	-
Total Capital Project Fund	\$ (616,624)	\$ (614,624)

**BURLEIGH COUNTY**

## Budgetary Comparison Schedule - General Fund

December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 13,659,000	\$ 13,659,000	\$ 13,583,644	\$ (75,356)
Licenses, Permits and Fines	182,000	182,000	199,182	17,182
Intergovernmental Revenue	4,095,000	4,095,000	5,346,172	1,251,172
Charges for Services	4,487,000	4,487,000	4,792,881	305,881
Interest Income	250,000	250,000	283,893	33,893
Miscellaneous	20,000	20,000	125,876	105,876
<b>Total Revenues</b>	<b>\$ 22,693,000</b>	<b>\$ 22,693,000</b>	<b>\$ 24,331,648</b>	<b>\$ 1,638,648</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 7,225,093	\$ 7,225,093	\$ 6,441,578	\$ 783,515
Public Safety	17,777,488	17,777,488	16,701,937	1,075,551
Health and Welfare	878,340	878,340	840,647	37,693
Culture and Recreation	438,150	438,150	339,821	98,329
Conservation and Economic Development	78,733	78,733	78,633	100
Other	-	-	10,182	(10,182)
<b>Total Expenditures</b>	<b>\$ 26,397,804</b>	<b>\$ 26,397,804</b>	<b>\$ 24,412,798</b>	<b>\$ 1,985,006</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,704,804)	\$ (3,704,804)	\$ (81,150)	\$ 3,623,654
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 312,700	\$ 312,700	\$ 320,084	\$ 7,384
Sale of Assets	10,000	10,000	-	(10,000)
Transfers Out	(356,251)	(356,251)	(354,469)	1,782
<b>Total Other Financing Sources and Uses</b>	<b>\$ (33,551)</b>	<b>\$ (33,551)</b>	<b>\$ (34,385)</b>	<b>\$ (834)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,738,355)</b>	<b>\$ (3,738,355)</b>	<b>\$ (115,535)</b>	<b>\$ 3,622,820</b>
Fund Balance - January 1	\$ 18,861,339	\$ 18,861,339	\$ 18,861,339	\$ -
Fund Balance - December 31	\$ 15,122,984	\$ 15,122,984	\$ 18,745,804	\$ 3,622,820

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

**BURLEIGH COUNTY**

## Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 2,750,300	\$ 2,750,300	\$ 3,820,408	\$ 1,070,108
Licenses, Permits and Fines	154,500	154,500	74,994	(79,506)
Intergovernmental Revenue	8,644,000	8,644,000	14,904,370	6,260,370
Charges for Services	4,233,940	4,233,940	5,431,193	1,197,253
Interest Income	106,600	106,600	(260,857)	(367,457)
Miscellaneous	434,500	434,500	913,911	479,411
Total Revenues	\$ 16,323,840	\$ 16,323,840	\$ 24,884,019	\$ 8,560,179
<b>EXPENDITURES</b>				
Current				
General Government	\$ 524,419	\$ 524,419	\$ 1,409,648	\$ (885,229)
Public Safety	3,186,370	3,327,370	3,187,127	140,243
Highways and Bridges	11,666,036	12,638,036	11,182,582	1,455,454
Health and Welfare	381,891	381,891	6,657,640	(6,275,749)
Culture and Recreation	964,345	968,345	402,338	566,007
Conservation and Economic Development	1,021,864	1,021,864	765,675	256,189
Emergency	1,428,000	1,428,000	-	1,428,000
Other	1,497,093	1,497,093	1,388,115	108,978
Debt Service				
Principal	-	-	165,081	(165,081)
Interest	-	-	14,206	(14,206)
Total Expenditures	\$ 20,670,018	\$ 21,787,018	\$ 25,172,412	\$ (3,385,394)
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,346,178)	\$ (5,463,178)	\$ (288,393)	\$ 11,945,573
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 6,906,251	\$ 6,906,251	\$ 8,005,624	\$ 1,099,373
Sale of Assets	502,800	502,800	502,800	-
Transfers Out	(7,940,864)	(7,940,864)	(8,389,848)	(448,984)
Total Other Financing Sources (Uses)	\$ (531,813)	\$ (531,813)	\$ 118,576	\$ 650,389
Net Change in Fund Balances	\$ (4,877,991)	\$ (5,994,991)	\$ (169,817)	\$ 12,595,962
Fund Balance - January 1	\$ 20,378,358	\$ 20,378,358	\$ 20,378,358	\$ -
Fund Balance - December 31	\$ 15,500,367	\$ 14,383,367	\$ 20,208,541	\$ 12,595,962

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

**BURLEIGH COUNTY**

Schedule of Employer's Share of Net Pension and Employer Contributions  
 For the Year Ended December 31, 2021

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

	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered-Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>County</b>					
2021	1.571392%	\$ 16,378,627	\$ 17,794,295	92.04%	78.26%
2020	1.562758%	49,164,701	16,803,375	292.59%	48.91%
2019	1.667743%	19,547,155	17,347,366	112.68%	71.66%
2018	1.625419%	27,430,719	16,698,206	164.27%	62.80%
2017	1.551922%	24,944,480	15,842,687	157.45%	61.98%
2016	1.480684%	14,430,709	14,921,800	96.71%	70.46%
2015	1.434633%	9,755,259	12,780,838	76.33%	77.15%
2014	1.475901%	9,367,859	12,432,688	75.35%	77.70%

	<b>Statutory Required Contribution</b>	<b>Contributions in Relation to the Statutory Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
<b>County</b>					
2021	\$ 1,312,251	\$ 1,314,929	\$ (2,678)	\$ 18,993,040	6.92%
2020	1,220,679	1,282,720	(62,041)	16,803,375	7.63%
2019	1,262,986	1,256,023	6,963	17,347,366	7.24%
2018	1,229,894	1,123,082	106,812	16,698,206	6.73%
2017	1,148,788	1,210,248	(61,460)	15,842,687	7.64%
2016	1,080,314	1,057,662	22,652	14,921,800	7.09%
2015	970,807	1,010,081	(39,274)	12,780,838	7.90%
2014	885,207	885,207	-	12,432,688	7.12%

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



**BURLEIGH COUNTY**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
 For the Year Ended December 31, 2021

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

	<b>Proportion of the Net OPEB Liability (Asset)</b>	<b>Proportionate Share of the Net OPEB (Asset)</b>	<b>Covered-Employee Payroll</b>	<b>Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>County</b>					
2021	1.401738%	\$ 779,609	\$ 15,282,554	5.10%	76.63%
2020	1.423433%	1,197,388	16,803,375	7.13%	63.38%
2019	1.554622%	1,248,653	17,347,366	7.20%	63.13%
2018	1.526042%	1,201,862	16,698,206	7.20%	61.89%
2017	1.464419%	1,158,371	15,842,687	7.31%	59.78%

	<b>Statutory Required Contribution</b>	<b>Contributions in Relation to the Statutory Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
<b>County</b>					
2021	\$ 183,777	\$ 184,407	\$ (630)	\$ 16,202,149	1.14%
2020	190,630	202,907	(12,277)	16,803,375	1.21%
2019	201,750	201,103	647	17,347,366	1.16%
2018	195,861	179,819	16,042	16,698,206	1.08%
2017	184,160	193,776	(9,616)	15,842,687	1.22%

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

## **BURLEIGH COUNTY**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020

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

#### **Budgetary Information**

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

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

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

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

#### **Pension**

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

#### **OPEB**

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

**BURLEIGH COUNTY**

Notes to the Required Supplementary Information - Continued

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

**Pension**

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

**OPEB**

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

**NOTE 5: LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

The board of County commissioners amended the County budget for 2021:

	<b>EXPENDITURES / TRANSFERS OUT</b>		
	<b>Original Budget</b>	<b>Budget Amendment</b>	<b>Amended Budget</b>
Special Revenue Funds	\$ 28,610,882	\$ 1,117,000	\$ 29,727,882
Capital Projects Funds	-	663,250	663,250
Debt Service Funds	-	27,100	27,100

**NOTE 6: EXCESS SPENT BUDGET TO ACTUAL/SOCIAL SERVICES BUDGET**

The Special Revenue Funds Budget to Actual Schedule had actual expenditures in excess of final budgeted expenditures by \$3,385,394. Part of this excess is due to the Social Services fund not being budgeted by the county. Starting in 2020, the Social Services Fund was reorganized into the Human Services Zone fund which was established in conjunction with the Department of Human Services. The Human Services Zone now handles all budgeting and reimbursements for the Social Services Fund.

# BURLEIGH COUNTY

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021

Federal ALN Number	Program Title	Pass-Through Grantor's Number	Expenditures	Passed through to Subrecipients
<b><u>U.S. DEPARTMENT OF TREASURY:</u></b>				
Direct Program				
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		\$ 976,335	\$ 411,781
	Total U.S. Department of Treasury		\$ 976,335	\$ 411,781
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>				
<u>Passed Through State Department of Corrections and Rehabilitation:</u>				
16.576	Crime Victim Compensation	AG00095	\$ 156,000	
	Total U.S. Department of Justice		\$ 156,000	
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>				
<u>Passed Through State Department of Human Services:</u>				
93.563	Child Support Enforcement	S035A	\$ 44,551	
21.019	COVID-19 - Coronavirus Relief Fund	S600C	26,767	
	Medicaid Cluster			
93.778	Medical Assistance Program	N/A	5,645	
	Total U.S. Department of Health and Human Services		\$ 76,963	
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>				
<u>Passed Through State Department of Emergency Services:</u>				
97.036	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4509	\$ 31,854	
97.042	Emergency Management Performance Grants	EMPG2021, EMPG2020	80,203	
	<u>Passed Through State Department of Game and Fish:</u>			
97.012	Boating Safety Financial Assistance	GF440, GF821	\$ 10,681	
	Total U.S. Department of Homeland Security		\$ 122,737	
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>				
<u>Passed Through State Department of Transportation:</u>				
	Highway Safety Cluster			
20.600	State and Community Highway Safety	HSPDD2111, HSPSC2107	\$ 9,069	
20.616	National Priority Safety Programs	HSPID2110, HSPOP2105	21,156	
	Highway Safety Cluster Total		\$ 30,225	
	Total U.S. Department of Transportation		\$ 30,225	
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,362,260</b>	<b>\$ 411,781</b>

See notes to the Schedule of Expenditures of Federal Awards

## **BURLEIGH COUNTY**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

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

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2021. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

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

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

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

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

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

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

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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

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Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated September 29, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**BURLEIGH COUNTY**

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

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**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 29, 2022

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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

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### Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

#### **Qualified Opinion**

We have audited Burleigh County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Burleigh County's major federal programs for the year ended December 31, 2021. Burleigh County's major federal programs are identified in the summary of auditor's results section of the accompanying *schedule of findings and questioned costs*.

#### *Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Burleigh County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2021.

#### **Basis for Qualified Opinion**

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

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

#### *Matter(s) Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds.*

As described in the accompanying *schedule of findings and questioned costs*, Burleigh County did not comply with requirements regarding Assisting Listing Number 21.027 *Coronavirus State and Local Fiscal Recovery Funds* as described in finding number 2021-001 for Period of Performance, 2021-002 for Activities Allowed or Unallowed and Allowable Cost/Cost Principles, 2021-003 and 2021-004 for Procurement, Suspension, & Debarment, 2021-006 for Reporting, 2021-007 and 2021-008 for Subrecipient Monitoring.

Compliance with such requirements is necessary, in our opinion, for Burleigh County to comply with the requirements applicable to that program.



## **BURLEIGH COUNTY**

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

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#### ***Responsibilities of Management's Responsibility***

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 Burleigh County's federal programs.

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

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

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

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

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

#### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying *schedule of audit findings and questioned costs* as items 2021-005, 2021-009, and 2021-010. 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 Burleigh County's response to the noncompliance findings identified in our audit described in the accompanying *schedule of findings and questioned costs*. Burleigh County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

**BURLEIGH COUNTY**

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

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**Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-003, 2021-005, and 2021-007 to be material weaknesses.

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

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

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

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 29, 2022

**BURLEIGH COUNTY**

Summary of Auditor's Results  
For the Year Ended December 31, 2021

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**Financial Statements**

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

**Internal control over financial reporting**

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

**Federal Awards**

Internal Control Over Major Programs

Material weaknesses identified?	<u>  X  </u> Yes	<u>      </u> None	noted
Significant deficiencies identified?	<u>      </u> Yes	<u>  X  </u> None	noted
Type of auditor's report issued on compliance for major programs:	Qualified		
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	<u>  X  </u> Yes	<u>      </u> None	noted

**Identification of Major Programs**

ALN Number	Name of Federal Program or Cluster
ALN 21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?        Yes   X   No

# BURLEIGH COUNTY

Schedule of Audit Findings and Questioned Costs  
For the Year Ended December 31, 2021

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## SECTION I – FINANCIAL STATEMENT FINDINGS

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No matters were reported.

## SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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### 2021-001 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – IMPROPER TRANSFER OF EXPENDITURES – ALN 21.027- MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE

#### FINDING TYPE: Material Weakness – Material Noncompliance

Finding	2021-001
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$69,401

#### Condition

Burleigh County applied costs to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program prior to the period of performance. \$69,401 was transferred out of the American Rescue Plan fund to reimburse various fund expenditures that were incurred prior to March 3, 2021.

#### Effect

Burleigh County was not in compliance with period of performance requirements of SLFRF.

#### Cause

Burleigh County may not have had a clear understanding of the period of performance requirements of SLFRF. In addition, Burleigh County did not review period of performance for each transfer of expenditures for the SLFRF program prior to the completion of the transfer in the accounting system.

#### Criteria

31 CFR 35.5 states in part: “A recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024...”

According to the “Standards for Internal Control in the Federal Government”, “management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.” (Green Book, GAO-14-704G para 10.10.)

According to the “Standards for Internal Control in the Federal Government”, management should identify, analyze, and respond to significant changes that could impact the internal control system. Management should also design control activities in response to the entity’s objectives and risks to achieve an effective internal control system. (Green Book, GAO-14-704G para 9.01, 10.02)

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County ensure compliance with period of performance requirements as stated in 31 CFR 35.5 of the Uniform Guidance by establishing a review process to ensure transfers of expenditures are within the period of performance for the Coronavirus State and Local Fiscal Recovery Funds program.

**Burleigh County's Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-002 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – UNALLOWABLE COST PREMIUM PAY - ALN 21.027 – MATERIAL NONCOMPLIANCE**

**FINDING TYPE: Material Noncompliance**

Finding	2021-002
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$38,688

**Condition**

Burleigh County disbursed premium pay through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program directly to individuals who were volunteers at two ambulance districts for a total of \$38,688.

**Effect**

Burleigh County may not have complied with the requirements of Activities Allowed or Unallowed and Allowable Cost/Cost Principles under the SLFRF program.

**Cause**

Burleigh County may not have been aware that volunteers could not be paid premium pay under eligible use category of premium pay.

**Criteria**

31 CFR 35.3 defines Premium Pay as "an amount of up to \$13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID-19 public health emergency. Such amount may not exceed \$25,000 in total over the period of performance with respect to any single eligible worker. Premium pay may be awarded to non-hourly and part-time eligible workers performing essential work. Premium pay will be considered to be in addition to wages or remuneration the eligible worker otherwise receives if, as measured on an hourly rate, the premium pay is:

(1) With regard to work that the eligible worker previously performed, pay and remuneration equal to the sum of all wages and remuneration previously received plus up to \$13 per hour with no reduction, substitution, offset, or other diminishment of the eligible worker's previous, current, or prospective wages or remuneration; or

(2) With regard to work that the eligible worker continues to perform, pay of up to \$13 per hour that is in addition to the eligible worker's regular rate of wages or remuneration, with no reduction, substitution, offset, or other diminishment of the worker's current and prospective wages or remuneration."

Per 29 CFR 553.106(e) "Individuals do not lose their volunteer status if they receive a nominal fee from a public agency. A nominal fee is not a substitute for compensation and must not be tied to productivity. However, this does not preclude the payment of a nominal amount on a "per call" or similar basis to volunteer firefighters. The following factors will be among those examined in determining whether a given amount is nominal: The distance traveled and the time and effort expended by the volunteer; whether the volunteer has agreed to be available around-the-clock or only during certain specified time periods; and whether the volunteer provides services as needed or throughout the year. An individual who volunteers to provide periodic services on a year-round basis may receive a nominal monthly or annual stipend or fee without losing volunteer status."

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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29 CFR 553.101 defines Volunteer as:

“(a) An individual who performs hours of service for a public agency for civic, charitable, or humanitarian reasons, without promise, expectation or receipt of compensation for services rendered, is considered to be a volunteer during such hours. Individuals performing hours of service for such a public agency will be considered volunteers for the time so spent and not subject to sections 6, 7, and 11 of the FLSA when such hours of service are performed in accord with sections 3(e)(4) (A) and (B) of the FLSA and the guidelines in this subpart.

(b) Congress did not intend to discourage or impede volunteer activities undertaken for civic, charitable, or humanitarian purposes, but expressed its wish to prevent any manipulation or abuse of minimum wage or overtime requirements through coercion or undue pressure upon individuals to “volunteer” their services.

(c) Individuals shall be considered volunteers only where their services are offered freely and without pressure or coercion, direct or implied, from an employer.

(d) An individual shall not be considered a volunteer if the individual is otherwise employed by the same public agency to perform the same type of services as those for which the individual proposes to volunteer.”

NDCC 34-11.1-01(3) defines an Employee as follows:

“Employee” means any person, whether employed, appointed, or under contract, providing services for the state, county, city, or other political subdivision, for which compensation is paid. “Employee” also includes a person subject to the civil service or merit system or civil service laws of the state government, governmental agency, or a political subdivision.

“Employee” does not include:

- a. A person elected to public office in the state or in a political subdivision.
- b. A member of the legislative council.
- c. A person holding an appointive statutory office.
- d. One deputy or principal assistant for each elected official or appointive statutory official.
- e. One secretary for each elected or appointive statutory official.
- f. All members of the governor’s staff”

**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County review the Interim Final Rule, Final Rule, and any other applicable guidance from the U.S. Treasury regarding the eligible use category of premium pay under Coronavirus State and Local Fiscal Recovery Funds program to ensure expenditures meet the compliance requirements of the Activities Allowed or Unallowed and Allowable Cost/Cost Principles.

**Burleigh County’s Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-003 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – LACK OF FORMAL PROCUREMENT POLICY – ALN 21.027 – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

**FINDING TYPE: Material Weakness - Material Noncompliance**

Finding	2021-003
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County does not have documented formal policies and procedures for procurement for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. The County follows the state documented procurement laws under various North Dakota Century Code, however, there are no policies and procedures for any transactions that may be subject to procurement.

**Effect**

Burleigh County is not in compliance with 2 CFR 200.318. As there are no formal documented policies and procedure for procurement, projects using federal funds may not be properly procured.

**Cause**

Burleigh County may not be aware they need to have documented formal policies and procedures for procurement when spending federal funds related to SLFRF.

**Criteria**

2 CFR 200.318 states: "The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

2 CFR 200.303(a) states: "The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

According to the "Standards for Internal Control in the Federal Government", Management develops and maintains documentation of its internal control system. Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors. (Green Book, GAO-14-704G para 3.09 and 3.10).



**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County have documented formal policies and procedures in place regarding procurement to ensure compliance with all procurement standards identified in 2 CFR 200.317 thru 2 CFR 200.327 for the Coronavirus State and Local Fiscal Recovery Funds program.

**Burleigh County's Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-004 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – INADEQUATE SUPPORTING DOCUMENTATION FOR PROCUREMENT – ALN 21.027 – MATERIAL NONCOMPLIANCE**

<b>FINDING TYPE: Material Noncompliance</b>	
Finding	2021-004
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$397,655

**Condition**

Burleigh County did not retain adequate supporting documentation for procurement transactions for the Coronavirus State and Local Fiscal Recovery Funds program. During testing, we noted 2 of the 6 procurement transactions tested did not have adequate support. Both transactions were a part of an overall request for proposal that totaled \$397,655. However, there was no supporting documentation for how the selection committee evaluated each engineering firm based criteria noted in the request for proposal as well as how each task in the request for proposal was assigned to each engineering firm.

**Effect**

Burleigh County may not have complied with North Dakota Century Code (N.D.C.C.) 54-44.7.03(5). Therefore, a total of \$397,655 in contract obligations may not have been properly procured.

**Cause**

Burleigh County did not have a procurement policy in place to note what documentation was to be retained.

**Criteria**

2 CFR 200.318(i) states: "The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

N.D.C.C. 54-44.7-03(5) states: "The agency selection committee shall evaluate each of the persons or firms interviewed on the basis of the following criteria:

- a. Past performance.
- b. The ability of professional personnel.
- c. Willingness to meet time and budget requirements.
- d. Location, with higher priority given to firms headquartered in North Dakota.
- e. Recent, current, and projected workloads of the persons or firms.
- f. Related experience on similar projects.
- g. Recent and current work for the agency.

Based upon these evaluations, the agency selection committee shall select the three which, in its judgment, are most qualified, ranking the three in priority order. The agency selection committee's report ranking the interviewed persons or firms must be in writing and must include data substantiating its determinations. This data must be available to the public upon written request."

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County develop formal policies and procedures, which include retaining adequate supporting documentation, for procurement transactions related to the Coronavirus State and Local Fiscal Recovery Funds program.

**Burleigh County's Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-005 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – LACK OF CONTROL SURROUNDING SUSPENSION AND DEBARMENT – ALN 21.027 – MATERIAL WEAKNESS AND OTHER NONCOMPLIANCE**

**FINDING TYPE: Material Weakness**

Finding	2021-005
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County did not have procedures in place to ensure an entity that the County enters into a covered transaction with is not suspended and debarred from receiving federal funds through Coronavirus State and Local Fiscal Recovery Funds.

**Effect**

Without procedures in place, Burleigh County is at increased risk of entering into a covered transaction with an entity that is suspended and debarred from receiving federal funds.

**Cause**

Burleigh County may not have been aware that procedures were required to be in place to ensure an entity entering into a covered transaction with the County was not suspended and debarred.

**Criteria**

31 CFR 19.300 states: "When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the *EPLS*; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

31 CFR 19.200 states: "A covered transaction is a nonprocurement or procurement transaction that is subject to the prohibitions of this part. It may be a transaction at -

- (a) The primary tier, between a Federal agency and a person (see appendix to this part); or
- (b) A lower tier, between a participant in a covered transaction and another person."

2 CFR 200.303(a) states: "The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

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

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According to the “Standards for Internal Control in the Federal Government”, Management develops and maintains documentation of its internal control system. Effective documentation assists in management’s design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors. (Green Book, GAO-14-704G para 3.09 and 3.10).

**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County develop formal procedures that will provide for a documented review of entities for suspended and debarred status prior to entering into a covered transaction for Coronavirus State and Local Fiscal Recovery Funds to ensure compliance with 31 CFR 19.300.

**Burleigh County’s Response**

See Corrective Action Plans

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-006 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – IMPROPER REPORTING OF OBLIGATIONS AND EXPENDITURES – ALN 21.027 – MATERIAL NONCOMPLIANCE**

**FINDING TYPE: Material Noncompliance**

Finding	2021-006
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County did not properly report total obligations and total expenditures on the December 31, 2021, Project and Expenditure Report for the Coronavirus State and Local Fiscal Recovery Funds program. Total obligations were overstated by \$4,525,853 and total expenditures were overstated by \$59,521.

**Effect**

The amounts reported as expenditures and obligations on the December 31, 2021, Project and Expenditure Report were materially inaccurate.

**Cause**

Burleigh County may not have been aware as to what constituted an obligation and expenditure for reporting purposes for the December 31, 2021, Project and Expenditure Report.

**Criteria**

Page 9 of the Coronavirus State and Local Fiscal Recovery Funds: Project and Expenditure Report User Guide Version 1 (January 7, 2022) states:

- "An obligation is an order placed – such as a contract – and similar transactions that require payment.
- An expenditure is when the service has been rendered or the good has been delivered to the entity, and payment is due."

**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County review and comply with all reporting requirements of the Coronavirus State and Local Fiscal Recovery Funds program by properly reporting all obligations and expenditures in the Project and Expenditure Reports.

**Burleigh County's Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-007 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – INADEQUATE SUBRECIPIENT MONITORING – ALN 21.027 – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

<b>FINDING TYPE: Material Weakness – Material Noncompliance</b>	
Finding	2021-007
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County did not adequately monitor the subrecipients of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. During testing, we noted the County received invoices for its monitoring of subrecipients, but did not review if federal procurement was followed, did not complete any site visits of the projects, and did not ensure the subrecipient was in compliance with all Federal statutes, regulations, and terms and conditions of the subaward.

**Effect**

Burleigh County may not have complied with 2 CFR 200.332(d). In addition, the County may have provided funds to the subrecipients that did not comply with the Federal statutes, regulations, and the terms and conditions of the subaward.

**Cause**

Burleigh County was not aware of the requirements set forth in 2 CFR 200.332(d). In addition, Burleigh County does not have documented policies and procedures regarding subrecipient monitoring for the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) program.

**Criteria**

2 CFR 200.332(d) states: All pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

2 CFR 200.303 states: The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

According to the “Standards for Internal Control in the Federal Government”, Management develops and maintains documentation of its internal control system. Effective documentation assists in management’s design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors. (Green Book, GAO-14-704G para 3.09 and 3.10).

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County ensure adequate subrecipient monitoring is completed on the Coronavirus State and Local Fiscal Recovery Funds program. In addition, we recommend Burleigh County have documented policies and procedures for subrecipient monitoring to ensure the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

**Burleigh County's Response**

See Corrective Action Plan



**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**2021-008 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – LACK OF RISK ASSESSMENT FOR SUBRECIPIENT MONITORING – ALN 21.027 – MATERIAL NONCOMPLIANCE**

**FINDING TYPE: Material Noncompliance**

Finding	2021-008
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County is not evaluating each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining appropriate subrecipient monitoring for the Coronavirus State and Local Fiscal Recovery Funds program. During testing, we identified two subrecipients that did not have a risk assessment completed.

**Effect**

Burleigh County may not have complied with 2 CFR 200.332 (b). Therefore, high-risk subrecipients may not be subjected to adequate monitoring procedures to ensure Federal funds were used for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

**Cause**

Burleigh County may not have been aware of the requirements set forth in 2 CFR 200.332(b).

**Criteria**

2 CFR 200.332 (b) states in part all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

**Repeat Finding**

No.

**Recommendation**

We recommend Burleigh County ensure compliance with 2 CFR 200.332 (b) to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring for the Coronavirus State and Local Fiscal Recovery Funds program.

**Burleigh County's Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-009 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – INADEQUATE SUBRECIPIENT AUDIT REPORT MONITORING – ALN 21.027 – OTHER NONCOMPLIANCE**

<b>FINDING TYPE: Other Noncompliance</b>	
Finding	2021-009
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County did not ensure that all subrecipients receiving funding from Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program were audited under 2 CFR 200 Subpart F of the Uniform Guidance, as applicable.

**Effect**

Burleigh County may not have complied with 2 CFR 200.332. Therefore, subrecipients expending more than \$750,000 for all Federal sources may not be obtaining audits as required or implementing a corrective action plan in a timely manner if findings are noted in audits that were completed.

**Cause**

Burleigh County may not have been aware of all the requirements set forth in 2 CFR 200.332.

**Criteria**

2 CFR 200.332(f) states a pass-through entity must verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501.

2 CFR 200.332(d)(4) states in part: "the pass-through entity is responsible for resolving audit findings specifically related to the subaward. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward."

**Repeat Finding**

No.

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

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**Recommendation**

We recommend Burleigh County ensure:

- all subrecipients of Coronavirus State and Local Fiscal Recovery Funds program obtain audits in accordance with 2 CFR 200 Subpart F if applicable,
- management decisions are issued on audit findings within 6 months, and
- the subrecipient takes timely and appropriate corrective action on deficiencies identified in audits.

**Burleigh County's Response**

See Corrective Action Plan

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

**2021-010 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – NONCOMPLIANCE WITH SUBRECIPIENT GRANT AGREEMENT REQUIREMENTS – ALN 21.027 – OTHER NONCOMPLIANCE**

<b>FINDING TYPE: Other Noncompliance</b>	
Finding	2021-010
Federal Program:	Coronavirus State and Local Fiscal Recovery Funds
ALN:	21.027
Federal Award Number(s) and Year(s):	SLFRP1236, 2021
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

**Condition**

Burleigh County did not communicate and document all of the elements as outlined in 2 CFR 200.332(a) for the subrecipients of the Coronavirus State and Local Fiscal Recovery Funds program. During testing, we noted the following elements were not included:

- subrecipient's unique entity identifier
- federal award identification number
- federal award date (see definition of *Federal award date* § 200.1) of award to the recipient by the Federal agency
- subaward period of performance start and end date
- name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity
- Assistance Listings number and Title
- identification of whether the award is Research and Development
- indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414
- a requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part, and appropriate terms and conditions concerning closeout of the subaward

**Effect**

Burleigh County did not comply with all elements of 2 CFR 200.332(a). Therefore, subrecipients may not have been aware of all necessary grant information and requirements.

**Cause**

Burleigh County was not aware of the requirements set forth in 2 CFR 200.332(a) that needed to be included in the grant agreements.

**Criteria**

31 U.S.C 7502(f)(2)(A) states that each pass-through entity shall provide subrecipient the Federal requirements which govern the use of such awards.

2 CFR 200.332(a) states the required information that pass-through entities must disclose. This includes information related to federal award identification and period of performance, approved federally recognized indirect cost rate, requirement that the subrecipient allow access to records, and appropriate terms and conditions concerning closeout of the subaward.

**BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**Repeat Finding**

No.

**Recommendation**

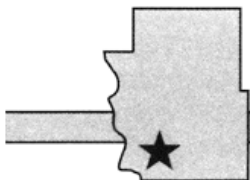
We recommend Burleigh County ensure that all elements as outlined in 2 CFR 200.332(a) are communicated and documented to the subrecipients of the Coronavirus State and Local Fiscal Recovery Funds program.

**Burleigh County's Response**

See Corrective Action Plan

STATE OF NORTH DAKOTA

# County of Burleigh



221 NORTH 5TH STREET • P.O. BOX 5518 • BISMARCK, NORTH DAKOTA 58506-5518

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**Date:** September 19, 2022  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Robin Grenz, Finance Director  
**RE:** Burleigh County – FY2021 Corrective Action Plan

**Contact Person Responsible for Corrective Action Plan: Robin Grenz, Finance Director**

**Section I – Financial Statement Findings:**

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No matters were reported

**Section II –Federal Award Findings and Questioned Costs:**

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**2021-001 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – IMPROPER TRANSFER OF EXPENDITURES – ALN 21.027- MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County applied costs to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program prior to the period of performance. \$69,401 was transferred out of the American Rescue Plan fund to reimburse various fund expenditures that were incurred prior to March 3, 2021.

**Corrective Action Plan:**

We agree. Burleigh County will reimburse the American Rescue Plan fund via a correcting entry in the general ledger for the expenditures that were incurred prior to March 3, 2021.

**Anticipated Completion Date:**

Fiscal Year 2022

**2021-002 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – UNALLOWABLE COST PREMIUM PAY - ALN 21.027 – MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County disbursed premium pay through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program directly to individuals who were volunteers at two ambulance districts for a total of \$38,688.

**Corrective Action Plan:**

We agree. Burleigh County will correct any future reporting to the United States Treasury to reflect these costs in a different expenditure category.

**Anticipated Completion Date:**

Fiscal Year 2022

**BURLEIGH COUNTY**

Management’s Corrective Action Plan - Continued

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**2021-003 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – LACK OF FORMAL PROCUREMENT POLICY – ALN 21.027 – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County does not have documented formal policies and procedures for procurement for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. The County follows the state documented procurement laws under various North Dakota Century Code, however, there are no policies and procedures for any transactions that may be subject to procurement.

**Corrective Action Plan:**

We agree. Burleigh County will create a written policy for procurement.

**Anticipated Completion Date:**

Fiscal Year 2023

**2021-004 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – INADEQUATE SUPPORTING DOCUMENTATION FOR PROCUREMENT – ALN 21.027 – MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County did not retain adequate supporting documentation for procurement transactions for the Coronavirus State and Local Fiscal Recovery Funds program. During testing, we noted 2 of the 6 procurement transactions tested did not have adequate support. Both transactions were a part of an overall request for proposal that totaled \$397,655. However, there was no supporting documentation for how the selection committee evaluated each engineering firm based criteria noted in the request for proposal as well as how each task in the request for proposal was assigned to each engineering firm.

**Corrective Action Plan:**

We agree. Burleigh County has implemented a process which includes retaining adequate supporting documentation for procurement transactions that include multiple engineering firms.

**Anticipated Completion Date:**

Implemented September 2022

**2021-005 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – LACK OF CONTROL SURROUNDING SUSPENSION AND DEBARMENT – ALN 21.027 – MATERIAL WEAKNESS AND OTHER NONCOMPLIANCE**

**Condition:**

Burleigh County did not have procedures in place to ensure an entity that the County enters into a covered transaction with is not suspended and debarred from receiving federal funds through Coronavirus State and Local Fiscal Recovery Funds.

**Corrective Action Plan:**

We agree. Burleigh County will develop a procedure to check the status of an entity prior to entering into an agreement.

**Anticipated Completion Date:**

Fiscal Year 2023

**2021-006 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – IMPROPER REPORTING OF OBLIGATIONS AND EXPENDITURES – ALN 21.027 – MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County did not properly report total obligations and total expenditures on the December 31, 2021, Project and Expenditure Report for the Coronavirus State and Local Fiscal Recovery Funds program. Total obligations were overstated by \$4,525,853 and total expenditures were overstated by \$59,521.

**Corrective Action Plan:**

We agree. Future reporting to US Treasury for SLFRF funds will reflect projects that are defined as obligations.

**Anticipated Completion Date:**

Fiscal Year 2022

**2021-007 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – INADEQUATE SUBRECIPIENT MONITORING – ALN 21.027 – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County did not adequately monitor the subrecipients of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. During testing, we noted the County received invoices for its monitoring of subrecipients, but did not review if federal procurement was followed, did not complete any site visits of the projects, and did not ensure the subrecipient was in compliance with all Federal statutes, regulations, and terms and conditions of the subaward.

**Corrective Action Plan:**

We agree. Burleigh County will implement an inspection process policy to include the monitoring of procurement under federal rules.

**Anticipated Completion Date:**

Fiscal Year 2023

**2021-008 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – LACK OF RISK ASSESSMENT FOR SUBRECIPIENT MONITORING – ALN 21.027 – MATERIAL NONCOMPLIANCE**

**Condition:**

Burleigh County is not evaluating each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining appropriate subrecipient monitoring for the Coronavirus State and Local Fiscal Recovery Funds program. During testing, we identified two subrecipients that did not have a risk assessment completed.

**Corrective Action Plan:**

We agree. Burleigh County will ensure compliance with 2 CFR 200.332 for any future subrecipients. Compliance will be documented and performed periodically throughout the period of performance.

**Anticipated Completion Date:**

Fiscal Year 2022 or 2023



**2021-009 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – INADEQUATE SUBRECIPIENT AUDIT REPORT MONITORING – ALN 21.027 – OTHER NONCOMPLIANCE**

**Condition:**

Burleigh County did not ensure that all subrecipients receiving funding from Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program were audited under 2 CFR 200 Subpart F of the Uniform Guidance, as applicable..

**Corrective Action Plan:**

We agree. Burleigh County will request any future subrecipient's most recent audit and require this as a pre-requisite to awarding any funds.

**Anticipated Completion Date:**

Fiscal Year 2022

**2021-010 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – NONCOMPLIANCE WITH SUBRECIPIENT GRANT AGREEMENT REQUIREMENTS – ALN 21.027 – OTHER NONCOMPLIANCE**

**Condition:**

Burleigh County did not communicate and document all of the elements as outlined in 2 CFR 200.332(a) for the subrecipients of the Coronavirus State and Local Fiscal Recovery Funds program. During testing, we noted the following elements were not included:

- subrecipient's unique entity identifier
- federal award identification number
- federal award date (see definition of Federal award date § 200.1) of award to the recipient by the Federal agency
- subaward period of performance start and end date
- name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity
- Assistance Listings number and Title
- identification of whether the award is Research and Development
- indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414
- a requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part, and appropriate terms and conditions concerning closeout of the subaward

**Corrective Action Plan:**

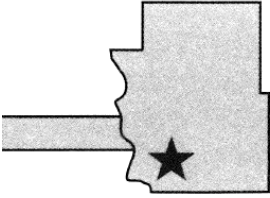
We agree. Burleigh County will create an amendment to the current signed agreements to include and gather the information referenced.

**Anticipated Completion Date:**

Fiscal Year 2023

STATE OF NORTH DAKOTA

# County of Burleigh



221 NORTH 5TH STREET • P.O. BOX 5518 • BISMARCK, NORTH DAKOTA 58506-5518

## **2020-001 – BOND COVENANT VIOLATION – MATERIAL NON-COMPLIANCE**

### **Condition:**

As of December 31, 2020, Burleigh County did not create a separate debt service fund to pay for principal and interest related to the Certificate of Indebtedness, Series 2019. Principal and interest were paid out of the McKenzie Haul Road capital projects fund.

### **Recommendation:**

We recommend Burleigh County set up a separate debt service fund to pay for principal and interest payments and ensure the County stays in compliance with all of its bond and loan covenants. We also recommend someone other than the Finance Director periodically check to ensure the County is not in violation of any current covenants.

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

Implemented.

A handwritten signature in cursive script that reads "Robin Grenz".

Robin Grenz  
Finance Director, Burleigh County

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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## GOVERNANCE COMMUNICATION

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September 29, 2022

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Burleigh County, North Dakota, for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under general accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 25, 2022. Professional standards also require that we communicate to you with the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Burleigh County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by Burleigh County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

### **Difficulties Encountered in Performing the Audit**

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

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

**2021 Passed Adjustments**

	<b>Audit Adjustments</b>	
	<b>Debit</b>	<b>Credit</b>
<b>Government Fund Adjustments</b>		
<b>Special Revenue Funds</b>		
<u>Passed Audit Adjustment for Unrealized Loss on Investments</u>		
Other Financing Sources - Unrealized Loss on Investments	265,500	
Interest Income		265,500

The following material misstatements detected as a result of audit procedures were corrected by management.

**2021 Adjustments**

	<b>Audit Adjustments</b>	
	<b>Debit</b>	<b>Credit</b>
<b>Government Wide Activities</b>		
<u>Record Adjustment and PPA to move project back to CIP</u>		
Capital Assets - Nondepreciable	1,381,980	
Capital Assets - Nondepreciable PPA	53,216	
Capital Assets, Depreciable, Net		1,435,196

**Disagreements with Management**

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

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated September 29, 2022.

**Management Consultations with Other Independent Accountants**

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

**Other Audit Findings or Issues**

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

**BURLEIGH COUNTY**

Governance Communication – Continued

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**Other Matters**

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

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

**Restrictions on Use**

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

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
September 29, 2022



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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