



September 15, 2020

Board of Ward County Commissioners
Ward County
Minot, North Dakota

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We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ward County** for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 10, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Ward County** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by **Ward County** during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared 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 estimates affecting the County's financial statements were:

Management's estimate of the pension benefits and other post-employment benefits payable is based on actuarial reports. We evaluated the key factors and assumptions used to develop the pension benefits payable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation is computed on a straight-line basis over the estimated useful lives of the individual assets. We evaluated the key factors and assumptions used to determine the useful lives of the individual assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of pension and other post-employment benefits plans in Notes 11 and 12 to the financial statements requires information from actuarial reports.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedules summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, the following material misstatements detected as a result of audit procedures were corrected by management as noted by the attached summary of journal entries.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 15, 2020.

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.

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Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

This information is intended solely for the information and use of the County Commissioners and management of **Ward County** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Widmer Roel PC

ALG-CX-12.2: Audit Difference Evaluation Form

PPC Guide
Links

Governmental Unit: Ward County Financial Statement Date: 31-Dec-19
 Completed by: Brian Clark Date: 8/24/20
 Opinion Unit: Government-wide A Listing of Known Audit Differences Over:

[ALG-CX-2.1](#)

[Section 1010](#)

Instructions: This form may be used to accumulate audit differences (AD) that are not considered trivial in amount or nature (documented at Step 5 of ALG-CX-2.1). This form should *not* include normal closing entries. At the end of the audit, evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. This form also provides a space to document any misstatements of disclosures (including quantitative and qualitative misstatements) that are considered when evaluating misstatements in aggregate. Before evaluating the effect of uncorrected misstatements, reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements, using both the rollover and iron curtain methods, as appropriate. You need to be familiar with the guidance in section 1010 before completing this form.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over- (Under-) statement of:						Change in Fund Balance/ Net Position
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	
Understatement of Cash	F	Transfer of accounting software, some	A	(327,966)			(327,966)			(327,966)
Receivables understated due to amount not being recorded in 2019	F	Client operates on a cash basis of accounting and does not record revenue until cash is received.	B.01	(19,402)			(19,402)	(19,402)		(19,402)
Payables understated due to amount not being recorded in 2019	F	Client operates on a cash basis of accounting and does not record payables/expenses when they are paid.	BB.01		(67,894)		67,894		(67,894)	67,894
Total				-347,367	-67,894	0	-279,473	-19,402	-67,894	-279,473
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				-347,367	-67,894	0	-279,473	-19,402	-67,894	-279,473
Effect of unadjusted AD—prior years										
Combined current year and prior year AD (rollover method)				-347,367	-67,894	0	-279,473	-19,402	-67,894	-279,473
Financial statement caption totals				24,101,859	-		(22,071,179)	(14,706,813)	44,219,996	
Current year AD as % of F/S captions (iron curtain method)				-1.44%	0.00%	0.00%	1.27%	0.13%	-0.15%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				-1.44%	0.00%	0.00%	1.27%	0.13%	-0.15%	0.00%

[Section 1010](#)

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

See below. Misstatements do not materially impact financial statements.

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole.

Misstatements in total do not materially affect the financial statements. Pass further review.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors and misstatements by nature or circumstances, uncorrected audit differences, individually and in the aggregate, ~~do not~~ **do not** materially misstate the financial statements of opinion unit taken as a whole to be materially misstated.

Client: **WA645 - Ward County**
 Engagement: **AUD 2019 - WARD COUNTY**
 Period Ending: **12/31/2019**
 Trial Balance: **10.01 - GASB Fund Trial Balance**
 Workpaper: **11.01 - AJE report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 5				
To reclassify interest and principal payments for financial statement presentation. (CLIENT DO NOT POST)				
		AA.01		
30100653002720	GO TAX BOND PAYMENT-SALES TAX BOND		2,276,725.00	
WR30100653002721	SALES TAX REVENUE BOND INTEREST PAYMENT		553,200.00	
WR30100663002721	GO BONDS INTEREST PAYMENT		779,350.00	
30100653002719	SALES TAX BOND PAYMENT-SALES TAX BOND			3,609,275.00
Total			3,609,275.00	3,609,275.00
Adjusting Journal Entries JE # 14				
To record Weather Modification activity for 2019 (CLIENT DO NOT POST)				
		33		
WR10-100	CASH - WEATHER MOD		59,335.25	
WR10-700	EXPENSES - WEATHER MOD		129,533.13	
WR10-300	UNRESTRICTED NET POSITION - WEATHER MOD			82,265.85
WR10-500	PROPERTY TAXES - WEATHER MOD			106,579.29
WR10-510	INTEREST - WEATHER MOD			23.24
Total			188,868.38	188,868.38
Adjusting Journal Entries JE # 16				
To correct the imbalances in transfers.				
		500		
16100323002999	EXPENDITURES-CRIME/VICTIM WITNESS		8,400.00	
165-7000	EMPLOYEE BENEFITS FUND TRANSFERS IN		50,000.00	
20700453002999	EXPENDITURES-GAMBLING TAX		12,000.00	
161-8000	CRIME/VICTIM WITNESS FUND TRANSFERS OUT			8,400.00
16500362041025	REIMBURSEMENTS - GENERAL-EMPLOYEE BENEFITS			50,000.00
207-8000	GAMBLING TAX FUND TRANSFERS OUT			12,000.00
Total			70,400.00	70,400.00
Adjusting Journal Entries JE # 23				
To record purchase of new Bobcat Loaders in the current year. (CLIENT DO NOT POST)				
		U.03		
13000243002503	AUTO/STREET EQUIPMENT PURCHASES-HIGHWAY		15,000.00	
WR99-201	ACCOUNTS PAYABLE - SPECIAL RESERVE FUND			15,000.00
Total			15,000.00	15,000.00
Adjusting Journal Entries JE # 27				
To record the capital contribution of the new bridge in the current year. (CLIENT DO NOT POST)				
		U.03		
WR13000243005990	CAPITAL CONTRIBUTION EXPENSE		4,860,960.00	
WR13000242001990	CAPITAL CONTRIBUTION			4,860,960.00
Total			4,860,960.00	4,860,960.00
Adjusting Journal Entries JE # 28				
To record deferred tax revenue (CLIENT DO NOT POST)				
		B.06		
WR01-100	TAXES RECEIVABLE - GENERAL FUND		671,006.82	
WR02-100	TAXES RECEIVABLE - SPECIAL REVENUE FUND		190,228.08	
WR01-500	DEFERRED TAX REVENUE - GENERAL FUND			671,006.82
WR02-500	DEFERRED TAX REVENUE - SPECIAL REVENUE FUND			190,228.08
WR03-100	TAXES RECEIVABLE - DEBT SERVICE FUND			
WR03-500	DEFERRED TAX REVENUE - DEBT SERVICE FUND			
Total			861,234.90	861,234.90
Total Adjusting Journal Entries			9,605,738.28	9,605,738.28
Total All Journal Entries			9,605,738.28	9,605,738.28