



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Ransom County

Lisbon, North Dakota

Audit Report for the Years Ended December 31, 2019 and 2018

*Client Code: PS37000*



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Office of the  
State Auditor

# RANSOM COUNTY

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For the Years Ended December 31, 2019 and 2018

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**RANSOM COUNTY**

County Officials and Audit Personnel  
December 31, 2019 and 2018

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**COUNTY OFFICIALS**

**As of December 31, 2019**

Neil Olerud	Chairman
Norm Hansen	Vice-Chairman
Connie Gilbert	Commissioner
Steve Dick	Commissioner
George Bunn	Commissioner
Nicole Gentzkow	County Auditor
Suzanne Anderson	County Treasurer/Superintendent of Schools
Shelly Schwab	Recorder's Office
Bea Roach	Clerk of Court
Darren Benneweis	Sheriff
Fallon Kelly	State's Attorney

**As of December 31, 2018**

Steve Dick	Chairman
Neil Olerud	Vice-Chairman
Connie Gilbert	Commissioner
Norm Hansen	Commissioner
George Bunn	Commissioner
Nicole Gentzkow	County Auditor
Suzanne Anderson	County Treasurer/Superintendent of Schools
Susan Froemke	Recorder's Office
Bea Roach	Clerk of Court
Darren Benneweis	Sheriff
Fallon Kelly	State's Attorney

**AUDIT PERSONNEL**

Heath Erickson, CPA	Audit Manager
Jonathan Worrall, CPA	Audit In-Charge

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Ransom County  
Lisbon, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Ransom County, North Dakota, as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, which collectively comprise Ransom 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Ransom County, North Dakota, as of December 31, 2019 and December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2021 on our consideration of Ransom County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ransom County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 8, 2021

**RANSOM COUNTY**

Statement of Net Position  
December 31, 2019

	Primary	Component Units	
	Government	Water	RC - MR Water
	Governmental	Resource	Resource
	Activities	District	District
<b>ASSETS</b>			
Cash and Investments	\$ 5,854,468	\$ 662,598	\$ 14,901
Intergovernmental Receivable	281,559	-	-
Accounts Receivable	65,602	-	-
Road Accounts Receivable	40,272	-	-
Taxes Receivable	59,562	4,332	-
Capital Assets, Net	13,089,001	200,325	-
<b>Total Assets</b>	<b>\$ 19,390,464</b>	<b>\$ 867,255</b>	<b>\$ 14,901</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	\$ 854,937	\$ -	\$ -
<b>LIABILITIES</b>			
Accounts Payable	\$ 15,220	\$ -	\$ -
Salary and Benefits Payable	37,014	41	-
Grants Received in Advance	93,347	-	-
Retainage Payable	11,383	-	-
Interest Payable	11,765	-	-
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	189,796	-	-
Compensated Absences Payable	67,229	-	-
Due After One Year			
Long-Term Debt	2,173,161	-	-
Compensated Absences Payable	28,812	-	-
Net Pension Liability	1,948,174	-	-
<b>Total Liabilities</b>	<b>\$ 4,575,901</b>	<b>\$ 41</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	\$ 940,544	\$ -	\$ -
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 10,702,896	\$ 200,325	\$ -
Restricted			
Debt Service	16,458	-	-
Public Safety	107,718	-	-
Highways and Bridges	2,286,024	-	-
Culture and Recreation	2,538	-	-
Conservation of Natural Resources	68,522	666,889	14,901
Emergencies	157,547	-	-
Unrestricted	1,387,253	-	-
<b>Total Net Position</b>	<b>\$ 14,728,956</b>	<b>\$ 867,214</b>	<b>\$ 14,901</b>

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

# RANSOM COUNTY

## Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	RC - Maple River Water Resource District
<b>Primary Government</b>							
General Government	\$ 1,902,171	\$ 195,744	\$ 98,505	\$ -	\$ (1,607,922)		
Public Safety	696,415	315,479	3,931	-	(377,005)		
Highways and Bridges	1,883,175	26,773	816,481	590,545	(449,376)		
Health and Welfare	1,118,977	346,957	599,995	-	(172,025)		
Culture and Recreation	131,352	-	-	-	(131,352)		
Conservation of Natural Resources	169,138	-	-	-	(169,138)		
Emergency	5,264	-	33,917	-	28,653		
Interest on Long-Term Debt	70,886	-	-	-	(70,886)		
<b>Total Governmental Activities</b>	<b>\$ 5,977,378</b>	<b>\$ 884,953</b>	<b>\$ 1,552,829</b>	<b>\$ 590,545</b>	<b>\$ (2,949,051)</b>		
<b>Component Units</b>							
Ransom County WRD	\$ 192,613	\$ 51,035	\$ 35,214	\$ -	\$ (106,364)	\$ -	
Ransom County - Maple River WRD	15,756	-	-	-	-	(15,756)	
<b>Total Component Units</b>	<b>\$ 208,369</b>	<b>\$ 51,035</b>	<b>\$ 35,214</b>	<b>\$ -</b>	<b>\$ (106,364)</b>	<b>\$ (15,756)</b>	
<b>General Revenues</b>							
Property Taxes					\$ 2,568,490	\$ 148,006	\$ -
Drain Assessments					-	24,649	11,155
Non Restricted Grants and Contributions					651,845	-	-
Unrestricted Investment Earnings					123,573	6,432	-
Gain on Sale of Capital Assets					9,978	-	-
Miscellaneous Revenue					255,692	299	-
<b>Total General Revenues</b>					<b>\$ 3,609,578</b>	<b>\$ 179,386</b>	<b>\$ 11,155</b>
<b>Change in Net Position</b>					<b>\$ 660,527</b>	<b>\$ 73,022</b>	<b>\$ (4,601)</b>
<b>Net Position - January 1</b>					<b>\$ 14,068,429</b>	<b>\$ 794,192</b>	<b>\$ 19,502</b>
<b>Net Position - December 31</b>					<b>\$ 14,728,956</b>	<b>\$ 867,214</b>	<b>\$ 14,901</b>

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

**RANSOM COUNTY**Balance Sheet – Governmental Funds  
December 31, 2019

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 2,117,266	\$ 3,726,847	\$ 10,355	\$ 5,854,468
Intergovernmental Receivable	164,268	117,291	-	281,559
Accounts Receivable	10,951	54,651	-	65,602
Road Receivables	-	40,272	-	40,272
Taxes Receivable	39,729	13,730	6,103	59,562
<b>Total Assets</b>	<b>\$ 2,332,214</b>	<b>\$ 3,952,791</b>	<b>\$ 16,458</b>	<b>\$ 6,301,463</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 385	\$ 14,835	\$ -	\$ 15,220
Salaries Payable	9,846	27,168	-	37,014
Grants Received in Advance	-	93,347	-	93,347
<b>Total Liabilities</b>	<b>\$ 10,231</b>	<b>\$ 135,350</b>	<b>\$ -</b>	<b>\$ 145,581</b>
Deferred Inflows of Resources				
Road Receivables	\$ -	\$ 40,272	\$ -	\$ 40,272
Taxes Receivable	39,729	13,730	6,103	59,562
<b>Total Deferred Inflows of Resources</b>	<b>\$ 39,729</b>	<b>\$ 54,002</b>	<b>\$ 6,103</b>	<b>\$ 99,834</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 49,960</b>	<b>\$ 189,352</b>	<b>\$ 6,103</b>	<b>\$ 245,415</b>
Fund Balances				
Restricted				
Debt Service	\$ -	\$ -	\$ 10,355	\$ 10,355
Public Safety	-	499,673	-	499,673
Highways and Bridges	-	2,039,284	-	2,039,284
Health and Welfare	-	349,639	-	349,639
Conservation of Natural Resources	-	94,089	-	94,089
Emergency	-	206,773	-	206,773
Committed for				
Highways and Bridges	-	573,981	-	573,981
Unassigned	2,282,254	-	-	2,282,254
<b>Total Fund Balances</b>	<b>\$ 2,282,254</b>	<b>\$ 3,763,439</b>	<b>\$ 10,355</b>	<b>\$ 6,056,048</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,332,214</b>	<b>\$ 3,952,791</b>	<b>\$ 16,458</b>	<b>\$ 6,301,463</b>

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



# RANSOM COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position  
December 31, 2019

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**Total Fund Balances - Governmental Funds** \$ 6,056,048

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

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 13,089,001

Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Property Taxes Receivable	\$ 59,562	
Road Accounts Receivable	<u>40,272</u>	99,834

Deferred Outflows and Inflows of Resources related to Pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows related to Pensions & OPEB	\$ 854,937	
Deferred Inflows related to Pensions & OPEB	<u>(940,544)</u>	(85,607)

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

Long-Term Debt	\$ (2,362,957)	
Interest Payable	(11,765)	
Retainage Payable	(11,383)	
Compensated Absences Payable	(96,041)	
Net Pension and OPEB Liability	<u>(1,948,174)</u>	<u>(4,430,320)</u>

**Total Net Position of Governmental Activities** \$ 14,728,956

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

**RANSOM COUNTY**

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
 For the Year Ended December 31, 2019

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,796,963	\$ 518,786	\$ 259,314	\$ 2,575,063
Intergovernmental	738,260	1,767,577	-	2,505,837
Charges for Services	430,416	428,369	-	858,785
Licenses, Permits and Fees	2,370	-	-	2,370
Interest Income	123,573	-	-	123,573
Miscellaneous	44,708	210,982	-	255,690
<b>Total Revenues</b>	<b>\$ 3,136,290</b>	<b>\$ 2,925,714</b>	<b>\$ 259,314</b>	<b>\$ 6,321,318</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,797,480	\$ -	\$ -	\$ 1,797,480
Public Safety	597,085	85,765	-	682,850
Highways and Bridges	-	1,799,786	-	1,799,786
Health and Welfare	262,438	789,151	-	1,051,589
Culture and Recreation	126,630	-	-	126,630
Conserv. of Natural Resources	-	166,376	-	166,376
Debt Service				
Principal	-	171,662	185,000	356,662
Interest & Fees	-	6,637	73,532	80,169
<b>Total Expenditures</b>	<b>\$ 2,783,633</b>	<b>\$ 3,019,377</b>	<b>\$ 258,532</b>	<b>\$ 6,061,542</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 352,657	\$ (93,663)	\$ 782	\$ 259,776
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 33,427	\$ 74,920	\$ -	\$ 108,347
Transfers Out	(74,914)	(33,433)	-	(108,347)
Sale of Capital Assets	-	15,975	-	15,975
<b>Total Other Financing Sources and Uses</b>	<b>\$ (41,487)</b>	<b>\$ 57,462</b>	<b>\$ -</b>	<b>\$ 15,975</b>
<b>Net Change in Fund Balances</b>	<b>\$ 311,170</b>	<b>\$ (36,201)</b>	<b>\$ 782</b>	<b>\$ 275,751</b>
Fund Balances - January 1	\$ 1,971,084	\$ 3,799,640	\$ 9,573	\$ 5,780,297
<b>Fund Balances - December 31</b>	<b>\$ 2,282,254</b>	<b>\$ 3,763,439</b>	<b>\$ 10,355</b>	<b>\$ 6,056,048</b>

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

# RANSOM 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, 2019

**Net Change in Fund Balances - Total Governmental Funds** **\$ 275,751**

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

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

Capital Outlay	\$ 592,509	
Capital Contributions	289,384	
Depreciation Expense	<u>(659,887)</u>	222,006

In the Statement of Activities, only the gain on sale of assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sale of Capital Assets	9,978	
Sale of Capital Assets	<u>(15,975)</u>	(5,997)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 356,662

Bond premium amortization is a reduction to interest expense as it is amortized over the life of the outstanding bonds using the straight-line method. 4,795

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

Net Change in Interest Payable	\$ 4,488	
Net Change in Retainage Payable	1,257	
Net Change in Compensated Absences	<u>1,841</u>	7,586

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

Net Change in Taxes Receivable	\$ (6,573)	
Net Change in Road Accounts Receivable	<u>23,798</u>	17,225

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 items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension and OPEB liability	\$ 822,305	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(260,423)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(779,383)</u>	<u>(217,501)</u>

**Change in Net Position of Governmental Activities** **\$ 660,527**

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

**RANSOM COUNTY**

Statement of Net Position  
December 31, 2018

	Primary	Component Units	
	Government	Water	RC - MR Water
	Governmental Activities	Resource District	Resource District
<b>ASSETS</b>			
Cash and Investments	\$ 5,528,039	\$ 611,863	\$ 19,502
Intergovernmental Receivable	333,800	-	-
Accounts Receivable	73,858	-	-
Road Accounts Receivable	16,474	-	-
Taxes Receivable	66,135	4,899	-
Capital Assets, Net	12,872,992	178,063	-
<b>Total Assets</b>	<b>\$ 18,891,298</b>	<b>\$ 794,825</b>	<b>\$ 19,502</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	\$ 1,115,360	\$ -	\$ -
<b>LIABILITIES</b>			
Accounts Payable	\$ 15,672	\$ -	\$ -
Salary and Benefits Payable	46,381	633	-
Grants Received in Advance	93,347	-	-
Retainage Payable	12,640	-	-
Interest Payable	16,253	-	-
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	361,458	-	-
Compensated Absences Payable	68,517	-	-
Due After One Year			
Long-Term Debt	2,362,956	-	-
Compensated Absences Payable	29,365	-	-
Net Pension Liability	2,770,479	-	-
<b>Total Liabilities</b>	<b>\$ 5,777,068</b>	<b>\$ 633</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Derived from Pension and OPEB	\$ 161,161	\$ -	\$ -
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 10,119,685	\$ 178,063	\$ -
Restricted			
Debt Service	16,488	-	-
Public Safety	138,545	-	-
Highways and Bridges	2,486,260	-	-
Conservation of Natural Resources	73,148	616,129	19,502
Emergencies	167,919	-	-
Unrestricted	1,066,384	-	-
<b>Total Net Position</b>	<b>\$ 14,068,429</b>	<b>\$ 794,192</b>	<b>\$ 19,502</b>

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

# RANSOM COUNTY

## Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	RC - Maple River Water Resource District
<b>Primary Government</b>							
General Government	\$ 1,943,905	\$ 198,610	\$ 95,165	\$ -	\$ (1,650,130)		
Public Safety	660,877	270,168	4,521	-	(386,188)		
Highways and Bridges	1,783,694	2,051	645,685	161,507	(974,451)		
Flood Repair	12,029	-	18,340	-	6,311		
Health and Welfare	1,114,984	314,028	557,172	-	(243,784)		
Culture and Recreation	136,593	-	-	-	(136,593)		
Conservation of Natural Resources	169,730	-	4,343	-	(165,387)		
Emergency	6,900	-	33,283	-	26,383		
Interest on Long-Term Debt	85,852	-	-	-	(85,852)		
<b>Total Governmental Activities</b>	<b>\$ 5,914,564</b>	<b>\$ 784,857</b>	<b>\$ 1,358,509</b>	<b>\$ 161,507</b>	<b>\$ (3,609,691)</b>		
<b>Component Units</b>							
Ransom County WRD	\$ 207,748	\$ 73,925	\$ 33,741	\$ -	\$ (100,082)	\$ -	
Ransom County - Maple River WRD	2,698	-	-	-	-	(2,698)	
<b>Total Component Units</b>	<b>\$ 210,446</b>	<b>\$ 73,925</b>	<b>\$ 33,741</b>	<b>\$ -</b>	<b>\$ (100,082)</b>	<b>\$ (2,698)</b>	
<b>General Revenues</b>							
Property Taxes					\$ 2,588,094	\$ 136,753	\$ -
Drain Assessments					-	25,862	12,388
Non Restricted Grants and Contributions					611,448	-	-
Unrestricted Investment Earnings					71,393	252	210
Gain on Sale of Capital Assets					5,296	-	-
Miscellaneous Revenue					135,893	308	-
<b>Total General Revenues</b>					<b>\$ 3,412,124</b>	<b>\$ 163,175</b>	<b>\$ 12,598</b>
<b>Change in Net Position</b>					<b>\$ (197,567)</b>	<b>\$ 63,093</b>	<b>\$ 9,900</b>
<b>Net Position - January 1</b>					<b>\$ 14,265,996</b>	<b>\$ 731,099</b>	<b>\$ 9,602</b>
<b>Net Position - December 31</b>					<b>\$ 14,068,429</b>	<b>\$ 794,192</b>	<b>\$ 19,502</b>

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

# RANSOM COUNTY

Balance Sheet – Governmental Funds  
December 31, 2018

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,794,783	\$ 3,723,683	\$ 9,573	\$ 5,528,039
Intergovernmental Receivable	171,340	162,460	-	333,800
Accounts Receivable	18,621	55,237	-	73,858
Road Receivables	-	16,474	-	16,474
Taxes Receivable	40,584	18,636	6,915	66,135
<b>Total Assets</b>	<b>\$ 2,025,328</b>	<b>\$ 3,976,490</b>	<b>\$ 16,488</b>	<b>\$ 6,018,306</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 477	\$ 15,195	\$ -	\$ 15,672
Salaries Payable	13,183	33,198	-	46,381
Grants Received in Advance	-	93,347	-	93,347
<b>Total Liabilities</b>	<b>\$ 13,660</b>	<b>\$ 141,740</b>	<b>\$ -</b>	<b>\$ 155,400</b>
<b>Deferred Inflows of Resources</b>				
Road Receivables	\$ -	\$ 16,474	\$ -	\$ 16,474
Taxes Receivable	40,584	18,636	6,915	66,135
<b>Total Deferred Inflows of Resources</b>	<b>\$ 40,584</b>	<b>\$ 35,110</b>	<b>\$ 6,915</b>	<b>\$ 82,609</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 54,244</b>	<b>\$ 176,850</b>	<b>\$ 6,915</b>	<b>\$ 238,009</b>
<b>Fund Balances</b>				
<b>Restricted</b>				
Debt Service	\$ -	\$ -	\$ 9,573	\$ 9,573
Public Safety	-	441,204	-	441,204
Highways and Bridges	-	2,233,239	-	2,233,239
Health and Welfare	-	263,016	-	263,016
Conservation of Natural Resources	-	90,886	-	90,886
Emergency	-	206,773	-	206,773
<b>Committed for</b>				
Highways and Bridges	-	564,522	-	564,522
Unassigned	1,971,084	-	-	1,971,084
<b>Total Fund Balances</b>	<b>\$ 1,971,084</b>	<b>\$ 3,799,640</b>	<b>\$ 9,573</b>	<b>\$ 5,780,297</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,025,328</b>	<b>\$ 3,976,490</b>	<b>\$ 16,488</b>	<b>\$ 6,018,306</b>

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

# RANSOM COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position  
December 31, 2018

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**Total Fund Balances - Governmental Funds** \$ 5,780,297

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

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 12,872,992

Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Property Taxes Receivable	\$ 66,135	
Road Accounts Receivable	<u>16,474</u>	82,609

Deferred Outflows and Inflows of Resources related to Pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows related to Pensions & OPEB	\$ 1,115,360	
Deferred Inflows related to Pensions & OPEB	<u>(161,161)</u>	954,199

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

Long-Term Debt	\$ (2,724,414)	
Interest Payable	(16,253)	
Retainage Payable	(12,640)	
Compensated Absences Payable	(97,882)	
Net Pension and OPEB Liability	<u>(2,770,479)</u>	<u>(5,621,668)</u>

**Total Net Position of Governmental Activities** \$ 14,068,429

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

# RANSOM COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
For the Year Ended December 31, 2018

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,576,745	\$ 730,626	\$ 260,866	\$ 2,568,237
Intergovernmental	740,829	1,390,636	-	2,131,465
Charges for Services	379,838	400,498	-	780,336
Licenses, Permits and Fees	2,990	-	-	2,990
Interest Income	71,393	-	-	71,393
Miscellaneous	49,765	86,127	-	135,892
<b>Total Revenues</b>	<b>\$ 2,821,560</b>	<b>\$ 2,607,887</b>	<b>\$ 260,866</b>	<b>\$ 5,690,313</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,873,165	\$ -	\$ -	\$ 1,873,165
Public Safety	533,425	76,907	-	610,332
Highways and Bridges	-	1,577,420	-	1,577,420
Flood Repair	-	12,029	-	12,029
Health and Welfare	257,953	752,675	-	1,010,628
Culture and Recreation	133,484	-	-	133,484
Conserv. of Natural Resources	-	163,781	-	163,781
Debt Service				
Principal	-	18,479	180,000	198,479
Interest & Fees	-	7,353	77,208	84,561
<b>Total Expenditures</b>	<b>\$ 2,798,027</b>	<b>\$ 2,608,644</b>	<b>\$ 257,208</b>	<b>\$ 5,663,879</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,533	\$ (757)	\$ 3,658	\$ 26,434
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 435,497	\$ 52,769	\$ -	\$ 488,266
Transfers Out	(37,769)	(450,497)	-	(488,266)
Sale of Capital Assets	-	12,000	-	12,000
<b>Total Other Financing Sources and Uses</b>	<b>\$ 397,728</b>	<b>\$ (385,728)</b>	<b>\$ -</b>	<b>\$ 12,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 421,261</b>	<b>\$ (386,485)</b>	<b>\$ 3,658</b>	<b>\$ 38,434</b>
Fund Balances - January 1	\$ 1,549,823	\$ 4,186,125	\$ 5,915	\$ 5,741,863
Fund Balances - December 31	\$ 1,971,084	\$ 3,799,640	\$ 9,573	\$ 5,780,297

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



## RANSOM 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, 2018

**Net Change in Fund Balances - Total Governmental Funds** \$ 38,434

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

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

Capital Outlay	\$ 466,053	
Depreciation Expense	<u>(588,210)</u>	(122,157)

In the Statement of Activities, only the gain on sale of assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sale of Capital Assets	\$ 5,296	
Sale of Capital Assets	<u>(12,000)</u>	(6,704)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 198,479

Bond premium amortization is a reduction to interest expense as it is amortized over the life of the outstanding bonds using the straight-line method. 4,795

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

Net Change in Interest Payable	\$ (6,086)	
Net Change in Retainage Payable	6,532	
Net Change in Compensated Absences	<u>(9,693)</u>	(9,247)

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

Net Change in Taxes Receivable	\$ 19,857	
Net Change in Road Accounts Receivable	<u>1,531</u>	21,388

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 items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension and OPEB liability	\$ (239,804)	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(16,554)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(66,197)</u>	<u>(322,555)</u>

**Change in Net Position of Governmental Activities** \$ (197,567)

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

**RANSOM COUNTY**

Statement of Fiduciary Assets and Liabilities – Agency Funds  
December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 1,964,565</u>	<u>\$ 2,195,927</u>
<b>LIABILITIES</b>		
Due to Other Governments	<u>\$ 1,964,565</u>	<u>\$ 2,195,927</u>

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

# RANSOM COUNTY

Notes to the Financial Statements  
For the Year Ended December 31, 2019 and 2018

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Reporting Entity

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

Based on these criteria, there are two discretely presented component units to be included within the County as a reporting entity and one blended component unit as outlined below.

### Component Units

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

Blended Component Unit - Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Ransom County Public Health Unit - The activities of the Ransom County Public Health Unit have been blended in the activities of the general fund as the health unit only serves the County. The Public Health Unit does not have the right to sue in its own name without recourse to the County. Therefore, it is reported as if it were part of the County's operations.

Discretely Presented Component Units - The component unit columns in the basic financial statements includes the financial data of the County's two discretely presented component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

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

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

### Basis of Presentation

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

## RANSOM COUNTY

### Notes to the Financial Statements – Continued

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The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's and the component units 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 taxes, interest and non-restricted grants and contributions, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the County's funds including its fiduciary funds and blended component unit. Separate statements for each fund category-*governmental* and *fiduciary*-are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

Agency 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**

*Government-Wide and Fiduciary Fund Financial Statements.* The government-wide 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 Fund Financial Statements.* 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.

### **Cash and Investments**

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

**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):

<b>Asset</b>	<b>County</b>	<b>WRD</b>
Buildings	50	30
Equipment and Vehicles	3-15	3-10
Infrastructure	25	-

**Compensated Absences**

Vacation leave is earned by County employees at the rate of 8 hours to 16 hours per month for employees depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end by all County employees. Sick leave benefits are earned by all benefitted employees at the rate of one day per month for employees regardless of the years of service. An unlimited number of sick leave hours may be carried over and employees are not paid for sick leave upon termination of employment. Vested or accumulated vacation leave is reported in government-wide statement of net position.

**Long-Term Obligations**

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

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

**Pension**

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

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

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

**Fund Balances**

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

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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*Minimum Fund Balance Policy/Budget Stabilization.* The County adopted a minimum fund balance policy for the general fund to protect against cash flow shortfalls related to timing of project revenues and receipts and to maintain a budget stabilization commitment. The County intends to maintain a minimum unassigned fund balance in its general fund of \$350,000, but not less than 15% of annual general fund expenditures.

When fund balance falls below 15% range, the County will replenish shortages/deficiencies using the budget strategies and time frames described below:

- a. Reduce recurring expenditures to eliminate any structural deficit, or
  - b. Increase revenues or pursue other funding sources, or
  - c. Some combination of the two options above
- 
- Deficiency resulting in a minimum fund balance between 12.5 percent and 15 percent shall be replenished over a period not exceeding one year
  - Deficiency resulting in a minimum fund balance between 10 percent and 12.5 percent shall be replenished over a period not to exceed 3 years
  - Deficiency resulting in a minimum fund balance of less than 10 percent shall be replenished over a period not to exceed five years

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

*Committed Fund Balances.* Committed fund balances are reported in the special revenue fund at year end for funds committed for equipment improvement.

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

**Net Position**

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

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

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

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

**Interfund Transactions**

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

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

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

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 2: DEPOSITS**

**Custodial Credit Risk**

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

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

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

At year ended December 31, 2019, the County's carrying amount of deposits totaled \$7,818,774, and the bank balances totaled \$7,674,121. Of the bank balances, \$1,000,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2019, the Water Resource District's carrying amount of deposits totaled \$662,598, and the bank balances totaled \$670,863. Of the bank balances, \$417,201 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2019, the RC-MR Water Resource District's carrying amount of deposits and bank balances totaled \$14,901. All of the bank balances were covered by Federal Depository Insurance.

At year ended December 31, 2018, the County's carrying amount of deposits totaled \$7,723,711, and the bank balances totaled \$7,024,763. Of the bank balances, \$1,490,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the Water Resource District's carrying amount of deposits totaled \$611,863, and the bank balances totaled \$618,662. Of the bank balances, \$536,492 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the RC-MR Water Resource District's carrying amount of deposits and bank balances totaled \$19,502. All of the bank balances were covered by Federal Depository Insurance.

**NOTE 3: 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.

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

**NOTE 4: CAPITAL ASSETS**

**Primary Government**

The following is a summary of changes in capital assets for the year ended December 31, 2019 and 2018:

<b>2019</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	\$ 12,101	\$ -	\$ -	\$ -	\$ 12,101
Construction in Progress	273,871	820,066	-	(295,070)	798,867
<b>Total Capital Assest not being depreciated</b>	<b>\$ 285,972</b>	<b>\$ 820,066</b>	<b>\$ -</b>	<b>\$ (295,070)</b>	<b>\$ 810,968</b>
Capital assets, being depreciated					
Buildings	\$ 2,401,523	\$ -	\$ -	\$ -	\$ 2,401,523
Equipment & Vehicles	2,751,238	67,410	89,157	-	2,729,491
Infrastructure	11,372,280	-	-	295,070	11,667,350
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 16,525,041</b>	<b>\$ 67,410</b>	<b>\$ 89,157</b>	<b>\$ 295,070</b>	<b>\$ 16,798,364</b>
Less accumulated depreciation					
Buildings	\$ 828,541	\$ 43,368	\$ -	\$ -	\$ 871,909
Equipment & Vehicles	1,855,767	152,775	77,576	-	1,930,966
Infrastructure	1,253,713	463,743	-	-	1,717,456
<b>Total Accumulated Depreciation</b>	<b>\$ 3,938,021</b>	<b>\$ 659,886</b>	<b>\$ 77,576</b>	<b>\$ -</b>	<b>\$ 4,520,331</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 12,587,020</b>	<b>\$ (592,476)</b>	<b>\$ 11,581</b>	<b>\$ 295,070</b>	<b>\$ 12,278,033</b>
<b>Total Capital Assets, Net</b>	<b>\$ 12,872,992</b>	<b>\$ 227,590</b>	<b>\$ 11,581</b>	<b>\$ -</b>	<b>\$ 13,089,001</b>

<b>2018</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	\$ 12,101	\$ -	\$ -	\$ -	\$ 12,101
Construction in Progress	4,184,213	354,016	-	(4,264,358)	273,871
<b>Total Capital Assest not being depreciated</b>	<b>\$ 4,196,314</b>	<b>\$ 354,016</b>	<b>\$ -</b>	<b>\$ (4,264,358)</b>	<b>\$ 285,972</b>
Capital assets, being depreciated					
Buildings	\$ 2,401,523	\$ -	\$ -	\$ -	\$ 2,401,523
Equipment & Vehicles	2,659,156	112,037	19,955	-	2,751,238
Infrastructure	7,107,922	-	-	4,264,358	11,372,280
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 12,168,601</b>	<b>\$ 112,037</b>	<b>\$ 19,955</b>	<b>\$ 4,264,358</b>	<b>\$ 16,525,041</b>
Less accumulated depreciation					
Buildings	\$ 785,173	\$ 43,368	\$ -	\$ -	\$ 828,541
Equipment & Vehicles	1,711,811	157,207	13,251	-	1,855,767
Infrastructure	866,079	387,634	-	-	1,253,713
<b>Total Accumulated Depreciation</b>	<b>\$ 3,363,063</b>	<b>\$ 588,209</b>	<b>\$ 13,251</b>	<b>\$ -</b>	<b>\$ 3,938,021</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 8,805,538</b>	<b>\$ (476,172)</b>	<b>\$ 6,704</b>	<b>\$ 4,264,358</b>	<b>\$ 12,587,020</b>
<b>Total Capital Assets, Net</b>	<b>\$ 13,001,852</b>	<b>\$ (122,156)</b>	<b>\$ 6,704</b>	<b>\$ -</b>	<b>\$ 12,872,992</b>

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

	<b>2019</b>	<b>2018</b>
General Government	\$ 29,482	\$ 22,217
Public Safety	36,374	41,549
Conservation	4,707	4,708
Health and Welfare	11,618	10,917
Highways	577,705	508,818
<b>Total Depreciation Expense</b>	<b>\$ 659,886</b>	<b>\$ 588,209</b>



**RANSOM COUNTY**

Notes to the Financial Statements – Continued

**Discretely Presented Component Unit**

The following is a summary of changes in capital assets for the year ended December 31, 2019 and 2018 for the Water Resource District:

<b>2019</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital assets, being depreciated					
Buildings	\$ 349,251	\$ -	\$ -	\$ -	\$ 349,251
Equipment & Vehicles	169,116	49,057	-	-	218,173
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 518,367</b>	<b>\$ 49,057</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 567,424</b>
Less accumulated depreciation					
Buildings	\$ 231,092	\$ 6,110	\$ -	\$ -	\$ 237,202
Equipment & Vehicles	109,212	20,685	-	-	129,897
<b>Total Accumulated Depreciation</b>	<b>\$ 340,304</b>	<b>\$ 26,795</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 367,099</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 178,063</b>	<b>\$ 22,262</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,325</b>
<b>Total Capital Assets, Net</b>	<b>\$ 178,063</b>	<b>\$ 22,262</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,325</b>

<b>2018</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital assets, being depreciated					
Buildings	\$ 349,251	\$ -	\$ -	\$ -	\$ 349,251
Equipment & Vehicles	169,116	-	-	-	169,116
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 518,367</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 518,367</b>
Less accumulated depreciation					
Buildings	\$ 224,982	\$ 6,110	\$ -	\$ -	\$ 231,092
Equipment & Vehicles	90,163	19,049	-	-	109,212
<b>Total Accumulated Depreciation</b>	<b>\$ 315,145</b>	<b>\$ 25,159</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 340,304</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 203,222</b>	<b>\$ (25,159)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 178,063</b>
<b>Total Capital Assets, Net</b>	<b>\$ 203,222</b>	<b>\$ (25,159)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 178,063</b>

Depreciation expense was charged to conservation of natural resources function.

**NOTE 5: LONG-TERM LIABILITIES**

**Primary Government**

During the year ended December 31, 2019 and 2018, the following changes occurred in governmental activities long-term liabilities:

<b>2019</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Long-Term Debt					
G.O. Bonds Payable	\$ 2,500,000	\$ -	\$ 185,000	\$ 2,315,000	\$ 185,000
Capital Leases Payable	171,663	-	171,663	-	-
Bond Premium	52,751	-	4,794	47,957	4,796
<b>Total Long-Term Debt</b>	<b>2,724,414</b>	<b>-</b>	<b>361,457</b>	<b>2,362,957</b>	<b>189,796</b>
Compensated Absences *	\$ 97,882	\$ -	\$ 1,841	\$ 96,041	\$ 67,229
Net Pension & OPEB Liability	2,770,479	-	822,305	1,948,174	-
<b>Total Long-Term Liabilities</b>	<b>\$ 5,592,775</b>	<b>\$ -</b>	<b>\$ 1,185,603</b>	<b>\$ 4,407,172</b>	<b>\$ 257,025</b>

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

2018	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
G.O. Bonds Payable	\$ 2,680,000	\$ -	\$ 180,000	\$ 2,500,000	\$ 185,000
Capital Leases Payable	190,141	-	18,478	171,663	171,662
Bond Premium	57,547	-	4,796	52,751	4,796
Total Long-Term Debt	2,927,688	-	203,274	2,724,414	361,458
Compensated Absences *	\$ 88,189	\$ 9,693	\$ -	\$ 97,882	\$ 68,517
Net Pension & OPEB Liability	2,530,675	239,804	-	2,770,479	-
Total Long-Term Liabilities	\$ 5,546,552	\$ 249,497	\$ 203,274	\$ 5,592,775	\$ 429,975

\* The change to compensated absences are the net changes for the year.

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

Year Ending Dec 31	G.O. Bonds Payable		Bond
	Principal	Interest	Premium
2020	\$ 185,000	\$ 68,738	\$ 4,796
2021	190,000	64,988	4,796
2022	195,000	59,188	4,796
2023	200,000	51,288	4,795
2024	200,000	43,288	4,795
2025-2029	1,105,000	119,606	23,979
2030-2034	240,000	3,600	-
Total	\$ 2,315,000	\$ 410,696	\$ 47,957

**Discretely Presented Component Unit**

During the year ended December 31, 2018, the following changes occurred in governmental activities long-term liabilities for the RC-MR Water Resource District:

RC-MR Water Resource District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Loans Payable	\$ 7,960	\$ -	\$ 7,960	\$ -	\$ -

**NOTE 6: 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.

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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**Pension Benefits**

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

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

**Death and Disability Benefits**

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

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

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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

At December 31, 2019 and 2018, the County reported a liability of \$1,831,199 and \$2,654,187 respectively, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and 2018 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2019 and 2018, the County had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30 2017 and 2018 Measurement</b>	<b>Pension Expense</b>
2019	0.156236%	-0.001039%	\$ 340,968
2018	0.157275%	0.006816%	446,248

At December 31, 2019 and 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 1,085	\$ 332,328
Changes of Assumptions	684,271	587,506
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	31,904	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate share of Contributions	48,262	16,203
Contributions - Employer	60,070	-
<b>Total Deferred Outflows and Inflows of Resources</b>	<b>\$ 825,592</b>	<b>\$ 936,037</b>

<b>2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 7,026	\$ 90,301
Changes of Assumptions	958,106	37,883
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	12,913
Changes in Proportion and Differences Between Employer Contributions and Proportionate share of Contributions	63,459	15,159
Contributions - Employer	60,731	-
<b>Total Deferred Outflows and Inflows of Resources</b>	<b>\$ 1,089,322</b>	<b>\$ 156,256</b>

\$60,070 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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

2020	\$	68,526
2021		32,221
2022		(53,649)
2023		(164,730)
2024		(52,883)

**Actuarial Assumptions**

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	10.00%
	36 – 40	7.50%
	41 – 49	6.75%
	50 – 59	6.50%
	60+	5.25%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.50%, net of investment expenses	
Cost-of-living adjustments	None	

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

**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 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

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

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
County’s Proportionate Share of the Net Pension Liability	\$ 2,625,545	\$ 1,831,199	\$ 1,163,809

**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 7: OPEB PLAN**

**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.

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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, 2019 and 2018, the County reported a liability of \$116,975 and \$116,292 respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, 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, 2019 and 2018, the County had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30 2017 and 2018 Measurement</b>	<b>OPEB Expense</b>
2019	0.145639%	-0.002021%	\$ 16,263
2018	0.147660%	0.005684%	14,898

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

At December 31, 2019 and 2018, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

<b>2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 2,889	\$ 3,654
Changes of Assumptions	13,941	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	130	853
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate share of Contributions	2,767	-
Contributions - Employer	9,618	-
<b>Total Deferred Outflows and Inflows of Resources</b>	<b>\$ 29,345</b>	<b>\$ 4,507</b>

<b>2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 3,480	\$ 2,403
Changes of Assumptions	9,542	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	2,502
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate share of Contributions	3,292	-
Contributions - Employer	9,724	-
<b>Total Deferred Outflows and Inflows of Resources</b>	<b>\$ 26,038</b>	<b>\$ 4,905</b>

\$9,618 for the County was 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 OPEB liability in the year ended December 31, 2020.

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

2020	\$	2,510
2021		2,510
2022		3,599
2023		3,399
2024		2,163
2025		908
Thereafter		131

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.25%, net of investment expenses
Cost of living adjustments	None



**RANSOM COUNTY**

Notes to the Financial Statements – Continued

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
International Equities	21%	6.95%
Domestic Fixed Income	40%	2.07%

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

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's Proportionate Share of the net OPEB Liability	\$ 149,303	\$ 116,975	\$ 89,302

**NOTE 8 OPERATING LEASES**

The County is engaged in various operating leases. Total lease payments were \$163,223 during the year ended December 31, 2019 and \$85,834 during the year ended December 31, 2018. Future operating lease payments are as follows:

<b>Year Ending Dec 31</b>	<b>Amount</b>
2020	\$ 77,511
2021	97,811
2022	77,811
2023	41,855
Totals	\$ 294,988

**RANSOM COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 9: RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and automobile, and \$4,156,754 for public assets/mobile equipment and portable property.

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

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

**NOTE 10: JOINT VENTURE**

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

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2019:

	<b>Red River Joint Water Resource Board</b>
Total Assets	\$ 13,450,277
Total Liabilities	73,258
Net Position	\$ 13,377,019
Revenues	\$ 2,570,263
Expenses	896,172
Change in Net Position	\$ 1,674,091

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

**NOTE 11: TRANSFERS**

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

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

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**NOTE 12: CONSTRUCTION COMMITMENTS**

As of December 31, 2019, the remaining construction commitments are as follows:

<b>Project</b>	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>
CNOB-CNOC-3722(001)	\$ 386,051	\$ 387,217	\$ 7,744	\$ (8,910)
SC-3700(004)	394,168	363,912	3,639	26,617
<b>Total</b>	<b>\$ 780,219</b>	<b>\$ 751,129</b>	<b>\$ 11,383</b>	<b>\$ 17,707</b>

**RANSOM COUNTY**

Budgetary Comparison Schedule – General Fund  
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,770,994	\$ 1,770,994	\$ 1,796,963	\$ 25,969
Intergovernmental	627,900	627,900	738,260	110,360
Charges for Services	385,682	385,682	430,416	44,734
Licenses, Permits and Fees	3,650	3,650	2,370	(1,280)
Interest Income	35,000	35,000	123,573	88,573
Miscellaneous	38,000	38,000	44,708	6,708
<b>Total Revenues</b>	<b>\$ 2,861,226</b>	<b>\$ 2,861,226</b>	<b>\$ 3,136,290</b>	<b>\$ 275,064</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 2,077,328	\$ 2,077,328	\$ 1,797,480	\$ 279,848
Public Safety	569,067	569,067	597,085	(28,018)
Health and Welfare	278,620	278,620	262,438	16,182
Culture and Recreation	142,190	142,190	126,630	15,560
<b>Total Expenditures</b>	<b>\$ 3,067,205</b>	<b>\$ 3,067,205</b>	<b>\$ 2,783,633</b>	<b>\$ 283,572</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (205,979)	\$ (205,979)	\$ 352,657	\$ 558,636
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 33,427	\$ 33,427
Transfers Out	-	-	(74,914)	(74,914)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (41,487)</b>	<b>\$ (41,487)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (205,979)</b>	<b>\$ (205,979)</b>	<b>\$ 311,170</b>	<b>\$ 517,149</b>
Fund Balances - January 1	\$ 1,971,084	\$ 1,971,084	\$ 1,971,084	\$ -
Fund Balances - December 31	\$ 1,765,105	\$ 1,765,105	\$ 2,282,254	\$ 517,149

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

# RANSOM COUNTY

Budgetary Comparison Schedule – Special Revenue Fund  
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 516,081	\$ 516,081	\$ 518,786	\$ 2,705
Intergovernmental	799,750	799,750	1,767,577	967,827
Charges for Services	377,400	378,639	428,369	49,730
Miscellaneous	395,923	395,923	210,982	(184,941)
<b>Total Revenues</b>	<b>\$ 2,089,154</b>	<b>\$ 2,090,393</b>	<b>\$ 2,925,714</b>	<b>\$ 835,321</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	\$ 117,150	\$ 117,150	\$ 85,765	\$ 31,385
Highways and Bridges	2,525,114	2,678,358	1,799,786	878,572
Health and Welfare	818,004	837,178	789,151	48,027
Cons. of Natural Resources	225,450	225,450	166,376	59,074
Flood Repair	93,346	93,346	-	93,346
Debt service				
Principal	329	329	171,662	(171,333)
Interest	-	-	6,637	(6,637)
<b>Total Expenditures</b>	<b>\$ 3,779,393</b>	<b>\$ 3,951,811</b>	<b>\$ 3,019,377</b>	<b>\$ 932,434</b>
Excess (Deficiency) of Revenues Over Expenditures				
	\$ (1,690,239)	\$ (1,861,418)	\$ (93,663)	\$ 1,767,755
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 74,920	\$ 74,920
Sale of Capital Assets	-	-	15,975	15,975
Transfers Out	-	-	(33,433)	(33,433)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,462</b>	<b>\$ 57,462</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,690,239)</b>	<b>\$ (1,861,418)</b>	<b>\$ (36,201)</b>	<b>\$ 1,825,217</b>
Fund Balances - January 1	\$ 3,799,640	\$ 3,799,640	\$ 3,799,640	\$ -
Fund Balances - December 31	\$ 2,109,401	\$ 1,938,222	\$ 3,763,439	\$ 1,825,217

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

**RANSOM COUNTY**

Budgetary Comparison Schedule – General Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,565,600	\$ 1,565,600	\$ 1,576,745	\$ 11,145
Intergovernmental	649,800	649,800	740,829	91,029
Charges for Services	357,223	357,223	379,838	22,615
Licenses, Permits and Fees	3,650	3,650	2,990	(660)
Interest Income	20,000	20,000	71,393	51,393
Miscellaneous	37,950	37,950	49,765	11,815
<b>Total Revenues</b>	<b>\$ 2,634,223</b>	<b>\$ 2,634,223</b>	<b>\$ 2,821,560</b>	<b>\$ 187,337</b>
<b>EXPENDITURES</b>				
General Government	\$ 2,015,468	\$ 2,015,468	\$ 1,873,165	\$ 142,303
Public Safety	549,641	549,641	533,425	16,216
Health and Welfare	273,484	273,484	257,953	15,531
Culture and Recreation	134,680	134,680	133,484	1,196
<b>Total Expenditures</b>	<b>\$ 2,973,273</b>	<b>\$ 2,973,273</b>	<b>\$ 2,798,027</b>	<b>\$ 175,246</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (339,050)	\$ (339,050)	\$ 23,533	\$ 362,583
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 435,497	\$ 435,497
Transfers Out	-	-	(37,769)	(37,769)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 397,728</b>	<b>\$ 397,728</b>
<b>Net Change in Fund Balances</b>	<b>\$ (339,050)</b>	<b>\$ (339,050)</b>	<b>\$ 421,261</b>	<b>\$ 760,311</b>
Fund Balances - January 1	\$ 1,549,823	\$ 1,549,823	\$ 1,549,823	\$ -
<b>Fund Balances - December 31</b>	<b>\$ 1,210,773</b>	<b>\$ 1,210,773</b>	<b>\$ 1,971,084</b>	<b>\$ 760,311</b>

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

**RANSOM COUNTY**

Budgetary Comparison Schedule – Special Revenue Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 736,304	\$ 736,304	\$ 730,626	\$ (5,678)
Intergovernmental	775,170	775,170	1,390,636	615,466
Charges for Services	325,900	325,900	400,498	74,598
Miscellaneous	644,375	644,375	86,127	(558,248)
<b>Total Revenues</b>	<b>\$ 2,481,749</b>	<b>\$ 2,481,749</b>	<b>\$ 2,607,887</b>	<b>\$ 126,138</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	\$ 320,550	\$ 320,550	\$ 76,907	\$ 243,643
Highways and Bridges	2,363,549	2,442,218	1,577,420	864,798
Health and Welfare	768,022	793,479	752,675	40,804
Cons. of Natural Resources	214,717	214,717	163,781	50,936
Flood Repair	151,207	151,207	12,029	139,178
Debt service				
Principal	18,479	18,479	18,479	-
Interest	7,353	7,353	7,353	-
<b>Total Expenditures</b>	<b>\$ 3,843,877</b>	<b>\$ 3,948,003</b>	<b>\$ 2,608,644</b>	<b>\$ 1,339,359</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,362,128)	\$ (1,466,254)	\$ (757)	\$ 1,465,497
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 52,769	\$ 52,769
Sale of Capital Assets	-	-	12,000	12,000
Transfers Out	-	-	(450,497)	(450,497)
<b>Total Other Financing Sources and Us</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (385,728)</b>	<b>\$ (385,728)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,362,128)</b>	<b>\$ (1,466,254)</b>	<b>\$ (386,485)</b>	<b>\$ 1,079,769</b>
Fund Balances - January 1	\$ 4,186,125	\$ 4,186,125	\$ 4,186,125	\$ -
Fund Balances - December 31	\$ 2,823,997	\$ 2,719,871	\$ 3,799,640	\$ 1,079,769

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

**RANSOM COUNTY**

Schedule of Employer's Share of Net Pension Liability and Employer Contributions  
 For the Year Ended December 31, 2019

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

<b>Primary Government</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.156236%	\$ 1,831,199	\$ 1,625,124	112.68%	71.66%
2018	0.157275%	2,654,187	1,615,718	164.27%	62.80%
2017	0.150459%	2,418,370	1,535,953	157.45%	61.98%
2016	0.147837%	1,440,816	1,489,844	96.71%	70.46%
2015	0.149648%	1,017,581	1,333,185	76.33%	77.15%
2014	0.152402%	967,328	1,283,803	75.35%	77.70%

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

<b>Primary Government</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 118,318	\$ 121,106	\$ (2,788)	\$ 1,625,124	7.45%
2018	119,004	114,322	4,682	1,615,718	7.08%
2017	111,375	112,401	(1,026)	1,535,953	7.32%
2016	107,863	105,791	2,072	1,489,844	7.10%
2015	101,266	98,477	2,789	1,333,185	7.39%
2014	91,407	91,407	-	1,283,803	7.12%

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



**RANSOM COUNTY**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
 For the Year Ended December 31, 2019

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

<b>Primary Government</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.145639%	\$ 116,975	\$ 1,625,124	7.20%	63.13%
2018	0.147660%	116,292	1,615,718	7.20%	61.89%
2017	0.141976%	112,305	1,535,953	7.31%	59.78%

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

<b>Primary Government</b>	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 18,900	\$ 19,391	\$ (491)	\$ 1,625,124	1.19%
2018	18,951	18,304	647	1,615,718	1.13%
2017	17,854	17,997	(143)	1,535,953	1.17%

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

## **RANSOM COUNTY**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2019

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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 7.25 percent to 7.00 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, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

#### **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.

**RANSOM COUNTY**

Notes to the Required Supplementary Information - Continued

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

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50% for Pension.
- The investment return assumption was lowered from 7.50% to 7.25% for OPEB.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

**NOTE 5 LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

The board of County commissioners amended the 2019 and 2018 Special Revenue Fund budget for various revenues and expenditures as follows:

<b>2019</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
Revenues	\$ 2,089,154	\$ 1,239	\$ 2,090,393
Expenditures	3,779,393	172,418	3,951,811

<b>2018</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
Expenditures	\$ 3,843,877	\$ 104,126	\$ 3,948,003

STATE AUDITOR  
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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  
Ransom County  
Lisbon, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of Ransom County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Ransom County's basic financial statements, and have issued our report thereon dated March 8, 2021.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2019-001, 2019-002, and 2019-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *schedule of audit findings* as item 2019-004 to be a significant deficiency.

## **RANSOM 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 Ransom 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 no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

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

Ransom County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings*. Ransom 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  
March 8, 2021

**RANSOM COUNTY**

Summary of Auditor's Results  
For the Years Ended December 31, 2019 and 2018

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**Financial Statements**

Type of Report Issued:

Governmental Activities	Unmodified
Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Internal control over financial reporting**

Material weaknesses identified?   X   Yes        None Noted

Significant deficiencies identified not considered to be material weaknesses?   X   Yes        None Noted

Noncompliance material to financial statements noted?        Yes   X   None Noted

# **RANSOM COUNTY**

Schedule of Audit Findings

For the Years Ended December 31, 2019 and 2018

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

### **Condition**

Ransom County currently does not prepare the financial statements, including various 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.

### **Effect**

There is an increased risk of material misstatement to Ransom County's financial statements.

### **Cause**

Management chooses not to allocate county resources for preparation of the financial statements.

### **Criteria**

Ransom County is responsible for the preparation of its annual financial statements and related note disclosures to ensure they are reliable, accurate, free of material misstatement, and in accordance with GAAP.

### **Repeat Finding**

Yes.

### **Recommendation**

We recommend Ransom 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.

### **Ransom County's Response**

Agree. Ransom County is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

**2019-002 – AUDIT ADJUSTMENTS – MISCELLANEOUS REVENUES – MATERIAL WEAKNESS**

**Condition**

Ransom County misclassified Miscellaneous Revenues, during 2019 and 2018, in the amounts of \$195,894 and \$378,875, respectively. These amounts should have been classified as Intergovernmental Revenues. The audit adjustments are reflected in the financial statements and approved by management.

**Effect**

Failure to reclass the Miscellaneous Revenues may have caused the financial statements to be misleading, due to misclassification of revenues.

**Cause**

Ransom County, at times, may be unaware of which revenues should be classified as Intergovernmental Revenues and Miscellaneous Revenues.

**Criteria**

Ransom County is responsible for ensuring its financial statements, including revenues, are reliable, accurate, free of material misstatement, and in accordance with Generally Accepted Accounting Principles (GAAP).

**Repeat Finding**

Yes.

**Recommendation**

We recommend that Ransom County carefully prepare and review revenue entries to ensure proper classification by type to accurately present the financial statements, in accordance with GAAP.

**Ransom County's Response**

Agree. Ransom County will carefully prepare and review revenue entries to ensure proper classification.



**2019-003 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS - MATERIAL WEAKNESS**

**Condition**

The Ransom County Water Resource District, and Ransom County-Maple River Water Resource District have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts and disbursement in journals, maintain the general ledger, perform bank reconciliations, and prepare financial statements.

**Effect**

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the Water Resource District, and Maple River Water Resource District financial condition, whether due to fraud or error.

**Cause**

Management has chosen to allocate economic resources to other functions of the districts.

**Criteria**

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

**Repeat Finding**

Yes.

**Recommendation**

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

- Financial statements and credit memos should be reviewed by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.
- Include the board in reviewing bank reconciliations, credit memos, manual adjustments, etc.

**Ransom County's Response**

Agree. Ransom County Water Resource District, and Ransom County-Maple River Water Resource District agrees and will segregate duties as it becomes feasible.

**2019-004 - FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY**

**Condition**

Ransom County does not currently prepare a fraud risk assessment of the entire entity.

**Effect**

If Ransom County does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

**Cause**

Ransom County may not have considered preparing a fraud risk assessment.

**Criteria**

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework principles. This entitywide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

**Repeat Finding**

No.

**Recommendation**

We recommend Ransom County prepare a fraud risk assessment in order to identify areas of concern within entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

**Ransom County's Response**

Agree. We will perform a fraud risk assessment.

STATE AUDITOR  
Joshua C. Gallion



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## GOVERNANCE COMMUNICATION

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Board of County Commissioners  
Ransom County  
Lisbon, North Dakota

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of Ransom County, North Dakota, for the years ended December 31, 2019 and 2018 which collectively comprise Ransom County's basic financial statements, and have issued our report thereon dated March 8, 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 and by the Uniform Guidance**

As stated in our engagement letter dated May 6, 2020, 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.

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

As part of obtaining reasonable assurance about whether Ransom 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.

### **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 Ransom County are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2019 or 2018. 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.

**RANSOM COUNTY**

Governance Communication – Continued

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 or provided by management that were corrected by management.

2019 Adjustments	Client Provided Adjustments		Audit Adjustments		Total Adjustment	
	Debit	Credit	Debit	Credit	Debit	Credit
<b>PRIMARY GOVERNMENT</b>						
Intergovernmental Receivable	281,560	-	-	-	281,560	-
Accounts Receivable	65,602	-	-	-	65,602	-
Revenue	-	347,162	-	-	-	347,162
Expenditures	52,234	-	-	-	52,234	-
Accounts Payable	-	15,220	-	-	-	15,220
Salaries Payable	-	37,014	-	-	-	37,014
Revenue	93,347	-	-	-	93,347	-
Unearned FEMA Revenue	-	93,347	-	-	-	93,347
Miscellaneous Revenue	-	-	195,894	-	195,894	-
Intergovernmental Revenue	-	-	-	195,894	-	195,894
<b>2018 Adjustments</b>						
<b>PRIMARY GOVERNMENT</b>						
Intergovernmental Receivable	333,800	-	-	-	333,800	-
Accounts Receivable	73,858	-	-	-	73,858	-
Revenue	-	407,658	-	-	-	407,658
Expenditures	62,053	-	-	-	62,053	-
Accounts Payable	-	15,672	-	-	-	15,672
Salaries Payable	-	46,381	-	-	-	46,381
Revenue	93,347	-	-	-	93,347	-
Unearned FEMA Revenue	-	93,347	-	-	-	93,347
Miscellaneous Revenue	-	-	378,875	-	378,875	-
Intergovernmental Revenue	-	-	-	378,875	-	378,875

**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 March 8, 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**

The completion of our audit was delayed because Ransom County was unable to provide us with requested audit documentation in a timely manner.

**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 Ransom County, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Ransom 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 Ransom County.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
March 8, 2021



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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