



# 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, 2020

*Client Code: PS8000*



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Office of the  
State Auditor

# BURLEIGH COUNTY

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For the Years Ended December 31, 2020

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**BURLEIGH COUNTY**

County Officials and Audit Personnel  
December 31, 2020

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**COUNTY OFFICIALS**

**At December 31, 2020**

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

**AUDIT PERSONNEL**

Heath Erickson, CPA	Audit Manager
Michael Scherr	Audit In-Charge

STATE AUDITOR  
Joshua C. Gallion



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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**

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, 2020, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## BURLEIGH COUNTY

Independent Auditor's Report – Continued

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### **Opinions**

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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 2 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *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* as listed in the table of contents 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.

#### *Other 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, is presented for purposes of additional analysis and is not a required part of the financial statements.

The *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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.

**BURLEIGH COUNTY**

Independent Auditor's Report – Continued

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Burleigh County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burleigh County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
June 30, 2021

**BURLEIGH COUNTY**

## Statement of Net Position

December 31, 2020

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS</b>		
Cash and Investments	\$ 63,936,999	\$ 2,133,447
Accounts Receivable	483,682	-
Intergovernmental Receivable	4,386,480	10,816
Inventories	1,483,848	-
Taxes Receivable	181,133	9,876
Special Assessments Receivable	3,504,678	1,413,758
Capital Assets		
Nondepreciable	8,717,153	112,481
Depreciable, Net	<u>137,344,223</u>	<u>7,353,811</u>
Total Assets	<u>\$ 220,038,196</u>	<u>\$ 11,034,189</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 29,918,639</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,375,593	\$ 38,167
Salaries Payable	1,573,576	672
Incurred But Not Reported Claims	530,000	-
Deferred Revenue	3,398	-
Interest Payable	249,383	-
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	5,212,323	123,451
Compensated Absences Payable	166,294	-
Due After One Year		
Long Term Debt	58,634,677	2,055,072
Compensated Absences Payable	1,496,647	-
Net Pension and OPEB Liability	<u>50,362,089</u>	<u>-</u>
Total Liabilities	<u>\$ 120,603,980</u>	<u>\$ 2,217,362</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes Received in Advance	\$ 4,534,692	\$ -
Derived from Pension and OPEB	<u>7,982,074</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 12,516,766</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net Investment In Capital Assets	\$ 81,964,993	\$ 6,701,527
Restricted		
Debt Service	20,586,483	-
Highways and Bridges	2,076,468	-
Culture and Recreation	7,748,328	-
Conservation of Resources/Econ. Dev.	183,537	2,115,300
Other	434,949	-
Capital Projects	3,918,095	-
Unrestricted	<u>(76,764)</u>	<u>-</u>
Total Net Position	<u>\$ 116,836,089</u>	<u>\$ 8,816,827</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, 2020

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	\$ 9,053,357	\$ 2,365,951	\$ 833,674	\$ -	\$ (5,853,732)	\$ -
Public Safety	24,793,062	6,160,556	436,190	-	(18,196,316)	-
Highways and Bridges	11,008,206	1,965,859	6,348,870	1,662,441	(1,031,036)	-
Health and Welfare	9,026,348	2,944	6,730,774	-	(2,292,630)	-
Culture and Recreation	994,586	-	-	-	(994,586)	-
Conservation and Economic Development	948,781	138,600	-	-	(810,181)	-
Other	1,420,276	-	8,160	-	(1,412,116)	-
Interest on Long Term Debt	5,311,753	-	-	-	(5,311,753)	-
<b>Total Primary Government</b>	<b>\$ 62,556,369</b>	<b>\$ 10,633,910</b>	<b>\$ 14,357,668</b>	<b>\$ 1,662,441</b>	<b>\$ (35,902,350)</b>	<b>\$ -</b>
<b>Component Unit</b>						
Water Resource District	\$ 706,122	\$ -	\$ 1,476,370	\$ -	\$ -	\$ 770,248
<b>General Revenues</b>						
Property taxes					\$ 17,435,465	\$ 910,855
Sales taxes					8,873,311	-
Non restricted grants and contributions					7,966,842	38,187
Interest Income					651,817	129
Gain (Loss) on Sale of Assets					(50,421)	-
Miscellaneous revenues					503,339	39,208
<b>Total General Revenues</b>					<b>\$ 35,380,353</b>	<b>\$ 988,379</b>
Change in Net Position					\$ (521,997)	\$ 1,758,627
Net Position - January 1					\$ 116,731,474	\$ 6,964,671
Prior Period Adjustments					\$ 626,612	93,529
Net Position - January 1, as restated					\$ 117,358,086	\$ 7,058,200
Net Position - December 31					<b>\$ 116,836,089</b>	<b>\$ 8,816,827</b>

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

# BURLEIGH COUNTY

## Balance Sheet – Governmental Funds

December 31, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 19,044,135	\$ 20,415,629	\$ 2,477,146	\$ 17,179,056	\$ 59,115,966
Accounts Receivable	41,232	397,666	881	-	439,779
Intergovernmental Receivable	1,936,899	981,127	-	1,468,454	4,386,480
Interfund Loan Receivable	3,200,000	-	-	-	3,200,000
Taxes Receivable	141,653	39,480	-	-	181,133
Special Assessment Receivable	-	-	1,475,000	2,029,678	3,504,678
Inventories	-	1,483,848	-	-	1,483,848
<b>Total Assets</b>	<b>\$ 24,363,919</b>	<b>\$ 23,317,750</b>	<b>\$ 3,953,027</b>	<b>\$ 20,677,188</b>	<b>\$ 72,311,884</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 966,153	\$ 1,311,879	\$ 176	\$ -	\$ 2,278,208
Salaries Payable	964,392	609,184	-	-	1,573,576
<b>Total Liabilities</b>	<b>\$ 1,930,545</b>	<b>\$ 1,921,063</b>	<b>\$ 176</b>	<b>\$ -</b>	<b>\$ 3,851,784</b>
<b>Deferred Inflows of Resources</b>					
Taxes Receivable	\$ 141,653	\$ 39,480	\$ -	\$ -	\$ 181,133
Special Assessment Receivable	-	-	1,475,000	2,029,678	3,504,678
Taxes Received in Advance	3,430,382	978,849	34,756	90,705	4,534,692
<b>Total Deferred Inflow Of Resources</b>	<b>\$ 3,572,035</b>	<b>\$ 1,018,329</b>	<b>\$ 1,509,756</b>	<b>\$ 2,120,383</b>	<b>\$ 8,220,503</b>
<b>Total Liabilities And Deferred Inflows Of Resources</b>	<b>\$ 5,502,580</b>	<b>\$ 2,939,392</b>	<b>\$ 1,509,932</b>	<b>\$ 2,120,383</b>	<b>\$ 12,072,287</b>
<b>FUND BALANCE</b>					
<b>Nonspendable</b>					
Inventory	\$ -	\$ 1,483,848	\$ -	\$ -	\$ 1,483,848
Interfund Loan Receivable	3,200,000	-	-	-	3,200,000
<b>Restricted</b>					
Capital Project Funds	-	-	3,075,485	-	3,075,485
Conservation & Econ. Develop.	-	458,554	-	-	458,554
Culture and Recreation	-	7,672,400	-	-	7,672,400
Debt Service	-	-	-	18,556,805	18,556,805
General Government	-	888,951	-	-	888,951
Health and Welfare	-	470,750	-	-	470,750
Highways and Bridges	-	4,397,783	-	-	4,397,783
Other	-	690,550	-	-	690,550
Public Safety	-	2,837,112	-	-	2,837,112
<b>Committed</b>					
Jail Commissary	-	521,969	-	-	521,969
Parking Lot	-	64,616	-	-	64,616
Provident Building	-	1,386,000	-	-	1,386,000
<b>Unassigned</b>					
General Fund	15,661,339	-	-	-	15,661,339
Negative Funds	-	(494,175)	(632,390)	-	(1,126,565)
<b>Total Fund Balances</b>	<b>\$ 18,861,339</b>	<b>\$ 20,378,358</b>	<b>\$ 2,443,095</b>	<b>\$ 18,556,805</b>	<b>\$ 60,239,597</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,363,919</b>	<b>\$ 23,317,750</b>	<b>\$ 3,953,027</b>	<b>\$ 20,677,188</b>	<b>\$ 72,311,884</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, 2020

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<b>Total Fund Balances for Governmental Funds</b>		<b>\$ 60,239,597</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.		146,061,376
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.		1,034,153
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	\$ 181,133	
Special Assessments Receivable	<u>3,504,678</u>	3,685,811
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	\$ (7,982,074)	
Deferred Outflows of Resources	<u>29,918,639</u>	21,936,565
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	\$ (63,847,000)	
Interest Payable	(249,383)	
Compensated Absences Payable	(1,662,941)	
Net Pension and OPEB Liability	<u>(50,362,089)</u>	<u>(116,121,413)</u>
<b>Total Net Position of Governmental Activities</b>		<b><u><u>\$ 116,836,089</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, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 13,784,333	\$ 3,675,568	\$ 874	\$ -	\$ 17,460,775
Sales Taxes	-	-	-	8,873,311	8,873,311
Special Assessments	-	-	-	477,967	477,967
Licenses, Permits and Fines	198,621	50,909	-	-	249,530
Intergovernmental Revenue	8,471,309	13,838,911	14,290	-	22,324,510
Charges for Services	5,150,343	5,234,037	-	-	10,384,380
Interest Income	512,090	62,602	9,312	67,813	651,817
Miscellaneous	17,020	475,497	8,274	2,548	503,339
<b>Total Revenues</b>	<b>\$ 28,133,716</b>	<b>\$ 23,337,524</b>	<b>\$ 32,750</b>	<b>\$ 9,421,639</b>	<b>\$ 60,925,629</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$ 6,936,269	\$ 641,402	\$ -	\$ -	\$ 7,577,671
Public Safety	15,708,357	4,286,569	-	-	19,994,926
Highways and Bridges	-	10,138,923	-	-	10,138,923
Health and Welfare	812,926	6,666,213	-	-	7,479,139
Culture and Recreation	380,264	463,928	-	-	844,192
Conservation and Economic Development	76,984	837,747	-	-	914,731
Other	-	1,333,909	-	-	1,333,909
Capital Outlay	-	-	5,362,253	-	5,362,253
Debt Service					
Principal	-	-	-	3,665,534	3,665,534
Interest	-	-	-	2,125,214	2,125,214
Fees	-	-	-	2,516	2,516
<b>Total Expenditures</b>	<b>\$ 23,914,800</b>	<b>\$ 24,368,691</b>	<b>\$ 5,362,253</b>	<b>\$ 5,793,264</b>	<b>\$ 59,439,008</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,218,916	\$ (1,031,167)	\$ (5,329,503)	\$ 3,628,375	\$ 1,486,621
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	\$ -	\$ -	\$ 6,377,736	\$ 45,152,000	\$ 51,529,736
Issuance Costs	-	-	-	(194,168)	(194,168)
Bond Discount	-	-	-	(419,386)	(419,386)
Payment to Refunded Bond Escrow Agent	-	-	-	(44,016,101)	(44,016,101)
Loan Proceeds	-	509,188	-	-	509,188
Sale of Assets	13,386	533,490	-	-	546,876
Transfers In	1,168,110	7,190,140	-	19,424,868	27,783,118
Transfers Out	(301,197)	(8,494,520)	-	(18,987,401)	(27,783,118)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 880,299</b>	<b>\$ (261,702)</b>	<b>\$ 6,377,736</b>	<b>\$ 959,812</b>	<b>\$ 7,956,145</b>
Net Change in Fund Balances	\$ 5,099,215	\$ (1,292,869)	\$ 1,048,233	\$ 4,588,187	\$ 9,442,766
Fund Balances - January 1	\$ 13,762,124	\$ 21,668,268	\$ 1,394,862	\$ 13,502,517	\$ 50,327,771
Prior Period Adjustment	\$ -	\$ 2,959	\$ -	\$ 466,101	\$ 469,060
Fund Balances - January 1 Restated	\$ 13,762,124	\$ 21,671,227	\$ 1,394,862	\$ 13,968,618	\$ 50,796,831
Fund Balances - December 31	\$ 18,861,339	\$ 20,378,358	\$ 2,443,095	\$ 18,556,805	\$ 60,239,597

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, 2020

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**Net Change in Fund Balances - Total Governmental Funds** \$ 9,442,766

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	\$ 7,962,965	
Capital Contributions	124,291	
Current Year Depreciation Expense	<u>(4,801,403)</u>	3,285,853

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	(546,876)	
Book Value of Assets Sold	<u>(50,421)</u>	(597,297)

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	(51,110,350)	
Loan Issuance	(509,188)	
Debt Defeased through an Advanced Refunding	41,237,750	
Repayment of Debt	3,665,534	
Net Amortization of Bond Discount/Premium	<u>(306,650)</u>	(7,022,904)

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.

Increase in Net Pension and OPEB Liability	\$ (29,566,281)	
Increase in Deferred Outflows of Resources	20,136,484	
Decrease in Deferred Inflows of Resources	<u>1,919,181</u>	(7,510,616)

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.

Increase in Compensated Absences	\$ (131,236)	
Decrease in Interest Payable	95,146	
Decrease in Retainage Payable	<u>157,957</u>	121,867

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	\$ (25,310)	
Increase in Special Assessments Receivable	<u>1,060,183</u>	1,034,873

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.

723,461

**Change in Net Position of Governmental Activities** **\$ (521,997)**

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, 2020

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	<u>Internal Service Fund</u>
<b>CURRENT ASSETS</b>	
Cash	\$ 4,821,033
Accounts Receivable	<u>43,903</u>
Total assets	<u>\$ 4,864,936</u>
<b>CURRENT LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 97,385
Deferred Revenue	3,398
Incurred But Not Reported Claims	530,000
Interfund Loan Payable	<u>3,200,000</u>
Total Liabilities	<u>\$ 3,830,783</u>
<b>NET POSITION</b>	
Restricted	<u>\$ 1,034,153</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, 2020

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	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Contributions to Self-Insurance	\$ 5,415,707
Miscellaneous	<u>151,789</u>
Total Operating Revenues	<u>\$ 5,567,496</u>
<b>OPERATING EXPENSES</b>	
Health Insurance Claims	\$ 3,638,766
Administrative Fees	247,604
Stop Loss Fees	<u>969,302</u>
Total Operating Expenses	<u>\$ 4,855,672</u>
Operating Income	<u>\$ 711,824</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	\$ 40,338
Interest Expense	<u>(28,701)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 11,637</u>
Change in Net Position	<u>723,461</u>
Net Position - January 1	<u>\$ 310,692</u>
Net Position - December 31	<u>\$ 1,034,153</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, 2020

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	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from User Charges	\$ 4,957,047
Other Receipts	151,789
Payments for Health Insurance Claims	(3,551,444)
Payments for Fees	<u>(1,286,362)</u>
 Net Increase in Cash Provided by Operating Activities	 <u>\$ 271,030</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	\$ 40,338
Interest Expense	<u>(28,701)</u>
 Net Increase in Cash Provided by Investing Activities	 <u>\$ 11,637</u>
 Net Increase in Cash And Cash Equivalents	 <u>\$ 282,667</u>
 Cash - January 1	 <u>\$ 4,538,366</u>
 Cash - December 31	 <u><u>\$ 4,821,033</u></u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET DECREASE IN CASH</b>	
Operating Income	<u>\$ 711,824</u>
 Adjustments to Reconcile Operating Loss to Net Decrease in Cash	
Increase in IBNR Claims Payable	\$ 87,322
Decrease in Accounts Payable	(69,456)
Decrease in Deferred Revenue	(416,697)
Increase in Accounts Receivable	<u>(41,963)</u>
 Net Decrease in Cash	 <u><u>\$ 271,030</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, 2020

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	Custodial Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 30,382,899
Accounts Receivable	1,224
Taxes Receivable	912,819
Special Assessments Receivable	<u>422,726</u>
Total Assets	<u><u>31,719,668</u></u>
<b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b>	
Liabilities	
Funds Held for Other Governmental Units	\$ 31,714,143
Funds Held for Other Purposes	<u>5,525</u>
Total Liabilities	<u><u>\$ 31,719,668</u></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, 2020

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 110,445,656
Miscellaneous Collections	<u>221,970</u>
Total Additions	<u>\$ 110,667,626</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 110,445,656
Miscellaneous Disbursements	<u>221,970</u>
Total Deductions	<u>\$ 110,667,626</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, 2020

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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.

*Fiduciary Funds.* These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency 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

**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 government wide statements to properly report the beginning balance cost of office furniture and equipment and cash for the Capital Project Fund as shown below.

	<b>Amounts</b>
<b>Beginning Net Position, as previously reported</b>	\$ 116,731,474
Adjustments to restate the January 1, 2020 Net Position	
Capital Assets, Net	157,552
Fund Balance Change	469,060
<b>Net Position January 1, 2020, as restated</b>	<b>\$ 117,358,086</b>

Prior period adjustments were necessary for the Special Revenue Funds balance and Debt Service Fund balance to properly report fund balances in their proper classifications.

	<b>Amounts</b>
<b>Beginning Special Revenue Fund Balance, as previously reported</b>	\$ 21,668,268
Adjustments to restate the January 1, 2020 Fund Balance	
Fund Balance Change	2,959
<b>Capital Projects Fund Balance January 1, 2020, as restated</b>	<b>\$ 21,671,227</b>

	<b>Amounts</b>
<b>Beginning Debt Service Fund Balance, as previously reported</b>	\$ 13,502,517
Adjustments to restate the January 1, 2020 Fund Balance	
Fund Balance Change	466,101
<b>Debt Service Fund Balance January 1, 2020, as restated</b>	<b>\$ 13,968,618</b>

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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**Water Resource District**

Net position of the Water Resource District as of January 1, 2020 has been restated for net capital asset adjustments 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>	\$ 6,964,671
Adjustments to restate the January 1, 2020 Net Position:	
Capital Assets, Net	93,529
<b>Net Position January 1, 2020, as restated</b>	<b>\$ 7,058,200</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, 2020, the County's carrying amount of deposits totaled \$94,298,318 and the bank balances totaled \$88,626,575. Of the bank balances, \$34,422,080 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, 2020, the District's carrying amount of deposits totaled \$2,133,447, and the bank balances totaled \$2,136,347. 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.

**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.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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	\$ 7,603,231	6,588,666	1,014,565	-	-
Municipal Bonds	3,603,505	2,631,175	722,330	-	250,000
Total	\$ 11,206,736	\$ 9,219,841	\$ 1,736,895	\$ -	\$ 250,000

**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, 2020:

Asset	Quotes Prices in Active Markets Level 1	Significant Other Obervable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
General Obligation Bonds	\$ 7,603,231	\$ -	\$ -	\$ 7,603,231
Municipal Bonds	-	3,603,505	-	3,603,505
Total	\$ 7,603,231	\$ 3,603,505	\$ -	\$ 11,206,736

**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.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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

The following is a summary of changes in capital assets for the year ended December 31, 2020:

<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	\$ 7,984,685	\$ -	\$ -	\$ -	\$ 7,984,685
Construction in Progress	6,069,668	6,542,376	-	(11,879,576)	732,468
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 14,054,353</b>	<b>\$ 6,542,376</b>	<b>\$ -</b>	<b>\$(11,879,576)</b>	<b>\$ 8,717,153</b>
Capital assets, being depreciated					
Infrastructure	\$ 71,567,749	\$ -	\$ -	\$ 11,879,576	\$ 83,447,325
Land Improvements	6,644,239	-	-	-	6,644,239
Building	99,667,991	20,787	-	-	99,688,778
Machinery and Equipment	12,646,982	1,433,411	1,328,465	-	12,751,928
Furniture and Equipment	5,592,867	90,681	30,110	-	5,653,438
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 196,119,828</b>	<b>\$ 1,544,879</b>	<b>\$ 1,358,575</b>	<b>\$ 11,879,576</b>	<b>\$ 208,185,708</b>
Less accumulated depreciation					
Infrastructure	\$ 40,069,528	\$ 1,393,158	\$ -	\$ -	\$ 41,462,686
Land Improvements	2,161,844	227,022	-	-	2,388,866
Building	14,940,253	1,888,732	-	-	16,828,985
Machinery and Equipment	5,992,338	803,421	735,834	-	6,059,925
Furniture and Equipment	3,637,399	489,070	25,446	-	4,101,023
<b>Total Accumulated Depreciation</b>	<b>\$ 66,801,362</b>	<b>\$ 4,801,403</b>	<b>\$ 761,280</b>	<b>\$ -</b>	<b>\$ 70,841,485</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 129,318,466</b>	<b>\$ (3,256,524)</b>	<b>\$ 597,295</b>	<b>\$ 11,879,576</b>	<b>\$ 137,344,223</b>
<b>Total Capital Assets, Net</b>	<b>\$ 143,372,819</b>	<b>\$ 3,285,852</b>	<b>\$ 597,295</b>	<b>\$ -</b>	<b>\$ 146,061,376</b>

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

General Government	\$ 342,939
Public Safety	1,917,319
Highways and Bridges	2,347,245
Health and Welfare	1,182
Conservation of Natural Resources	5,249
Culture and Recreation	183,554
Other	3,915
<b>Total Depreciation Expense</b>	<b>\$ 4,801,403</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, 2020:

<b>Water Resource District</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital assets not being depreciated					
Land	\$ 112,482	\$ -	\$ -	\$ -	\$ 112,482
Construction in Progress	4,740,771	331,030	-	(5,071,801)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 4,853,253</b>	<b>\$ 331,030</b>	<b>\$ -</b>	<b>\$ (5,071,801)</b>	<b>\$ 112,482</b>
Capital assets, being depreciated					
Infrastructure	\$ 1,608,191	\$ -	\$ -	\$ 5,071,801	\$ 6,679,992
Land Improvements	1,810,033	-	-	-	1,810,033
Building	187,660	-	-	-	187,660
Office Furniture & Equip.	144,209	17,998	-	-	162,207
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 3,750,093</b>	<b>\$ 17,998</b>	<b>\$ -</b>	<b>\$ 5,071,801</b>	<b>\$ 8,839,892</b>
Less accumulated depreciation					
Infrastructure	\$ 171,772	\$ 59,016	\$ -	\$ -	\$ 230,788
Land Improvements	931,566	57,723	-	-	989,289
Building	149,594	1,424	-	-	151,018
Office Furniture & Equip.	107,469	7,518	-	-	114,987
<b>Total Accumulated Depreciation</b>	<b>\$ 1,360,401</b>	<b>\$ 125,681</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,486,082</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 2,389,692</b>	<b>\$ (107,683)</b>	<b>\$ -</b>	<b>\$ 5,071,801</b>	<b>\$ 7,353,810</b>
<b>Total Capital Assets, Net</b>	<b>\$ 7,242,945</b>	<b>\$ 223,347</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,466,292</b>

**NOTE 7 LONG-TERM LIABILITIES**

**Primary Government**

During the year ended December 31, 2020, the following changes occurred in liabilities reported in long-term liabilities:

<b>Primary Government</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
<b>Long-Term Debt</b>					
Sales Tax Bonds	\$ 52,090,509	\$ 45,152,000	\$ 44,285,509	\$ 52,957,000	\$ 4,345,000
Certificate of Indebtedness	2,287,264	4,902,738	262,775	6,927,227	312,841
Capital Lease Payable	-	509,188	-	509,188	165,081
Special Assessment Bonds	2,765,000	1,475,000	355,000	3,885,000	425,000
Bond Discount	(405,968)	(419,386)	(324,108)	(501,246)	(53,057)
Bond Premium	87,289	-	17,458	69,831	17,458
<b>Total Long-Term Debt</b>	<b>56,824,094</b>	<b>51,619,540</b>	<b>44,596,634</b>	<b>63,847,000</b>	<b>5,212,323</b>
Compensated Absences *	1,531,705	131,236	-	1,662,941	166,294
Net Pension & OPEB Liability	20,795,808	29,566,281	-	50,362,089	-
<b>Total Primary Government</b>	<b>\$ 79,151,607</b>	<b>\$ 81,317,057</b>	<b>\$ 44,596,634</b>	<b>\$ 115,872,030</b>	<b>\$ 5,378,617</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, 2020 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		
2021	\$ 4,345,000	\$ 1,080,355	\$ 312,841	\$ 136,988	\$ 165,081	\$ 14,206	\$ 425,000	\$ 95,743	\$ 53,057	\$ 17,458
2022	4,391,750	999,943	319,127	130,700	169,687	9,601	415,000	69,988	52,809	17,458
2023	4,432,750	922,914	325,541	124,286	174,420	4,866	375,000	62,473	52,418	17,458
2024	5,358,250	838,425	332,085	117,742	-	-	380,000	53,313	52,418	17,457
2025	3,548,750	720,420	338,760	111,067	-	-	390,000	47,699	38,427	-
2026 - 2030	18,602,250	2,734,554	1,798,713	450,422	-	-	1,630,000	117,364	181,479	-
2031 - 2035	12,278,250	524,384	1,986,898	262,236	-	-	270,000	5,721	70,638	-
2036 - 2040	-	-	1,513,262	61,133	-	-	-	-	-	-
Total	\$ 52,957,000	\$ 7,820,995	\$ 6,927,227	\$ 1,394,574	\$ 509,188	\$ 28,673	\$ 3,885,000	\$ 452,299	\$ 501,246	\$ 69,831

**Advanced Debt Refunding (Defeased Debt)**

On March 16, 2020, Burleigh County issued \$53,120,000 Multi-County Sales Tax Revenue Refunding Bonds, Series 2020A with a true interest cost of 2.23% to refund the remaining Multi-County Sales Tax Revenue Bonds, Series 2015A which had a balance of \$48,515,000. This gave a total cost savings of \$3,544,857, which resulted in \$1,919,077 in net present value savings (economic gain) over the remainder of the bonds. Both the bond that was issued and refunded are 85% attributed to Burleigh County and 15% attributed to Morton County. The 2015A issue is considered defeased and is not shown in the financial statements.

**Water Resource District**

During the year ended December 31, 2020, 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	\$ 170,000	\$ -	\$ 10,000	\$ 160,000	\$ 10,000
Bonds Payable	670,000	1,415,000	40,000	2,045,000	115,000
Bond Discount	(9,455)	(17,687)	665	(26,477)	(1,549)
Total Long Term Debt	\$ 830,545	\$ 1,397,313.00	\$ 50,665	\$ 2,178,523	\$ 123,451

Debt Service requirement on long-term debt at December 31, 2020 are as follows:

Year Ending Dec 31	Loans Payable		Bonds Payable		Bond Discount
	Principal	Interest	Principal	Interest	
2020	\$ 10,000	\$ 4,000	\$ 115,000	\$ 30,649	\$ 1,549
2021	10,000	3,750	105,000	31,480	1,549
2022	10,000	3,500	105,000	30,230	1,549
2023	10,000	3,250	110,000	28,930	1,549
2024	15,000	3,000	110,000	27,580	1,549
2025 - 2029	75,000	9,375	575,000	110,963	7,747
2030 - 2034	30,000	1,125	535,000	59,273	6,563
2035 - 2039	-	-	390,000	18,315	4,422
Total	\$ 160,000	\$ 28,000	\$ 2,045,000	\$ 337,420	\$ 26,477

**NOTE 8 LEASE PAYMENTS RECEIVABLE**

**Operating Leases** - The County has five leases of building and tower space with other entities. Lease revenues in 2020 were \$308,707. Future minimum lease revenue is as follows:

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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<b>Year Ended December 31</b>	<b>Amount</b>
2021	248,535
2022	155,618
Total	\$ 404,153

**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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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

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

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

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

At December 31, 2020, the following net pension liabilities were reported:

	<b>Net Pension Liability</b>
Primary Government	\$ 49,164,701

The net pension liability was measured as of June 30, 2020, 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, 2020 the entities had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2019 Measurement</b>	<b>Pension Expense</b>
Primary Government	1.562758%	-0.104985%	\$ 8,817,942

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 191,329	\$ 2,491,222
Changes in Assumptions	26,355,384	4,357,196
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,586,788	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	785,966	1,038,198
Employer Contributions Subsequent to the Measurement Date	641,389	-
<b>Total Primary Government</b>	<b>\$ 29,560,856</b>	<b>\$ 7,886,616</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	\$ 641,389
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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:

	<b>Primary Government</b>
2021	\$ 6,435,707
2022	5,471,886
2023	4,323,972
2024	4,801,286
2025	-
Thereafter	-

**Actuarial Assumptions**

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
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 2.45%; and the resulting Single Discount Rate is 4.64%.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 4.64 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 (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (3.64%)</b>	<b>Current Discount Rate (4.64%)</b>	<b>1% Increase (5.64%)</b>
Primary Government	\$ 63,787,509	\$ 49,164,701	\$ 37,199,682

**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.

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

At December 31, 2020, the following net OPEB liabilities were reported:

	<b>Net OPEB Liability</b>
Primary Government	\$ 1,197,388

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

The net OPEB liability was measured as of June 30, 2020, 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, 2020, the entities had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2019 Measurement</b>	<b>OPEB Expense</b>
Primary Government	1.423433%	-0.131189%	\$ 169,183

At December 31, 2020, 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	\$ 26,591	\$ 28,707
Changes in Assumptions	160,547	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	41,177	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	37,341	66,751
Employer Contributions Subsequent to the Measurement Date	92,127	-
<b>Total Primary Government</b>	<b>\$ 357,783</b>	<b>\$ 95,458</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, 2020:

Primary Government	\$ 92,127
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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>
2021	\$ 35,402
2022	46,045
2023	44,092
2024	31,301
2025	11,155
2026	2,203
Thereafter	-

**Actuarial assumptions**

The total OPEB liability in the July 1, 2018 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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
International Equities	21%	6.45%
Domestic Fixed Income	40%	1.15%

**Discount rate**

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. 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 County's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the Plans as of June 30, 2020, 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	\$ 1,570,402	\$ 1,197,388	\$ 881,956

**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, 2020:

	Transfers In	Transfers Out
General Fund	\$ 1,168,110	\$ 301,197
Special Revenue Fund	7,190,140	8,494,520
Debt Service Fund	19,424,868	18,987,401
Total Transfers	\$ 27,783,118	\$ 27,783,118

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.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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

Burleigh County had multiple open constructions commitment as of December 31, 2020 as follows:

<b>Project</b>	<b>Amended Contract</b>	<b>Complete</b>	<b>Retainage</b>	<b>Balance to Finish</b>
43rd Ave	\$ 984,970	\$ 348,042	\$ -	\$ 636,928
Bridge Replacement with Box Culvert #0158	243,351	90,821	-	152,531
Bridge Replacement with Box Culvert # 0159	259,021	106,491	-	152,531
<b>Total</b>	<b>\$ 1,487,342</b>	<b>\$ 545,354</b>	<b>\$ -</b>	<b>\$ 941,990</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 \$6,185,134 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.

**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, 2020, there were 12 outstanding issuances with a total balance of \$133,086,176.

**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.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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At December 31, 2020, 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.

**Improvements to Commercial and Residential Buildings and Structures**

Under NDCC §57-02.2-03, improvements to commercial and residential buildings and structures as defined may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements.

The total reduction in property tax revenue due to tax abatements is as follows:

**Primary Government**

Charitable Organizations	\$ 5,104,811
Improvements to Commercial and Residential Buildings and Structures	198,464
<b>Total Reduction in Property Tax Revenue</b>	<b>\$ 5,303,275</b>

**Water Resource District**

The total reduction in property tax revenue due to tax abatements for the Burleigh County Water Resource District was \$36,680 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 2020 for operating expenses was \$1,117,639. 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 \$663,826 related to costs of CenCom during the year ending December 31, 2020. Burleigh County also receives 911 fees from Morton County to help cover this payment. Total 911 fees from Morton County totaled \$333,235 for the year ending December 31, 2020.

**NOTE 17 CONTINGENT LIABILITIES**

The County is a 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, 2020. The county plans to eliminate this deficit with less spending and or transfers from other funds.

	<b>Negative Fund Balance</b>	<b>Negative Cash Balance</b>
<b>Special Revenue Funds</b>		
Riverview Unorganized Township	\$ (298,371)	\$ (274,703)
Lincoln Unorganized Township	(121,993)	(48,392)
Victim Witness Advocate	(18,219)	(36,563)
Law Enforcement Block Grant	(54,300)	(54,300)
Abandoned Cemetery	(1,292)	(1,292)
Total Special Revenue Funds	\$ (494,175)	\$ (415,250)
<b>Capital Project Funds</b>		
Sabot's/Eden's/Oakland	\$ (206,576)	\$ (206,576)
Riverside 2nd Valcor	(306,508)	(306,508)
Grand Prarie 4th	(119,306)	(119,306)
Total Capital Project Fund	\$ (632,390)	\$ (632,390)

**BURLEIGH COUNTY**

## Budgetary Comparison Schedule - General Fund

December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 13,777,000	\$ 13,777,000	\$ 13,784,333	\$ 7,333
Licenses, Permits and Fines	202,000	202,000	198,621	(3,379)
Intergovernmental Revenue	4,867,900	4,867,900	8,471,309	3,603,409
Charges for Services	4,453,000	4,453,000	5,150,343	697,343
Interest Income	420,000	420,000	512,090	92,090
Miscellaneous	20,000	20,000	17,020	(2,980)
Total Revenues	\$ 23,739,900	\$ 23,739,900	\$ 28,133,716	\$ 4,393,816
<b>EXPENDITURES</b>				
Current				
General Government	\$ 7,564,685	\$ 7,564,685	\$ 6,936,269	\$ 628,416
Public Safety	16,845,731	16,845,731	15,708,357	1,137,374
Health and Welfare	882,150	882,150	812,926	69,224
Culture and Recreation	498,876	498,876	380,264	118,612
Conservation and Economic Development	76,984	76,984	76,984	-
Total Expenditures	\$ 25,868,426	\$ 25,868,426	\$ 23,914,800	\$ 1,953,626
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,128,526)	\$ (2,128,526)	\$ 4,218,916	\$ 6,347,442
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 1,171,100	\$ 1,171,100	\$ 1,168,110	\$ (2,990)
Sale of Assets	10,000	10,000	13,386	3,386
Transfers out	(283,000)	(283,000)	(301,197)	(18,197)
Total Other Financing Sources and Uses	\$ 898,100	\$ 898,100	\$ 880,299	\$ (17,801)
Net Change in Fund Balances	\$ (1,230,426)	\$ (1,230,426)	\$ 5,099,215	\$ 6,329,641
Fund Balance - January 1	\$ 13,762,124	\$ 13,762,124	\$ 13,762,124	\$ -
Fund Balance - December 31	\$ 12,531,698	\$ 12,531,698	\$ 18,861,339	\$ 6,329,641

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

**BURLEIGH COUNTY**

Budgetary Comparison Schedule - Special Revenue Fund  
 December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 3,672,300	\$ 3,672,300	\$ 3,675,568	\$ 3,268
Licenses, Permits and Fines	154,500	154,500	50,909	(103,591)
Intergovernmental Revenue	8,145,000	8,145,000	13,838,911	5,693,911
Charges for Services	4,449,400	4,449,400	5,234,037	784,637
Interest Income	249,000	249,000	62,602	(186,398)
Miscellaneous	409,500	409,500	475,497	65,997
<b>Total Revenues</b>	<b>\$ 17,079,700</b>	<b>\$ 17,079,700</b>	<b>\$ 23,337,524</b>	<b>\$ 6,257,824</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 618,539	\$ 704,600	\$ 641,402	\$ 63,198
Public Safety	4,062,418	4,355,418	4,286,569	68,849
Highways and Bridges	13,249,740	13,249,740	10,138,923	3,110,817
Health and Welfare	384,354	384,354	6,666,213	(6,281,859)
Culture and Recreation	370,497	474,047	463,928	10,119
Conservation and Economic Development	987,787	987,787	837,747	150,040
Emergency	1,419,000	1,419,000	-	1,419,000
Other	1,401,821	1,414,522	1,333,909	80,613
<b>Total Expenditures</b>	<b>\$ 22,494,156</b>	<b>\$ 22,989,468</b>	<b>\$ 24,368,691</b>	<b>\$ (1,379,223)</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,414,456)	\$ (5,909,768)	\$ (1,031,167)	\$ 7,637,047
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 8,047,300	\$ 8,047,300	\$ 7,190,140	\$ (857,160)
Loan Proceeds	-	-	509,188	509,188
Sale of Assets	477,870	477,870	533,490	55,620
Transfers Out	(8,935,433)	(8,935,433)	(8,494,520)	440,913
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (410,263)</b>	<b>\$ (410,263)</b>	<b>\$ (261,702)</b>	<b>\$ 148,561</b>
<b>Net Change in Fund Balances</b>	<b>\$ (5,824,719)</b>	<b>\$ (6,320,031)</b>	<b>\$ (1,292,869)</b>	<b>\$ 7,785,608</b>
Fund Balance - January 1	\$ 21,671,227	\$ 21,671,227	\$ 21,671,227	\$ -
<b>Fund Balance - December 31</b>	<b>\$ 15,846,508</b>	<b>\$ 15,351,196</b>	<b>\$ 20,378,358</b>	<b>\$ 7,785,608</b>

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, 2020

**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>					
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>					
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, 2020

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

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

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

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

#### **Pension**

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2020 (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 will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2020, final average salary is the higher of the final average salary calculated on December 31, 2020 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, 2018.

**BURLEIGH COUNTY**

Notes to the Required Supplementary Information - Continued

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

**Pension**

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.50% to 7.00%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation.
- Mortality table updates were made for the July 1, 2020 valuation.

**OPEB**

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 valuation:

- The investment return assumption was lowered from 7.25% to 6.50%

All other 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 2020:

	<b>EXPENDITURES / TRANSFERS OUT</b>		
	<b>Original Budget</b>	<b>Budget Amendment</b>	<b>Amended Budget</b>
Special Revenue Funds	\$ 31,429,589	\$ 495,312	\$ 31,924,901
Capital Projects Funds	-	661,700	661,700
Debt Service Funds	-	21,500	21,500

**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 \$1,379,223. 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, 2020

CFDA Number	Program Title	Pass-Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
21.019	Passed through the North Dakota Office of State Treasurer Coronavirus Relief Fund	N/A	\$ 4,197,114
	Total U.S. Department of the Treasury		\$ 4,197,114
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
93.563	Passed through the State Department of Human Services Child Support Enforcement	N/A	\$ 86,647
	Total U.S. Department of Health and Human Services		\$ 86,647
<b>U.S. DEPARTMENT OF JUSTICE</b>			
16.576	Passed through the State Attorney General Office Crime Victim Compensation	N/A	\$ 125,000
16.607	Bulletproof Vest Partnership Program	N/A	4,000
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	N/A	57,075
	Total U.S. Department of Justice		\$ 186,075
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
20.205	Passed Through State Highway Department: Highway Planning and Construction	N/A	\$ 71,952
20.600	State and Community Highway Safety	N/A	5,745
20.616	National Priority Safety Programs	N/A	11,783
	Total U.S. Department of Transportation		\$ 89,480
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
97.036	Passed through the State Department of Emergency Services Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4509	\$ 30,575
97.042	Emergency Management Performance Grants	N/A	82,881
97.067	Homeland Security Grant Program	N/A	63,972
15.605	Passed Through State Department of Game and Fish: Sport Fish Restoration	N/A	21,375
97.012	Boating Safety Financial Assistance	N/A	7,827
	Total U.S. Department of Homeland Security		\$ 206,630
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
14.228	Passed Through State Department of Commerce Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	N/A	\$ 138,657
	Total U.S. Department of Housing and Urban Development		\$ 138,657
	Total Expenditures of Federal Awards		\$ 4,904,603

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, 2020

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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, 2020. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

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

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

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

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

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

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

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

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Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County as of and for the years ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated **JUNE 30, 2021**.

**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) to determine 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as item 2020-001 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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**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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *summary of auditor's findings* as item 2020-001.

**Burleigh County's Response to Findings**

Burleigh County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings and questioned costs*. Burleigh County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
June 30, 2021

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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS 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

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

We have audited Burleigh County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Burleigh County's major federal program for the year ended December 31, 2020. Burleigh County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Burleigh County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Burleigh County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Burleigh County's compliance.

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

In our opinion, Burleigh County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

**BURLEIGH COUNTY**

Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards - Continued

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**Report on Internal Control Over Compliance**

Management of Burleigh County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Burleigh County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Burleigh County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
June 30, 2021

**Financial Statements**

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

**Internal control over financial reporting**

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

**Federal Awards**

Internal Control Over Major Programs

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

**Identification of Major Programs**

CFDA Number	Name of Federal Program or Cluster
CFDA 21.019	Coronavirus Relief Fund

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

## **BURLEIGH COUNTY**

Schedule of Audit Findings and Questioned Costs  
For the Year Ended December 31, 2020

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

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#### **2020-001 – DEBT 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.

##### **Effect**

Burleigh County is in violation of a covenant of the Certificate of Indebtedness, Series 2019 loan agreement.

##### **Cause**

County officials were unaware that a separate debt service fund needed to be created.

##### **Criteria**

The loan agreement states, "So long as the Certificate is outstanding and unpaid, the County Auditor/Treasurer shall maintain a sinking fund as a separate and special bookkeeping account on the official books and records of the county, to be designed as the 2019 Certificate of Indebtedness Fund. The 2019 Certificate Fund shall be used for no other purpose than the payment of the principal of and interest on the certificate."

##### **Repeat Finding**

No.

##### **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.

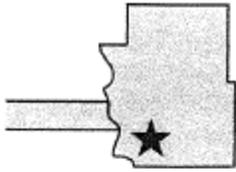
##### **Burleigh County's Response**

See Corrective Action Plan

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

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No matters were reported.



STATE OF NORTH DAKOTA

# County of Burleigh

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

**Date:** June 8, 2021  
**To:** Joshua C. Gallion, ND State Auditor  
**FROM:** Robin Grenz, Burleigh County Finance Director  
**RE:** Burleigh County – 2020 Corrective Action Plan

**Contact Person Responsible for Corrective Acton Plan:** Robin Grenz, Finance Director  
**Section I – Financial Statement Findings:**

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## 2020-001 – DEBT 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.

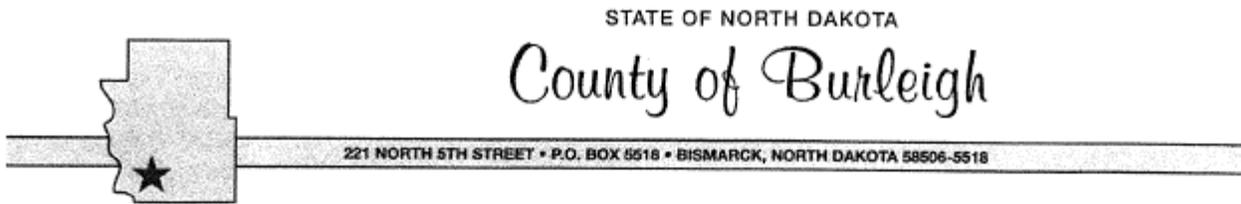
**Corrective Action Plan:**

We agree. We have fixed this issue in 2021 and going forward the payments will be made out of a separate debt service fund.

**Anticipated Completion Date:**

Fiscal Year 2021

*Robin Grenz*  
Finance Director  
Burleigh County



**2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS**

**Condition:**

Burleigh County currently does not prepare the financial statements, including various off book adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the financial statements and note disclosures.

**Recommendation:**

We recommend Burleigh County consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

**Current Status of Recommendation:**

We prefer the State Auditor's prepare for us; we will consider preparing in the future.

**2019-002 – BOND COVENANT VIOLATION – MATERIAL NON-COMPLIANCE**

**Condition:**

As of December 31, 2019, Burleigh County did not create a separate construction fund to account for the proceeds and current project costs associated with the Certificate of Indebtedness, Series 2019.

**Recommendation:**

We recommend Burleigh County create a separate construction fund to account for all proceeds and project costs that are associated with the Certificate of Indebtedness, Series 2019. We further recommend that someone other than the Finance Director periodically review all current bond covenants to ensure the County is in compliance.

**Current Status of Recommendation:**

Implemented.

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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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, and the respective changes in financial position for the years ended December 31, 2020 which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated June 30, 2021. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards**

As stated in our engagement letter dated April 28, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

In planning and performing our audit, we considered Burleigh County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting.

As part of obtaining reasonable assurance about whether Burleigh County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Burleigh County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the purpose of expressing an opinion on the Burleigh County's compliance with those requirements over the major federal programs. While our audit provides a reasonable basis for our opinion over compliance for the major federal programs, it does not provide a legal determination on the Burleigh County's compliance with those requirements.

**BURLEIGH COUNTY**

Governance Communication – Continued

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**Significant Accounting Policies/Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Burleigh County are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 financial statements is useful lives of capital assets.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures that were corrected by management.

	<u>Audit Adjustments</u>	
	<u>Debit</u>	<u>Credit</u>
<b>General Fund</b>		
<u>Record Accounts Payable</u>		
Expenditures	26,429	
Accounts Payable		26,429
<u>Record Intergovernmental Receivable and Reclass COVID Reimbursement</u>		
Charge For Services Revenue	3,793,319	
Intergovernmental Revenue		3,793,319
<b>Special Revenue Funds</b>		
<u>Record Equipment Lease</u>		
Expenditures	509,188	
Other Financing Sources		509,188
<u>Record Prior Period Adjustment to adjust fund balance</u>		
Revenue - PPA	2,959	
Special Revenue Fund Balance - PPA		2,959
<b>Capital Project Funds</b>		
<u>Reclass Intergovernmental Rec'v to Debt Service Fund</u>		
Revenue	1,468,454	
Capital Project Fund Balance		1,468,454
<u>Remove Current Sales Tax Revenue</u>		
Revenue	9,297,894	
Current Year Double Counted Cash		9,297,894

	<u>Audit Adjustments</u>	
	<u>Debit</u>	<u>Credit</u>
<b>Debt Service Funds (Recording Off Book Activity at BND)</b>		
<u>Record Off Book Activity</u>		
Expenditure	4,902,766	
Other Financing Sources	522,345	
Off Book Cash	2,050,107	
Revenue		7,475,218
<u>Record Intergovernmental Receivable for Off Book Activity</u>		
Intergovernmental Receivable	1,468,454	
Revenue		1,468,454
<u>Record Prior Period Adjustment to adjust fund balance</u>		
Revenue - PPA	466,101	
Debt Service Fund Balance - PPA		466,101
<b>Government Wide Activities</b>		
<u>Record Prior Period Adjustment to adjust cost of capital asset</u>		
Capital Assets - PPA	157,552	
Expenditures - PPA		157,552

**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 June 30, 2021.

**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.

**Difficulties Encountered in Performing the Audit**

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

## **BURLEIGH COUNTY**

Governance Communication – Continued

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### **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.

This information is intended solely for the use of the Board of County Commissioners and management of Burleigh County, 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  
June 30, 2021



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