

AUDIT REPORT

LOGAN COUNTY
Napoleon, North Dakota

For the Years Ended December 31, 2019 and 2018

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

LOGAN COUNTY
Napoleon, North Dakota

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LOGAN COUNTY
Napoleon, North Dakota

COUNTY OFFICIALS

Dean Entzminger	Commission Chairman
Blanche A. Schumacher	Commissioner
John W. Wald	Commissioner
Brenda Fischer	Auditor
Jody Kristiansen	Treasurer
Dawne Marquart	County Recorder/Clerk of Court
Andrew Bartholomaus	Sheriff
Isaac Zimmerman	States Attorney

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
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INDEPENDENT AUDITOR'S REPORT

Governing Board
Logan County
Napoleon, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Logan County, Napoleon, North Dakota, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the 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 audits. We conducted our audits 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 audits 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 judgement, 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 county'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 county'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, the discretely presented component units, each major fund, and the aggregate remaining fund information of Logan County, Napoleon, North Dakota, as of December 31, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgeting comparison information on pages 38 through 44, and the schedule of employer's share of net pension liability on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

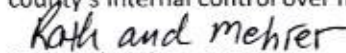
Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements.

The schedules of fund activity arising from cash transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2020 on our consideration of the 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 the county's internal control over financial reporting and compliance.


Rath and Mehrer, P.C.

Bismarck, North Dakota

April 24, 2020

LOGAN COUNTY
Napoleon, North Dakota

Statement of Net Position
December 31, 2019

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Job Development Authority
ASSETS:			
Cash and Investments	3,370,406.15	153,238.96	62,787.30
Accounts Receivable	8,038.00		
Taxes Receivable	56,668.63	2,942.57	3,006.87
Economic Development Loans Receivable			84,200.24
Capital Assets (net of accumulated depreciation):			
Land	13,350.00		
Buildings	9,612.00		
Machinery and Vehicles	637,464.00		
Total Capital Assets	660,426.00	-	-
Total Assets	4,095,538.78	156,181.53	149,994.41
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	527,887.00		
LIABILITIES:			
Interest Payable	8,016.99		
Long-Term Liabilities:			
Due Within One Year:			
Capital Leases Payable	84,157.68		
General Obligation Bonds Payable	135,000.00		
Due After One Year:			
Capital Leases Payable	245,096.68		
Compensated Absences Payable	36,485.49		
Net Pension Liability	1,222,403.00		
Total Liabilities	1,731,159.84	-	-
DEFERRED INFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	83,650.00		
NET POSITION:			
Net Investment in Capital Assets	196,171.64		
Restricted for:			
Debt Service	26,189.28		
Special Purposes	2,280,482.08		
Unrestricted	305,772.94	156,181.53	149,994.41
Total Net Position	2,808,615.94	156,181.53	149,994.41

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Net Position
December 31, 2018

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Job Development Authority
ASSETS:			
Cash and Investments	3,454,662.34	175,880.68	67,793.18
Accounts Receivable	3,637.21		
Taxes Receivable	45,359.13	2,382.98	2,596.23
Economic Development Loans Receivable			60,619.46
Capital Assets (net of accumulated depreciation):			
Land	13,350.00		
Buildings	10,692.00		
Machinery and Vehicles	771,049.00		
 Total Capital Assets	 795,091.00	 -	 -
 Total Assets	 4,298,749.68	 178,263.66	 131,008.87
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	610,155.00		
LIABILITIES:			
Interest Payable	10,333.04		
Long-Term Liabilities:			
Due Within One Year:			
Capital Leases Payable	94,215.20		
General Obligation Bonds Payable	130,000.00		
Due After One Year:			
Capital Leases Payable	329,254.36		
General Obligation Bonds Payable	135,000.00		
Compensated Absences Payable	36,104.84		
Net Pension Liability	1,200,449.00		
 Total Liabilities	 1,935,356.44	 -	 -
DEFERRED INFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	34,451.00		
NET POSITION:			
Net Investment in Capital Assets	106,621.44		
Restricted for:			
Debt Service	27,020.14		
Special Purposes	2,455,369.47		
Unrestricted	350,086.19	178,263.66	131,008.87
 Total Net Position	 2,939,097.24	 178,263.66	 131,008.87

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues		Primary Government Governmental Activities	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Water Resource District	Job Development Authority
Primary Government:					
Governmental Activities:					
General Government	1,020,006.86	29,703.06	19,860.00	(970,443.80)	
Public Safety	283,079.50	46,432.26	37,326.32	(199,320.92)	
Highways and Public Improvement	1,316,556.16	148,785.64	609,773.60	(557,996.92)	
Health and Welfare	277,421.34		219,758.28	(57,663.06)	
Culture and Recreation	5,828.07			(5,828.07)	
Conservation and Economic Development	109,576.50	12,753.21	8,310.19	(88,513.10)	
Other	9,691.31			(9,691.31)	
Interest on Long-Term Debt	18,355.30			(18,355.30)	
Total Governmental Activities	3,040,515.04	237,674.17	895,028.39	(1,907,812.48)	
Component Units:					
Water Resource District	125,221.48		31,773.14	(93,448.34)	
Job Development Authority	107,222.43		65,615.91		(41,606.52)
General Revenues:					
Taxes:					
Property Taxes; levied for general purposes			732,169.30	70,495.78	58,155.40
Property taxes; levied for special purposes			467,539.21		
Property taxes; levied for debt service			135,344.32		
Homestead credit taxes			7,381.38		
Telecommunications taxes			17,003.46		
Federal aid not restricted to specific program:					
Federal payments in lieu of taxes			2,369.00		
State aid not restricted to specific program:					
State aid distribution			387,752.91		
Earnings on investments and other revenue			27,771.60	870.43	2,436.66
Total General Revenues			1,777,331.18	71,366.21	60,592.06
Change in Net Position			(130,481.30)	(22,082.13)	18,985.54
Net Position - January 1			2,939,097.24	178,263.66	131,008.87
Net Position - December 31			2,808,615.94	156,181.53	149,994.41

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues		Primary Government Governmental Activities	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Water Resource District	Job Development Authority
Primary Government:					
Governmental Activities:					
General Government	954,761.43	41,619.90	24,416.00	(888,725.53)	
Public Safety	280,783.13	47,222.25	7,988.00	(225,572.88)	
Highways and Public Improvement	1,179,292.04	155,440.12	609,021.90	(414,830.02)	
Health and Welfare	270,031.59	13,001.82	264,318.98	7,289.21	
Culture and Recreation	5,554.16			(5,554.16)	
Conservation and Economic Development	148,386.32	25,983.80	6,275.95	(116,126.57)	
Other	9,961.21			(9,961.21)	
Interest on Long-Term Debt	22,399.21			(22,399.21)	
Total Governmental Activities	2,871,169.09	283,267.89	912,020.83	(1,675,880.37)	
Component Units:					
Water Resource District	42,466.51			(42,466.51)	
Job Development Authority	37,384.41				(37,384.41)
General Revenues:					
Taxes:					
Property Taxes; levied for general purposes			647,999.93	56,814.55	59,729.17
Property taxes; levied for special purposes			431,009.70		
Property taxes; levied for debt service			122,313.26		
Homestead credit taxes			7,202.29		
Telecommunications taxes			17,003.46		
Federal aid not restricted to specific program:					
Federal payments in lieu of taxes			2,261.00		
State aid not restricted to specific program:					
State aid distribution			335,588.83		
Earnings on investments and other revenue			41,638.17	527.88	2,380.69
Gain on trade-in of capital assets			20,500.00		
Total General Revenues			1,625,516.64	57,342.43	62,109.86
Change in Net Position			(50,363.73)	14,875.92	24,725.45
Net Position - January 1			2,989,460.97	163,387.74	106,283.42
Net Position - December 31			2,939,097.24	178,263.66	131,008.87

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds			Other	Total
	General	Highway	Unorganized Road	Governmental Funds	Governmental Funds
<u>ASSETS:</u>					
Cash and Investments	855,760.69	828,909.44	620,741.28	1,064,994.74	3,370,406.15
Accounts Receivable	1,628.00	6,410.00			8,038.00
Taxes Receivable	35,602.72			21,065.91	56,668.63
Interfund Receivable	20,038.80				20,038.80
Total Assets	913,030.21	835,319.44	620,741.28	1,086,060.65	3,455,151.58
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
<u>Liabilities:</u>					
Interfund Payables				20,038.80	20,038.80
<u>Deferred Inflows of Resources:</u>					
Unavailable Revenue	35,602.72			21,065.91	56,668.63
Total Liabilities and Deferred Inflows of Resources	35,602.72	-	-	41,104.71	76,707.43
<u>Fund Balances:</u>					
Restricted for:					
General Government				13,932.09	13,932.09
Public Safety				106,296.42	106,296.42
Highways and Public Improvements		835,319.44	620,741.28	408,505.78	1,864,566.50
Health and Welfare				112,709.50	112,709.50
Culture and Recreation				12.26	12.26
Conservation and Economic Development				115,459.40	115,459.40
Emergency Services				86,509.27	86,509.27
Other Purposes				3,326.39	3,326.39
Debt Service				19,776.10	19,776.10
Assigned to:					
General Government				35,816.60	35,816.60
Public Safety				9,309.12	9,309.12
Building Projects				114,017.54	114,017.54
Other Purposes				39,324.27	39,324.27
Unassigned	877,427.49			(20,038.80)	857,388.69
Total Fund Balances	877,427.49	835,319.44	620,741.28	1,044,955.94	3,378,444.15
Total Liabilities, Deferred Inflows of Resources and Fund Balances	913,030.21	835,319.44	620,741.28	1,086,060.65	3,455,151.58

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Balance Sheet
Governmental Funds
December 31, 2018

	Major Funds			Other	Total
	General	Highway	Unorganized Road	Governmental Funds	Governmental Funds
<u>ASSETS:</u>					
Cash and Investments	648,719.72	1,056,812.26	545,211.17	1,203,919.19	3,454,662.34
Accounts Receivable	1,686.50	1,950.71			3,637.21
Taxes Receivable	30,500.94			14,858.19	45,359.13
Interfund Receivable	19,990.00				19,990.00
Total Assets	700,897.16	1,058,762.97	545,211.17	1,218,777.38	3,523,648.68
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
<u>Liabilities:</u>					
Interfund Payable				19,990.00	19,990.00
<u>Deferred Inflows of Resources:</u>					
Unavailable Revenue	30,500.94			14,858.19	45,359.13
Total Liabilities and Deferred Inflows of Resources	30,500.94	-	-	34,848.19	65,349.13
<u>Fund Balances:</u>					
Restricted for:					
General Government				11,323.03	11,323.03
Public Safety				96,927.51	96,927.51
Highways and Public Improvements		1,058,762.97	545,211.17	329,039.99	1,933,014.13
Health and Welfare				155,133.67	155,133.67
Culture and Recreation				30.12	30.12
Conservation and Economic Development				103,204.11	103,204.11
Emergency Services				174,264.21	174,264.21
Other Purposes				3,441.41	3,441.41
Debt Service				27,362.06	27,362.06
Assigned to:					
General Government				73,881.50	73,881.50
Public Safety				4,766.33	4,766.33
Building Projects				177,528.31	177,528.31
Other Purposes				47,016.94	47,016.94
Unassigned	670,396.22			(19,990.00)	650,406.22
Total Fund Balances	670,396.22	1,058,762.97	545,211.17	1,183,929.19	3,458,299.55
Total Liabilities, Deferred Inflows of Resources and Fund Balances	700,897.16	1,058,762.97	545,211.17	1,218,777.38	3,523,648.68

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2019

Total Fund Balances for Governmental Funds	3,378,444.15
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Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of Capital Assets	2,052,338.00	
Less Accumulated Depreciation	<u>(1,391,912.00)</u>	
Net Capital Assets		660,426.00

Property taxes 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 unavailable revenue in the funds.	56,668.63
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The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources	527,887.00	
Total Deferred Inflows of Resources	<u>(83,650.00)</u>	
Net Deferred Outflows/Inflows of Resources		444,237.00

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2019 are:

Capital Leases Payable	(329,254.36)	
General Obligation Bonds Payable	(135,000.00)	
Interest Payable	(8,016.99)	
Compensated Absences Payable	(36,485.49)	
Net Pension Liability	<u>(1,222,403.00)</u>	
Total Long-Term Liabilities		<u>(1,731,159.84)</u>

Total Net Position of Governmental Activities	<u>2,808,615.94</u>
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The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2018

Total Fund Balances for Governmental Funds	3,458,299.55
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Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of Capital Assets	2,052,338.00	
Less Accumulated Depreciation	<u>(1,257,247.00)</u>	
Net Capital Assets		795,091.00

Property taxes 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 unavailable revenue in the funds.

	45,359.13
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The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources	610,155.00	
Total Deferred Inflows of Resources	<u>(34,451.00)</u>	
Net Deferred Outflows/Inflows of Resources		575,704.00

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2018 are:

Capital Leases Payable	(423,469.56)	
General Obligation Bonds Payable	(265,000.00)	
Interest Payable	(10,333.04)	
Compensated Absences Payable	(36,104.84)	
Net Pension Liability	<u>(1,200,449.00)</u>	
Total Long-Term Liabilities		<u>(1,935,356.44)</u>

Total Net Position of Governmental Activities	<u><u>2,939,097.24</u></u>
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The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

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

	Major Funds			Other	Total
	General	Highway	Unorganized Road	Governmental Funds	Governmental Funds
Revenues:					
Taxes	741,967.70		182,164.54	416,614.55	1,340,746.79
Licenses, Permits and Fees	1,130.00			40,933.06	42,063.06
Intergovernmental	374,431.25	388,872.05	262,934.72	266,293.66	1,292,531.68
Charges for Services	33,422.26	119,031.76		43,157.09	195,611.11
Miscellaneous	17,068.56	1,732.73		8,970.31	27,771.60
Total Revenues	1,168,019.77	509,636.54	445,099.26	775,968.67	2,898,724.24
Expenditures:					
Current:					
General Government	767,162.95			97,493.51	864,656.46
Public Safety	184,992.02			85,886.04	270,878.06
Highways and Public Improvement		733,719.27	369,569.15	97,806.58	1,201,095.00
Health and Welfare				272,833.99	272,833.99
Culture and Recreation	2,000.00			3,828.07	5,828.07
Conservation and Economic Development				108,710.20	108,710.20
Other	569.60			9,121.71	9,691.31
Debt Service:					
Principal		81,639.27		142,575.93	224,215.20
Interest and Service Charges		12,668.50		8,002.85	20,671.35
Total Expenditures	954,724.57	828,027.04	369,569.15	826,258.88	2,978,579.64
Excess (Deficiency) of Revenues Over Expenditures	213,295.20	(318,390.50)	75,530.11	(50,290.21)	(79,855.40)
Other Financing Sources (Uses):					
Transfers In	64,850.63	103,213.23		79,380.82	247,444.68
Transfers Out	(71,114.56)	(8,266.26)		(168,063.86)	(247,444.68)
Total Other Financing Sources (Uses)	(6,263.93)	94,946.97	-	(88,683.04)	-
Net Change in Fund Balance	207,031.27	(223,443.53)	75,530.11	(138,973.25)	(79,855.40)
Fund Balance - January 1	670,396.22	1,058,762.97	545,211.17	1,183,929.19	3,458,299.55
Fund Balance - December 31	877,427.49	835,319.44	620,741.28	1,044,955.94	3,378,444.15

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

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

	Major Funds			Other	Total
	General	Highway	Unorganized Road	Governmental Funds	Governmental Funds
<u>Revenues:</u>					
Taxes	655,351.76		175,518.64	385,716.20	1,216,586.60
Licenses, Permits and Fees	8,905.00			38,074.74	46,979.74
Intergovernmental	330,200.63	412,898.16	117,944.20	396,029.96	1,257,072.95
Charges for Services	34,551.41	143,638.12		58,098.62	236,288.15
Miscellaneous	24,074.70	6,724.25	2,803.10	8,036.12	41,638.17
Total Revenues	1,053,083.50	563,260.53	296,265.94	885,955.64	2,798,565.61
<u>Expenditures:</u>					
Current:					
General Government	733,865.83			77,466.44	811,332.27
Public Safety	179,941.67			85,404.74	265,346.41
Highways and Public Improvement		548,428.78	241,098.30	256,540.84	1,046,067.92
Health and Welfare	4,500.00			259,873.56	264,373.56
Culture and Recreation	1,860.00			3,694.16	5,554.16
Conservation and Economic Development				147,180.12	147,180.12
Other	1,087.20			8,874.01	9,961.21
Capital Outlay		332,375.00		32,854.00	365,229.00
Debt Service:					
Principal	2,545.00	38,097.59		134,969.07	175,611.66
Interest and Service Charges		2,353.82		11,512.61	13,866.43
Total Expenditures	923,799.70	921,255.19	241,098.30	1,018,369.55	3,104,522.74
Excess (Deficiency) of Revenues Over Expenditures	129,283.80	(357,994.66)	55,167.64	(132,413.91)	(305,957.13)
<u>Other Financing Sources (Uses):</u>					
Transfers In	28,962.15	228,314.82	29,050.28	147,530.08	433,857.33
Transfers Out	(82,602.32)	(57,346.76)	(29,050.28)	(264,857.97)	(433,857.33)
Proceeds from Capital Lease		332,375.00		25,000.00	357,375.00
Total Other Financing Sources (Uses)	(53,640.17)	503,343.06	-	(92,327.89)	357,375.00
Net Change in Fund Balance	75,643.63	145,348.40	55,167.64	(224,741.80)	51,417.87
Fund Balance - January 1	594,752.59	913,414.57	490,043.53	1,408,670.99	3,406,881.68
Fund Balance - December 31	670,396.22	1,058,762.97	545,211.17	1,183,929.19	3,458,299.55

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds	(79,855.40)
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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. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(134,665.00)</u>	(134,665.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>224,215.20</u>	224,215.20

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 Increase in Compensated Absences	(380.65)	
Net Decrease in Interest Payable	2,316.05	
Net Increase to Pension Expense	<u>(153,421.00)</u>	(151,485.60)

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 Increase in Taxes Receivable	<u>11,309.50</u>
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Change in Net Position of Governmental Activities	<u><u>(130,481.30)</u></u>
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The accompanying notes to the financial statements are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds	51,417.87
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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. This is the amount by which capital outlay exceeded depreciation in the current year.

Current Year Capital Outlay	365,229.00	
Current Year Depreciation Expense	<u>(150,582.00)</u>	214,647.00

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

Debt Proceeds	(357,375.00)	
Repayment of Debt	<u>175,611.66</u>	(181,763.34)

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 Increase in Compensated Absences	(8,785.23)	
Net Increase in Interest Payable	(8,532.78)	
Net Increase to Pension Expense	<u>(139,587.00)</u>	(156,905.01)

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 Increase in Taxes Receivable	1,739.75
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In the statement of activities, only the gain on the trade-in of capital assets is reported, whereas in the governmental funds, the result of this transaction has no effect on financial resources. Thus, the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.

	<u>20,500.00</u>
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Change in Net Position of Governmental Activities	<u><u>(50,363.73)</u></u>
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The accompanying notes to the financial statements are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2019

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>910,248.76</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>910,248.76</u>

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2018

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>1,046,347.94</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>1,046,347.94</u>

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2019

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	3,117,889.41
State Medical Levy Collections	15,334.23
Assessments charged to patrons/businesses	2,563.62
Reimbursements from Employees/Other Entities	13,716.00
Pass-through collections	6,432.62
Donations/contributions	6,705.58
Collections on behalf of ND State Treasurer	<u>350.00</u>
Total Additions	<u>3,162,991.46</u>
<u>Deductions:</u>	
Payments of property tax to other governments	3,260,970.98
Payments made for the purpose of public service	4,687.89
Costs related to pass-through funds	6,427.11
Payout of employee benefits	10,476.00
Collections remitted to ND State Treasurer	<u>16,528.66</u>
Total Deductions	<u>3,299,090.64</u>
Net Change in Assets and Liabilities	<u>(136,099.18)</u>
Assets and Liabilities - January 1	<u>1,046,347.94</u>
Assets and Liabilities - December 31	<u><u>910,248.76</u></u>

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2018

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	3,128,279.54
State Medical Levy Collections	14,880.97
Assessments charged to patrons/businesses	2,625.60
Reimbursements from Employees/Other Entities	14,544.00
Pass-through collections	33,080.22
Collections on behalf of ND State Treasurer	<u>455.00</u>
 Total Additions	 <u>3,193,865.33</u>
 <u>Deductions:</u>	
Payments of property tax to other governments	3,024,403.70
Payments made for the purpose of public service	4,335.51
Costs related to pass-through funds	32,060.02
Payout of employee benefits	13,248.00
Collections remitted to ND State Treasurer	15,589.86
 Total Deductions	 <u>3,089,637.09</u>
 Net Change in Assets and Liabilities	 <u>104,228.24</u>
 Assets and Liabilities - January 1	 <u>942,119.70</u>
 Assets and Liabilities - December 31	 <u><u>1,046,347.94</u></u>

The accompanying notes are an integral part of these financial statements.

LOGAN COUNTY
Napoleon, North Dakota

Notes to the Financial Statements
December 31, 2019 and 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Logan County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government 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.

A. Financial Reporting Entity

The accompanying financial statements present the activities of the county. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include 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 Logan County.

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

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the county's two component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

Logan County Water Resource District: The Logan County Water Resource District's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the water resource district budget. The water resource district has the authority to issue its own debt.

Logan County Job Development Authority: The Logan County Job Development Authority's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the job development authority budget. The job development authority has the authority to issue its own debt.

The financial statements of each of the two discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Logan County Auditor; 301 Broadway; Napoleon, ND 58561.

B. Basis of Presentation

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

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

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

Highway Fund. This fund accounts for the Highway Tax distribution from the State of North Dakota and other grants received from the state to be used for the maintenance and repair of roads within the county.

Unorganized Road. This is the county's primary road maintenance fund. It accounts for a special levy, various grants from the state of North Dakota and all financial resources related to highway maintenance, except those required to be accounted for in another fund.

The county reports the following fund type:

Custodial Funds. These funds account for assets held by the county in a custodial capacity as an agent on behalf of others. The county's custodial funds are used to account for various deposits of other governments.

C. 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. These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the county gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The county considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. 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:

Buildings and Infrastructure	75 to 100 years
Machinery and Vehicles	5 to 30 Years

F. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Employees are allowed to accumulate a maximum of 30 days of vacation leave and compensation for unused leave will be granted to all full-time employees upon termination of employment with the county. Upon termination of employment, employees will be paid for unused vacation benefits that have accumulated through the last day of work at the employee's current rate of pay. Compensated absences represent the liability of the county for this employee benefit.

No liability is recorded for nonvesting accumulating rights to receive sick leave benefits.

G. 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. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

H. Pension

For purposes of measuring 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); 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.

I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the county is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the county or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the county commission through the adoption of a resolution. The county commission also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The county reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the county's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the county's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the county has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

J. 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.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the county maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds,

bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district or any 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 other securities approved by the banking board.

At December 31, 2019 the county's carrying amount of deposits was \$4,280,109 and the bank balance was \$4,450,848. Of the bank balance, \$697,215 was covered by Federal Depository Insurance. The remaining balance of \$3,753,634 was collateralized with securities held by the pledging financial institution's agent in the government's name

At December 31, 2018 the county's carrying amount of deposits was \$4,500,144 and the bank balance was \$4,656,791. Of the bank balance, \$697,060 was covered by Federal Depository Insurance. The remaining balance of \$3,959,732 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

The county may invest idle funds as authorized in North Dakota Statutes, as follows:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2019, the county held certificates of deposit in the amount of \$344,099, which are all considered deposits.

At December 31, 2018, the county held certificates of deposit in the amount of \$343,456, which are all considered deposits.

Concentration of Credit Risk

The county does not have a limit on the amount the county may invest in any one issuer.

Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due the county at December 31. No allowance has been established for estimated uncollectible accounts receivable.

Note 4 TAXES RECEIVABLE

Taxes receivable represent the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes and special assessment receivables.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and 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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

Note 5 ECONOMIC DEVELOPMENT LOANS RECEIVABLE

Economic development loans receivable consists of loans made to area businesses from the Logan County Job Development Authority. The following amounts are outstanding at December 31, 2019 and 2018:

<u>Borrower</u>	<u>2019</u>	<u>2018</u>
Napoleon Floral and Trophy Haus		1,896.15
Mabel's Bakery	31,217.43	34,874.55
Lin Wolfe Wood Products	22,982.81	23,848.76
JM Auto Body	30,000.00	
Total	<u>84,200.24</u>	<u>60,619.46</u>

Note 6 INTERFUND RECEIVABLE/PAYABLES

The interfund receivable/payables are created by negative cash balances in various funds. The amounts shown as interfund payables represent the amount of negative cash in each fund. The interfund receivable/payables for the years ended December 31, 2019 and 2018 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2019</u>		
General Fund	20,038.80	
FEMA-4444-DR-209		8,038.80
Burnstad Road - CMC-2416		2,000.00
Homeland Security		10,000.00
<u>December 31, 2018</u>		
General Fund	19,990.00	
Homeland Security		19,990.00

Note 7 CAPITAL ASSETS

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

December 31, 2019

	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	13,350			13,350
<i>Capital assets being depreciated:</i>				
Buildings	96,030			96,030
Machinery and Vehicles	1,942,958			1,942,958
Total	2,038,988	-	-	2,038,988
<i>Less accumulated depreciation for:</i>				
Buildings	85,338	1,080		86,418
Machinery and Vehicles	1,171,909	133,585		1,305,494
Total	1,257,247	134,665	-	1,391,912
Total capital assets being depreciated, net	781,741	(134,665)	-	647,076
Governmental Activities Capital Assets, Net	795,091	(134,665)	-	660,426

December 31, 2018

	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	13,350			13,350
<i>Capital assets being depreciated:</i>				
Buildings	96,030			96,030
Machinery and Vehicles	1,704,381	385,729	147,152	1,942,958
Total	1,800,411	385,729	147,152	2,038,988
<i>Less accumulated depreciation for:</i>				
Buildings	84,258	1,080		85,338
Machinery and Vehicles	1,169,559	149,502	147,152	1,171,909
Total	1,253,817	150,582	147,152	1,257,247
Total capital assets being depreciated, net	546,594	235,147	-	781,741
Governmental Activities Capital Assets, Net	559,944	235,147	-	795,091

Depreciation expense was charged to functions/programs of the county as follows for the years ended December 31:

	2019	2018
<u>Governmental Activities:</u>		
General Government	1,464	4,024
Public Safety	14,400	14,400
Highways and Public Improvement	118,801	132,158
Total Depreciation Expense	<u>134,665</u>	<u>150,582</u>

Note 8 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31, 2019 and 2018.

Note 9 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes.

Note 10 CAPITAL LEASES PAYABLE

The county has entered into the following lease agreements.

\$190,000.00 lease-purchase of a JD 772GP motor grader due in a final installment of \$40,451.41, which includes interest at 2% through June 26, 2020.	39,652.06
\$332,375.00 lease-purchase of a Cat 140 M3 motor grader due in annual installments of \$53,856.36, which includes interest at 3.22% through April 15, 2025.	<u>289,602.30</u>
Total Capital Leases Payable	<u>329,254.36</u>

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the minimum lease payments at December 31, 2019;

Year Ending December 31	Payments
2020	94,307.77
2021	53,856.36
2022	53,856.36
2023	53,856.36
2024	53,856.36
2025	53,856.36
Total minimum lease payments	363,589.57
Less: amount representing interest	<u>(34,335.21)</u>
Present value of future minimum lease payments	<u>329,254.36</u>

Note 11 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2019 and 2018, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

December 31, 2019

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Capital Leases Payable	423,470		94,215	329,254	84,158
General Obligation Bonds	265,000		130,000	135,000	135,000
Compensated Absences	36,105	381		36,485	
Total	724,574	381	224,215	500,740	219,158

December 31, 2018

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Capital Leases Payable	121,706	357,375	55,612	423,470	94,215
General Obligation Bonds	385,000		120,000	265,000	130,000
Compensated Absences	27,320	8,785		36,105	
Total	534,026	366,160	175,612	724,574	224,215

Outstanding debt at December 31, 2019 consists of the following:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2019 is as follows:

General Obligation Bonds. The county issued general obligation debt to provide funding for the purpose of repairing roads and infrastructure damaged by flooding during 2011.

\$500,000.00 General Obligation Bonds of 2016,
due in a final installment of \$135,000.00 on
June 1, 2020; interest is at 2.25%.

135,000.00

The annual requirements to amortize the outstanding general obligation bond debt are as follows:

Year Ending December 31	Principal	Interest
2020	<u>135,000.00</u>	<u>4,725.00</u>

Note 12 TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2019</u>		
General Fund	21,761.35	
Automation and Telecom.		21,761.35
To close fund.		
General Fund	43,089.28	
County Human Services		43,089.28
To transfer funds in excess of allowable threshold.		
Farm to Market Road	8,266.26	
Highway Tax Distribution		8,266.26
County Agent	45,000.00	
Courthouse Building	7,500.00	
Homeland Security	1,114.56	
Patrol Car Replacement	17,500.00	
General Fund		71,114.56
Annual budgeted transfers/subsidize expenditures.		
Highway Tax Distribution	103,213.23	
Emergency		103,213.23
To subsidize expenditures related to snow removal.		
<u>December 31, 2018</u>		
General Fund	28,296.39	
County Human Services		28,296.39
To transfer funds in excess of allowable threshold.		
General Fund	665.76	
County Agent	7,581.00	
Weed Control/Leafy Spurge		8,246.76
To subsidize expenditures.		

Highway Tax Distribution	40,451.41	
Heavy Equip. Replacement		40,451.41
Farm to Market Road	56,346.76	
Weed Control/Leafy Spurge	1,000.00	
Highway Tax Distribution		57,346.76
County Agent	40,000.00	
Automation and Telecom.	25,000.00	
Patrol Car Replacement	17,500.00	
Human Services	102.32	
General Fund		82,602.32
Annual budgeted transfers/subsidize expenditures.		
Unorganized Road	29,050.28	
Unorganized Road HB1012		
Oil Revenue		29,050.28
To close fund.		
HB 1358 State Aid Red		
Lake/Dixon	187,863.41	
FAS/ER 2011 Disaster Loan		187,863.41
To provide funding for county's share of road project.		

Note 13 DEFICIT FUND BALANCES

The following funds had a deficit balance as of December 31:

	<u>2019</u>	<u>2018</u>
<u>Special Revenue Funds</u>		
Highway Fund:		
Red Lake/Johannesdale	(90,808.57)	(34,573.85)
Homeland Security	(10,000.00)	(19,990.00)
FEMA-4444-DR-209	(8,038.00)	
Burnstad Road - CMC-2416	(2,000.00)	

The county plans to eliminate these deficit balances with future revenue collections and/or transfers from other funds.

Note 14 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Logan County Senior Citizens and Logan County Historical Society. However, the county's accountability for these entities does not extend beyond levying the

tax. In 2019 and 2018, the county remitted \$44,093.26 and \$42,775.06 to the senior citizens and \$3,828.07 and \$3,694.16 to the historical society respectively.

Note 15 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (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 public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$1,410,766 for public assets.

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 \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a blanket fidelity bond coverage in the amount of \$1,567,404 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The county has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

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

Note 16 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 NDPERS plan is financed by investment income and contributions.

Responsibility for administration of the NDPERS benefits program 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 active membership of the NDPERS system; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members 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 will be 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. 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 covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

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

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

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

At December 31, 2019, Logan County reported a liability of \$1,222,403 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018 the county's proportion was .072434 percent, which was a decrease of .002252 from its proportion measured as of June 30, 2017.

For the year ended December 31, 2019, the county recognized pension expense of \$208,414. At December 31, 2019 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	3,236	41,589
Changes in assumptions	441,262	17,447
Net difference between projected and actual earnings on pension plan investments		5,947
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,204	18,667
County contributions subsequent to the measurement date (see below)	56,185	
Total	<u>527,887</u>	<u>83,650</u>

\$56,185 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.

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

Year ended June 30:	
2019	132,569
2020	116,176
2021	91,209
2022	46,533
2023	1,565
Thereafter	0

Actuarial assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.50%

Salary increases

Service at Beginning of Year	Increase Rate
0	15.00%
1	10.00%
2	8.00%
Age *	
Under 30	10.00%
30 - 39	7.50%
40 - 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

7.75%, 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 Retiree Mortality Table with ages set back one year for males (not set back for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2018 funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	6.05%
International Equity	21%	6.71%
Private Equity	7%	10.20%
Domestic Fixed Income	23%	1.45%
International Equity Income	0%	0.00%
Global Real Assets	19%	5.11%
Cash Equivalents	0%	0.00%

Discount rate. For PERS, GASB 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).

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of

return on pension plan investments is 7.75%; the municipal bond rate is 3.62%; and the resulting Single Discount Rate is 6.32%.

Sensitivity of the county'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 6.32%, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	1% Decrease (5.32%)	Current Rate (6.32%)	1% Increase (7.32%)
The county's proportionate share of the net pension liability	1,661,018	1,222,403	856,392

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

LOGAN COUNTY
Napoleon, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	752,417.18	752,417.18	741,967.70	(10,449.48)
Licenses, Permits and Fees	1,500.00	1,500.00	1,130.00	(370.00)
Intergovernmental	291,802.00	291,802.00	374,431.25	82,629.25
Charges for Services	24,740.00	24,740.00	33,422.26	8,682.26
Miscellaneous	13,300.00	13,300.00	17,068.56	3,768.56
Total Revenues	1,083,759.18	1,083,759.18	1,168,019.77	84,260.59
<u>Expenditures:</u>				
Current:				
General Government	1,034,920.00	1,034,920.00	767,162.95	267,757.05
Public Safety	219,700.00	219,700.00	184,992.02	34,707.98
Health and Welfare	6,800.00	6,800.00		6,800.00
Culture and Recreation	2,000.00	2,000.00	2,000.00	-
Other	1,600.00	1,600.00	569.60	1,030.40
Debt Service:				
Principal	45,000.00	45,000.00		45,000.00
Total Expenditures	1,310,020.00	1,310,020.00	954,724.57	355,295.43
Excess (Deficiency) of Revenues Over Expenditures	(226,260.82)	(226,260.82)	213,295.20	439,556.02
<u>Other Financing Sources (Uses):</u>				
Transfers in			64,850.63	64,850.63
Transfers out	(105,332.00)	(105,332.00)	(71,114.56)	34,217.44
Total Other Financing Sources (Uses)	(105,332.00)	(105,332.00)	(6,263.93)	99,068.07
Net Change in Fund Balances	(331,592.82)	(331,592.82)	207,031.27	538,624.09
Fund Balance - January 1	670,396.22	670,396.22	670,396.22	
Fund Balance - December 31	338,803.40	338,803.40	877,427.49	538,624.09

LOGAN COUNTY
Napoleon, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	668,155.00	668,155.00	655,351.76	(12,803.24)
Licenses, Permits and Fees	1,000.00	1,000.00	8,905.00	7,905.00
Intergovernmental	298,922.00	298,922.00	330,200.63	31,278.63
Charges for Services	21,600.00	21,600.00	34,551.41	12,951.41
Miscellaneous	7,000.00	7,000.00	24,074.70	17,074.70
Total Revenues	996,677.00	996,677.00	1,053,083.50	56,406.50
<u>Expenditures:</u>				
Current:				
General Government	939,587.00	939,587.00	733,865.83	205,721.17
Public Safety	220,646.00	220,646.00	179,941.67	40,704.33
Health and Welfare	5,000.00	5,000.00	4,500.00	500.00
Culture and Recreation	1,860.00	1,860.00	1,860.00	-
Other	1,539.00	1,539.00	1,087.20	451.80
Debt Service:				
Principal	46,168.00	46,168.00	2,545.00	43,623.00
Total Expenditures	1,214,800.00	1,214,800.00	923,799.70	291,000.30
Excess (Deficiency) of Revenues Over Expenditures	(218,123.00)	(218,123.00)	129,283.80	347,406.80
<u>Other Financing Sources (Uses):</u>				
Transfers in			28,962.15	28,962.15
Transfers out	(115,720.00)	(115,720.00)	(82,602.32)	33,117.68
Total Other Financing Sources (Uses)	(115,720.00)	(115,720.00)	(53,640.17)	62,079.83
Net Change in Fund Balances	(333,843.00)	(333,843.00)	75,643.63	409,486.63
Fund Balance - January 1	594,752.59	594,752.59	594,752.59	
Fund Balance - December 31	260,909.59	260,909.59	670,396.22	409,486.63

LOGAN COUNTY
Napoleon, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	1,002,701.00	1,002,701.00	388,872.05	(613,828.95)
Charges for Services	86,750.00	86,750.00	119,031.76	32,281.76
Miscellaneous	1,720.00	1,720.00	1,732.73	12.73
Total Revenues	1,091,171.00	1,091,171.00	509,636.54	(581,534.46)
<u>Expenditures:</u>				
Current:				
Highways and Public Improvements	1,632,000.00	1,632,000.00	733,719.27	898,280.73
Capital Outlay	30,000.00	30,000.00		30,000.00
Debt Service:				
Principal	82,000.00	82,000.00	81,639.27	360.73
Interest and Service Charges	13,000.00	13,000.00	12,668.50	331.50
Total Expenditures	1,757,000.00	1,757,000.00	828,027.04	928,972.96
Excess (Deficiency) of Revenues Over Expenditures	(665,829.00)	(665,829.00)	(318,390.50)	347,438.50
<u>Other Financing Sources (Uses):</u>				
Transfers In			103,213.23	103,213.23
Transfers Out	(100,000.00)	(100,000.00)	(8,266.26)	91,733.74
Total Other Financings Sources (Uses)	(100,000.00)	(100,000.00)	94,946.97	194,946.97
Net Change in Fund Balances	(765,829.00)	(765,829.00)	(223,443.53)	542,385.47
Fund Balance - January 1	1,058,762.97	1,058,762.97	1,058,762.97	
Fund Balance - December 31	292,933.97	292,933.97	835,319.44	542,385.47

LOGAN COUNTY
Napoleon, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	278,933.00	278,933.00	412,898.16	133,965.16
Charges for Services	97,300.00	97,300.00	143,638.12	46,338.12
Miscellaneous	700.00	700.00	6,724.25	6,024.25
Total Revenues	376,933.00	376,933.00	563,260.53	186,327.53
<u>Expenditures:</u>				
Current:				
Highways and Public Improvements	1,943,350.00	1,943,350.00	548,428.78	1,394,921.22
Capital Outlay	110,000.00	110,000.00	332,375.00	(222,375.00)
Debt Service:				
Principal	38,000.00	38,000.00	38,097.59	(97.59)
Interest and Service Charges	2,000.00	2,000.00	2,353.82	(353.82)
Total Expenditures	2,093,350.00	2,093,350.00	921,255.19	1,172,094.81
Excess (Deficiency) of Revenues Over Expenditures	(1,716,417.00)	(1,716,417.00)	(357,994.66)	1,358,422.34
<u>Other Financing Sources (Uses):</u>				
Transfers In			228,314.82	228,314.82
Transfers Out	(100,000.00)	(100,000.00)	(57,346.76)	42,653.24
Proceeds from Capital Lease			332,375.00	332,375.00
Total Other Financialings Sources (Uses)	(100,000.00)	(100,000.00)	503,343.06	603,343.06
Net Change in Fund Balances	(1,816,417.00)	(1,816,417.00)	145,348.40	1,961,765.40
Fund Balance - January 1	913,414.57	913,414.57	913,414.57	
Fund Balance - December 31	(903,002.43)	(903,002.43)	1,058,762.97	1,961,765.40

LOGAN COUNTY
Napoleon, North Dakota

Budgetary Comparison Schedule
Unorganized Road Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	186,449.00	186,449.00	182,164.54	(4,284.46)
Intergovernmental	102,020.00	102,020.00	262,934.72	160,914.72
 Total Revenues	 288,469.00	 288,469.00	 445,099.26	 156,630.26
<u>Expenditures:</u>				
Current:				
Highways and Public Improvement	533,000.00	533,000.00	369,569.15	163,430.85
 Net Change in Fund Balances	 (244,531.00)	 (244,531.00)	 75,530.11	 320,061.11
 Fund Balance - January 1	 545,211.17	 545,211.17	 545,211.17	
 Fund Balance - December 31	 300,680.17	 300,680.17	 620,741.28	 320,061.11

LOGAN COUNTY
Napoleon, North Dakota

Budgetary Comparison Schedule
Unorganized Road Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	183,425.00	183,425.00	175,518.64	(7,906.36)
Intergovernmental	105,170.00	105,170.00	117,944.20	12,774.20
Miscellaneous			2,803.10	2,803.10
Total Revenues	288,595.00	288,595.00	296,265.94	7,670.94
<u>Expenditures:</u>				
Current:				
Highways and Public Improvement	599,808.69	599,808.69	241,098.30	358,710.39
Excess (Deficiency) of Revenues Over Expenditures	(311,213.69)	(311,213.69)	55,167.64	366,381.33
<u>Other Financing Sources (Uses):</u>				
Transfers in			29,050.28	29,050.28
Transfers out			(29,050.28)	(29,050.28)
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(311,213.69)	(311,213.69)	55,167.64	366,381.33
Fund Balance - January 1	490,043.53	490,043.53	490,043.53	
Fund Balance - December 31	178,829.84	178,829.84	545,211.17	366,381.33

LOGAN COUNTY
Napoleon, North Dakota.

Notes to the Budgetary Comparison Schedules
December 31, 2019 and 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Annually, the board of county commissioners provides each office a department budget. The departments complete their budget and file it with the county auditor. Based upon the departmental budget requests and other financial information, the county auditor prepares the preliminary county budget. The budget is prepared for the general and special revenue funds on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The board of county commissioners holds a public hearing where any taxpayer may testify in favor or against any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before the October meeting, the board adopts the final budget and shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. No expenditure shall be made or liability incurred in excess of the total appropriation by fund, except for transfers as authorized by the North Dakota Century Code Section 11-23-07. However, the board of county commissioners may amend the budget, except for property taxes, during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board did not amend the county's budget for the year ending December 31, 2019.
The governing board approved the following amendments to the county's budget for the year ending:

December 31, 2018

	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
	<u>Appropriations</u>		
<u>Special Revenue Fund</u>			
Emergency 911	30,100	1,736	31,836

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ended December 31:

	<u>2019</u>	<u>2018</u>
<u>Special Revenue Funds</u>		
Farm to Market Roads	6,678.29	5,048.45
* FEMA-4444-DR-209	8,038.80	
* Burnstad Road-CMC-2416	2,000.00	
* County Human Services	228,740.73	
* Automation and Telecommunications	15,722.75	
Patrol Car Replacement		20,826.08
Estate Tax		152.24

* A budget was not prepared for this fund.

No remedial action is anticipated or required by the county regarding these excess expenditures.

LOGAN COUNTY
Napoleon, North Dakota

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

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.072434%	0.074686%	0.074708%	0.070577%	0.066262%
County's proportionate share of the net pension liability	1,222,403	1,200,449	726,102	479,912	420,579
County's covered employee payroll	773,798	751,183	746,160	685,088	613,421
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.97%	159.81%	97.31%	70.05%	68.56%
Plan fiduciary net position as a percentage of the total pension liability	62.80%	61.98%	70.46%	77.15%	77.70%

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

	2019	2018	2017	2016	2015
Statutorily required contribution	55,094	53,484	53,127	48,778	40,866
Contributions in relation to the statutorily required contributions	(55,094)	(53,484)	(53,127)	(48,778)	(40,866)
Contribution deficiency (excess)	0	0	0	0	0
County's covered-employee payroll	773,798	751,183	746,160	685,088	613,421
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%	7.12%	6.66%

* Complete date for this schedule is not available prior to 2015.

- For changes of assumptions, see Note 16 to the financial statements.

LOGAN COUNTY
Napoleon North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2019

	Balance 1/1/2019	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2019
<u>Major Governmental Funds</u>						
General Fund	668,709.72	1,168,078.27	64,850.63	71,114.56	954,724.57	875,799.49
Highway Fund:						
Highway Tax Distribution	927,746.82	408,665.72	103,213.23	8,266.26	675,280.79	756,078.72
Highway WR & SR Fund	163,639.29					163,639.29
Red Lake/Johannesdale	(34,573.85)	96,511.53			152,746.25	(90,808.57)
Unorganized Road Fund:						
Unorganized Road	327,223.42	305,099.26			226,482.82	405,839.86
Unorg. Road Oil Revenue SB2103	210,000.00					210,000.00
Unorg. Road HB1012 Oil Revenue	7,987.75				7,987.75	-
Unorg. Road SB2016		105,000.00			100,098.58	4,901.42
Total Major Governmental Funds	2,270,733.15	2,083,354.78	168,063.86	79,380.82	2,117,320.76	2,325,450.21
<u>Non-Major Governmental Funds</u>						
Farm to Market Roads	603.27	76,453.43	8,266.26		85,078.29	244.67
FAS/ER 2011 Disaster Loan	280,028.71					280,028.71
County Road and Bridge	46,658.68	66,876.38			2,689.49	110,845.57
FEMA-4444-DR-209					8,038.80	(8,038.80)
Burnstad Road - CMC-2416					2,000.00	(2,000.00)
County Human Services	154,892.45	229,549.20		43,089.28	228,740.73	112,611.64
Emergency Fund	174,264.21	15,465.82		103,213.23	7.53	86,509.27
Veteran's Service Officer	3,441.41	8,999.16			9,114.18	3,326.39
County Agent	790.89	30,588.02	45,000.00		65,681.36	10,697.55
Weed Control/Leafy Spurge	102,413.22	45,377.47			43,028.84	104,761.85
Automation and Telecommunications	37,484.10			21,761.35	15,722.75	-
Courthouse Building	177,528.31		7,500.00		71,010.77	114,017.54
Emergency 911	71,256.61	37,151.66			31,569.78	76,838.49
County Jail	21,647.09	37,990.41			34,199.99	25,437.51
Patrol Car Replacement	4,766.33		17,500.00		12,957.21	9,309.12
Vehicle Replacement	36,397.40	1,314.18			1,894.98	35,816.60
Hazardous Chemical	4,023.81	650.00			653.39	4,020.42
Senior Citizens	241.22	43,949.90			44,093.26	97.86
Historical Society	30.12	3,810.21			3,828.07	12.26
Estate Tax	47,016.94				7,692.67	39,324.27
Heavy Equipment Replacement	1,749.33	15,637.50				17,386.83
Homeland Security	(19,990.00)	28,338.32	1,114.56		19,462.88	(10,000.00)
Document Preservation	11,323.03	3,781.40			1,172.34	13,932.09
Interest and Sinking	27,362.06	130,035.61			137,621.57	19,776.10
Total Non-Major Governmental Funds	1,183,929.19	775,968.67	79,380.82	168,063.86	826,258.88	1,044,955.94
Total Governmental Funds	3,454,662.34	2,859,323.45	247,444.68	247,444.68	2,943,579.64	3,370,406.15

(continued)

LOGAN COUNTY
Napoleon North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2019
(continued)

	Balance 1/1/2019	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2019
<u>Custodial Funds:</u>						
South Central Area Library	292.83	44,472.79			44,646.31	119.31
Logan County Food Pantry		6,705.58			276.22	6,429.36
County Extension	2,443.09	258.67			554.69	2,147.07
State Medical Center	120.56	15,334.23			15,401.57	53.22
AG 24/7 Sobriety Program	2,050.54	862.00			854.70	2,057.84
Contract Policing - Napoleon	219.50	3,240.00			2,682.28	777.22
Victim Witness Fees	263.00	740.00			320.00	683.00
Domestic Violence	35.00	350.00			385.00	-
Logan County Soil Conservation	241.22	35,512.92			35,647.69	106.45
Central Valley Health Unit	544.24	76,417.56			76,725.70	236.10
Water Resource District	397.64	70,153.10			70,355.43	195.31
Job Development Authority	460.48	57,900.43			58,174.51	186.40
Health Insurance Reimbursement		10,476.00			10,476.00	-
Sales Tax Payable	640.91	702.95			742.09	601.77
General Expense	259.49	6,432.62			6,427.11	265.00
Prepaid Taxes	1,021,391.29	888,541.69			1,021,396.55	888,536.43
Mobile Home Tax	331.04	6,933.19			7,264.23	-
Total Cities and Park Districts	4,931.71	435,063.03			436,625.33	3,369.41
Total School Districts	9,400.60	1,162,088.82			1,167,808.52	3,680.90
Total Townships, Fire & Ambulance Districts	2,324.80	340,805.88			342,326.71	803.97
Total Custodial Funds	1,046,347.94	3,162,991.46	-	-	3,299,090.64	910,248.76
Total Primary Government	4,501,010.28	6,022,314.91	247,444.68	247,444.68	6,242,670.28	4,280,654.91
<u>Component Units:</u>						
Water Resource District	175,880.68	102,579.76			125,221.48	153,238.96
Job Development Authority	67,793.18	137,216.55			142,222.43	62,787.30
Total Component Units	243,673.86	239,796.31	-	-	267,443.91	216,026.26
Total Reporting Entity	4,744,684.14	6,262,111.22	247,444.68	247,444.68	6,510,114.19	4,496,681.17

LOGAN COUNTY
Napoleon North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2018

	Balance 1/1/2018	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2018
<u>Major Governmental Funds</u>						
General Fund	596,447.72	1,053,529.00	28,962.15	82,602.32	927,626.83	668,709.72
Highway Fund:						
Highway Tax Distribution	940,299.32	776,675.29	40,451.41	57,346.76	772,332.44	927,746.82
Highway WR & SR Fund	163,639.29					163,639.29
HB 1358 State Aid Dixon/Red Lake	(193,308.96)	83,284.02	187,863.41		77,838.47	-
Red Lake/Johannesdale		36,990.35			71,564.20	(34,573.85)
Unorganized Road Fund:						
Unorganized Road	232,953.50	296,265.94	29,050.28		231,046.30	327,223.42
Unorg. Road Oil Revenue SB2103	210,000.00					210,000.00
Unorg. Road HB1012 Oil Revenue	47,090.03			29,050.28	10,052.00	7,987.75
Total Major Governmental Funds	1,997,120.90	2,246,744.60	286,327.25	168,999.36	2,090,460.24	2,270,733.15
<u>Non-Major Governmental Funds</u>						
Farm to Market Roads	938.17	74,366.79	56,346.76		131,048.45	603.27
FAS/ER 2011 Disaster Loan	467,892.12			187,863.41		280,028.71
County Road and Bridge	14,421.48	158,979.59			126,742.39	46,658.68
County Human Services	128,296.39	271,888.63	102.32	28,296.39	217,098.50	154,892.45
Emergency Fund	144,891.24	29,372.97				174,264.21
Veteran's Service Officer	3,410.61	8,904.81			8,874.01	3,441.41
County Agent	(51.80)	29,864.89	47,581.00		76,603.20	790.89
Weed Control/Leafy Spurge	132,652.29	47,384.20	1,000.00	8,246.76	70,376.51	102,413.22
Automation and Telecommunications	59,368.95		25,000.00		46,884.85	37,484.10
Courthouse Building	212,399.89				34,871.58	177,528.31
Emergency 911	65,017.82	38,074.74			31,835.95	71,256.61
County Jail	21,558.76	33,329.42			33,241.09	21,647.09
Patrol Car Replacement	8,092.41	25,000.00	17,500.00		45,826.08	4,766.33
Vehicle Replacement	37,500.00	399.68			1,502.28	36,397.40
Hazardous Chemical	3,865.73	720.78			562.70	4,023.81
Senior Citizens	133.58	42,882.70			42,775.06	241.22
Historical Society	16.79	3,707.49			3,694.16	30.12
Job Development Authority	200.41				200.41	-
Estate Tax	55,069.18				8,052.24	47,016.94
Heavy Equipment Replacement	30,398.74	11,802.00		40,451.41		1,749.33
Homeland Security					19,990.00	(19,990.00)
Document Preservation	7,825.02	6,711.00			3,212.99	11,323.03
Interest and Sinking	30,760.71	127,565.95			130,964.60	27,362.06
Total Non-Major Governmental Funds	1,424,658.49	910,955.64	147,530.08	264,857.97	1,034,357.05	1,183,929.19
Total Governmental Funds	3,421,779.39	3,157,700.24	433,857.33	433,857.33	3,124,817.29	3,454,662.34

(continued)

LOGAN COUNTY
Napoleon North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2018
(continued)

	Balance 1/1/2018	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2018
<u>Custodial Funds:</u>						
South Central Area Library	166.96	42,761.39			42,635.52	292.83
4-H Donation	100.28				100.28	-
County Extension	2,465.06	1,188.60			1,210.57	2,443.09
State Medical Center	66.82	14,880.97			14,827.23	120.56
AG 24/7 Sobriety Program	2,093.64	777.00			820.10	2,050.54
Contract Policing - Napoleon	631.06	1,296.00			1,707.56	219.50
Victim Witness Fees	100.00	660.00			497.00	263.00
Domestic Violence		455.00			420.00	35.00
Logan County Soil Conservation	133.58	61,656.17			61,548.53	241.22
Central Valley Health Unit	317.91	76,452.01			76,225.68	544.24
Water Resource District	224.48	56,379.69			56,206.53	397.64
Job Development Authority		57,593.42			57,132.94	460.48
Health Insurance Reimbursement		13,248.00			13,248.00	-
Sales Tax Payable	222.83	760.71			342.63	640.91
General Expense		32,319.51			32,060.02	259.49
Prepaid Taxes	925,941.89	1,021,391.29			925,941.89	1,021,391.29
Mobile Home Tax		331.04				331.04
Total Cities and Park Districts	3,297.20	401,584.85			399,950.34	4,931.71
Total School Districts	5,026.25	1,126,312.84			1,121,938.49	9,400.60
Total Townships, Fire & Ambulance Districts	1,331.74	283,816.84			282,823.78	2,324.80
Total Custodial Funds	942,119.70	3,193,865.33	-	-	3,089,637.09	1,046,347.94
Total Primary Government	4,363,899.09	6,351,565.57	433,857.33	433,857.33	6,214,454.38	4,501,010.28
<u>Component Units:</u>						
Water Resource District	161,612.78	56,734.41			42,466.51	175,880.68
Job Development Authority	63,457.37	66,720.22			62,384.41	67,793.18
Total Component Units	225,070.15	123,454.63	-	-	104,850.92	243,673.86
Total Reporting Entity	4,588,969.24	6,475,020.20	433,857.33	433,857.33	6,319,305.30	4,744,684.14

Rath & Mehrer, P.C.

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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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Logan County
Napoleon, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Logan County, Napoleon, North Dakota, as of and for the year ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 24, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

April 24, 2020

LOGAN COUNTY
Napoleon, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS:

No matters were reported