

AUDIT REPORT

SARGENT COUNTY
Forman, North Dakota

For the Years Ended December 31, 2019 and 2018

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

SARGENT COUNTY
Forman, North Dakota

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SARGENT COUNTY
Forman, North Dakota

COUNTY OFFICIALS

Jerry Waswick	Commission Chairman
Lyle Bopp	Commission Vice Chairman
Bill Anderson	Commissioner
Jason Arth	Commissioner
Richard Ruch	Commissioner
Pam Maloney	Auditor
Alison Toepke	Treasurer/Recorder/Clerk of Court
Travis Paeper	Sheriff
Jayne Pfau	States Attorney

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
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INDEPENDENT AUDITOR'S REPORT

Governing Board
Sargent County
Forman, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sargent County, Forman, 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, each major fund, and the aggregate remaining fund information of Sargent County, Forman, 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 32 through 41 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 audits 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 17, 2018 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

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 17, 2020

SARGENT COUNTY
Forman, North Dakota

Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS:	
Cash, Cash Equivalents and Investments	5,623,390.22
Taxes Receivable	66,993.69
Economic Development Loans Receivable	334,777.23
Capital Assets (net of accumulated depreciation):	
Land	47,051.00
Buildings	275,886.25
Vehicles	145,630.40
Machinery and Equipment	76,791.00
Total Capital Assets	545,358.65
Total Assets	6,570,519.79
LIABILITIES:	
Interest Payable	1,018.75
Long-Term Liabilities:	
Due Within One Year:	
General Obligation Bonds Payable	195,000.00
Due After One Year:	
General Obligation Bonds Payable	215,000.00
Compensated Absences Payable	74,343.70
Total Liabilities	485,362.45
NET POSITION:	
Net Investment in Capital Assets	545,358.65
Restricted for:	
Special Purposes	4,975,512.53
Unrestricted	564,286.16
Total Net Position	6,085,157.34

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

SARGENT COUNTY
Forman, North Dakota

Statement of Net Position
December 31, 2018

	Governmental Activities
ASSETS:	
Cash, Cash Equivalents and Investments	5,526,523.22
Taxes Receivable	53,252.06
Economic Development Loans Receivable	247,738.73
Capital Assets (net of accumulated depreciation):	
Land	47,051.00
Buildings	299,460.93
Vehicles	172,486.00
Machinery and Equipment	89,627.16
Total Capital Assets	608,625.09
Total Assets	6,436,139.10
LIABILITIES:	
Interest Payable	2,504.17
Long-Term Liabilities:	
Due Within One Year:	
General Obligation Bonds Payable	190,000.00
Due After One Year:	
General Obligation Bonds Payable	410,000.00
Compensated Absences Payable	69,443.09
Total Liabilities	671,947.26
NET POSITION:	
Net Investment in Capital Assets	608,625.09
Restricted for:	
Debt Service	6,618.96
Special Purposes	4,454,211.92
Unrestricted	694,735.87
Total Net Position	5,764,191.84

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

SARGENT COUNTY
Forman, North Dakota

Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>				
<u>Primary Government:</u>				
<u>Governmental Activities:</u>				
General Government	1,513,638.74	52,990.90	53,634.00	(1,407,013.84)
Public Safety	972,051.44	218,738.21	13,956.40	(739,356.83)
Highways and Public Improve.	1,566,796.94	26,775.37	607,753.15	(932,268.42)
Health and Welfare	728,427.81		788,692.54	60,264.73
Culture and Recreation	210,354.06	65,485.35		(144,868.71)
Conser. and Economic Dvlpmnt.	1,586,932.94	1,232,133.65	165,135.34	(189,663.95)
Other	128,656.04	424.60	30,936.53	(97,294.91)
Interest on Long-Term Debt	8,229.08			(8,229.08)
Total Governmental Activities	6,715,087.05	1,596,548.08	1,660,107.96	(3,458,431.01)
<u>General Revenues:</u>				
<u>Taxes:</u>				
Property taxes; levied for general purposes				1,305,140.17
Property taxes; levied for special purposes				1,690,770.99
Homestead tax credit				8,322.99
Veterans tax credit				4,663.36
Telecommunications taxes				30,206.33
State aid not restricted to specific program:				
State aid distribution				544,534.34
Earnings on investments and other revenue				195,758.33
Total General Revenues				3,779,396.51
Change in Net Position				320,965.50
Net Position - January 1				5,764,191.84
Net Position - December 31				6,085,157.34

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

SARGENT COUNTY
Forman, North Dakota

Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Functions/Programs</u>				
Primary Government:				
<u>Governmental Activities:</u>				
General Government	1,384,309.22	47,564.69	58,437.13	(1,278,307.40)
Public Safety	782,461.37	245,111.69	5,125.00	(532,224.68)
Highways and Public Improve.	1,750,433.87	13,741.64	549,180.94	(1,187,511.29)
Health and Welfare	589,803.49		691,196.32	101,392.83
Culture and Recreation	189,762.01	78,487.84		(111,274.17)
Conser. and Economic Dvlpmnt.	1,030,758.15	958,818.92	225,512.79	153,573.56
Other	147,454.17	4,601.00	29,484.68	(113,368.49)
Interest on Long-Term Debt	13,899.34			(13,899.34)
Total Governmental Activities	5,888,881.62	1,348,325.78	1,558,936.86	(2,981,618.98)
<u>General Revenues:</u>				
Taxes:				
Property taxes; levied for general purposes			1,284,553.05	
Property taxes; levied for special purposes			1,515,055.38	
Homestead tax credit			8,811.46	
Veterans tax credit			2,782.97	
Telecommunications taxes			30,206.33	
State aid not restricted to specific program:				
State aid distribution			470,575.53	
Earnings on investments and other revenue			186,747.32	
Total General Revenues			3,498,732.04	
Change in Net Position			517,113.06	
Net Position - January 1			5,247,078.78	
Net Position - December 31			5,764,191.84	

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

SARGENT COUNTY
 Forman, North Dakota

Balance Sheet
 Governmental Funds
 December 31, 2019

Major Funds

	General	Road	Federal Aid Road	Water Resource and Drains	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash, Cash Equivalents and Investments	571,556.11	83,073.02	1,669,858.86	1,862,829.27	1,436,072.96	5,623,390.22
Taxes Receivable	29,588.90	8,109.30	12,164.01	1,518.19	15,613.29	66,993.69
Economic Development Loans Receivable					334,777.23	334,777.23
Total Assets	601,145.01	91,182.32	1,682,022.87	1,864,347.46	1,786,463.48	6,025,161.14
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Deferred Inflows of Resources:						
Unavailable Revenue	29,588.90	8,109.30	12,164.01	1,518.19	15,613.29	66,993.69
Fund Balances:						
Nonspendable:						
Economic Development Loans					334,777.23	334,777.23
Restricted for:						
General Government					55,887.36	55,887.36
Public Safety					186,875.80	186,875.80
Highways and Public Improve.		83,073.02	1,669,858.86		117,126.30	1,870,058.18
Health and Welfare					534,589.58	534,589.58
Culture and Recreation					778.12	778.12
Conser. and Econ. Dvlpmnt.				1,862,829.27	297,240.24	2,160,069.51
Emergency Purposes					228,687.38	228,687.38
Other Purposes					14,888.18	14,888.18
Unassigned	571,556.11					571,556.11
Total Fund Balances	571,556.11	83,073.02	1,669,858.86	1,862,829.27	1,770,850.19	5,958,167.45
Total Deferred Inflows of Resources and Fund Balances	601,145.01	91,182.32	1,682,022.87	1,864,347.46	1,786,463.48	6,025,161.14

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

SARGENT COUNTY
Forman, North Dakota

Balance Sheet
Governmental Funds
December 31, 2018

Major Funds

	General	Road	Federal Aid Road	Water Resource and Drains	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash, Cash Equivalents and Investments	709,166.11	119,832.95	1,232,376.07	1,691,305.28	1,773,842.81	5,526,523.22
Taxes Receivable	23,940.48	6,242.40	9,363.65	1,153.08	12,552.45	53,252.06
Economic Development Loans Receivable					247,738.73	247,738.73
Total Assets	733,106.59	126,075.35	1,241,739.72	1,692,458.36	2,034,133.99	5,827,514.01
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Deferred Inflows of Resources:						
Unavailable Revenue	23,940.48	6,242.40	9,363.65	1,153.08	12,552.45	53,252.06
Fund Balances:						
Nonspendable:						
Economic Development Loans					247,738.73	247,738.73
Restricted for:						
General Government					175,000.00	175,000.00
Public Safety					195,566.79	195,566.79
Highways and Public Improve.		119,832.95	1,232,376.07		188,502.76	1,540,711.78
Health and Welfare					411,603.89	411,603.89
Culture and Recreation					4,280.46	4,280.46
Conser. and Econ. Dvlpmnt.				1,691,305.28	542,379.41	2,233,684.69
Emergency Purposes					228,687.38	228,687.38
Debt Service					6,618.96	6,618.96
Other Purposes					21,203.16	21,203.16
Unassigned	709,166.11					709,166.11
Total Fund Balances	709,166.11	119,832.95	1,232,376.07	1,691,305.28	2,021,581.54	5,774,261.95
Total Deferred Inflows of Resources and Fund Balances	733,106.59	126,075.35	1,241,739.72	1,692,458.36	2,034,133.99	5,827,514.01

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

SARGENT COUNTY
Forman, 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		5,958,167.45
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	3,539,919.00	
Less Accumulated Depreciation	(2,994,560.35)	
Net Capital Assets	545,358.65	545,358.65
<p>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.</p>		
		66,993.69
<p>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:</p>		
General Obligation Bonds Payable	(410,000.00)	
Compensated Absences Payable	(74,343.70)	
Interest Payable	(1,018.75)	
Total Long-Term Liabilities	(485,362.45)	(485,362.45)
Total Net Position of Governmental Activities		6,085,157.34

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

SARGENT COUNTY
Forman, 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		5,774,261.95
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	3,564,406.00	
Less Accumulated Depreciation	(2,955,780.91)	
Net Capital Assets		608,625.09
<p>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.</p>		
		53,252.06
<p>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:</p>		
General Obligation Bonds Payable	(600,000.00)	
Compensated Absences Payable	(69,443.09)	
Interest Payable	(2,504.17)	
Total Long-Term Liabilities		(671,947.26)
Total Net Position of Governmental Activities		5,764,191.84

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

SARGENT COUNTY
 Forman, North Dakota

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

	Major Funds					Total Governmental Funds
	General	Road	Federal Aid Road	Water Resource and Drains	Other Governmental Funds	
Revenues:						
Taxes	1,333,076.32	359,970.94	539,969.25	68,336.68	724,009.02	3,025,362.21
Licenses, Permits and Fees	1,765.00	880.00				2,645.00
Intergovernmental	249,931.27	869,012.47	52,405.67	160,189.22	873,103.75	2,204,642.38
Charges for Services	224,679.28	25,895.37		1,232,133.65	115,010.78	1,597,719.08
Miscellaneous	117,964.31	9,505.20	8,268.41	23,261.28	32,943.05	191,942.25
Total Revenues	1,927,416.18	1,265,263.98	600,643.33	1,483,920.83	1,745,066.60	7,022,310.92
Expenditures:						
Current:						
General Government	1,372,028.67				131,612.64	1,503,641.31
Public Safety	438,407.96				500,525.18	938,933.14
Highways and Public Improve.		1,306,781.94	163,160.54		68,210.17	1,538,152.65
Health and Welfare					727,096.63	727,096.63
Culture and Recreation	177,355.50				14,084.34	191,439.84
Conser. and Economic Dvlpmnt.				1,112,682.34	466,448.97	1,579,131.31
Other					128,656.04	128,656.04
Capital Outlay	31,640.00					31,640.00
Debt Service:						
Principal				190,000.00		190,000.00
Interest and Service Charges				9,714.50		9,714.50
Total Expenditures	2,019,432.13	1,306,781.94	163,160.54	1,312,396.84	2,036,633.97	6,838,405.42
Excess (Deficiency) of Revenues Over Expenditures	(92,015.95)	(41,517.96)	437,482.79	171,523.99	(291,567.37)	183,905.50
Other Financing Sources (Uses):						
Transfers In	54,205.65	4,758.03			117,664.70	176,628.38
Transfers Out	(99,799.70)				(76,828.68)	(176,628.38)
Total Other Financing Sources (Uses)	(45,594.05)	4,758.03			40,836.02	
Net Change in Fund Balances	(137,610.00)	(36,759.93)	437,482.79	171,523.99	(250,731.35)	183,905.50
Fund Balance - January 1	709,166.11	119,832.95	1,232,376.07	1,691,305.28	2,021,581.54	5,774,261.95
Fund Balance - December 31	571,556.11	83,073.02	1,669,858.86	1,862,829.27	1,770,850.19	5,958,167.45

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

SARGENT COUNTY
Forman, North Dakota

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

	Major Funds					Total Governmental Funds
	General	Road	Federal Aid Road	Water Resource and Drains	Other Governmental Funds	
Revenues:						
Taxes	1,317,144.78	341,513.18	513,642.25	65,343.21	604,375.53	2,842,018.95
Licenses, Permits and Fees	1,805.00			3,683.60		5,488.60
Intergovernmental	222,575.39	784,273.71	43,069.56	221,813.30	760,932.75	2,032,664.71
Charges for Services	254,914.86	13,741.64		955,135.32	121,555.36	1,345,347.18
Miscellaneous	71,117.80	2,272.64	3,461.87	20,728.86	83,503.83	181,085.00
Total Revenues	1,867,557.83	1,141,801.17	560,173.68	1,266,704.29	1,570,367.47	6,406,604.44
Expenditures:						
Current:						
General Government	1,372,385.76					1,372,385.76
Public Safety	419,357.07				340,529.33	759,886.40
Highways and Public Improve.		1,631,539.13			86,075.01	1,717,614.14
Health and Welfare					585,626.21	585,626.21
Culture and Recreation	162,938.44				9,266.49	172,204.93
Conser. and Economic Dvlpmnt.				787,539.56	235,875.46	1,023,415.02
Other					147,454.17	147,454.17
Capital Outlay	75,887.00					75,887.00
Debt Service:						
Principal				260,000.00		260,000.00
Interest and Service Charges				13,403.10		13,403.10
Total Expenditures	2,030,568.27	1,631,539.13		1,060,942.66	1,404,826.67	6,127,876.73
Excess (Deficiency) of Revenues Over Expenditures	(163,010.44)	(489,737.96)	560,173.68	205,761.63	165,540.80	278,727.71
Other Financing Sources (Uses):						
Transfers In	90,753.25	600,000.00			47,857.85	738,611.10
Transfers Out	(43,600.00)		(600,000.00)		(95,011.10)	(738,611.10)
Total Other Financing Sources (Uses)	47,153.25	600,000.00	(600,000.00)		(47,153.25)	
Net Change in Fund Balances	(115,857.19)	110,262.04	(39,826.32)	205,761.63	118,387.55	278,727.71
Fund Balance - January 1	825,023.30	9,570.91	1,272,202.39	1,485,543.65	1,903,193.99	5,495,534.24
Fund Balance - December 31	709,166.11	119,832.95	1,232,376.07	1,691,305.28	2,021,581.54	5,774,261.95

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

SARGENT COUNTY
Forman, 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 183,905.50

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	31,640.00	
Current Year Depreciation Expense	(94,906.44)	(63,266.44)

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	0.00	
Repayment of Debt	190,000.00	190,000.00

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 Decrease in Interest Payable	1,485.42	
Net Increase in Compensated Absences	(4,900.61)	(3,415.19)

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		13,741.63

Change in Net Position of Governmental Activities		320,965.50

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

SARGENT COUNTY
 Forman, 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		278,727.71
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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	75,887.00	
Current Year Depreciation Expense	(90,937.82)	(15,050.82)

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	0.00	
Repayment of Debt	260,000.00	260,000.00

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 Interest Payable	(496.24)	
Net Increase in Compensated Absences	(5,457.83)	(5,954.07)

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 Decrease in Taxes Receivable		(609.76)

Change in Net Position of Governmental Activities		517,113.06

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

SARGENT COUNTY
Forman, North Dakota

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

	Custodial Funds
<u>Assets:</u>	
Cash, Cash Equivalents and Investments	2,386,003.75
<u>Liabilities:</u>	
Due to Other Governments	2,386,003.75 =====

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

SARGENT COUNTY
Forman, North Dakota

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

	Custodial Funds
<u>Assets:</u>	
Cash, Cash Equivalents and Investments	2,064,603.96
<u>Liabilities:</u>	
Due to Other Governments	2,064,603.96 =====

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

SARGENT COUNTY
 Forman, North Dakota

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

	Custodial Funds
<u>Additions:</u>	
Property tax collections for other governments	9,261,198.65
State medical levy collections	36,357.63
Assessments charged to patrons/businesses	315.00
Game and Fish pass-through funds	5,269.00
Total Additions	9,303,140.28
<u>Deductions:</u>	
Payments of property tax to other governments	8,939,738.37
Payments of assessments to state treasurer	5,594.00
State medical levy collections remitted to state treasurer	36,408.12
Total Deductions	8,981,740.49
Net Change in Assets and Liabilities	321,399.79
Assets and Liabilities - January 1	2,064,603.96
Assets and Liabilities - December 31	2,386,003.75 =====

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

SARGENT COUNTY
Forman, North Dakota

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

	Custodial Funds
<u>Additions:</u>	
Property tax collections for other governments	8,589,995.38
State medical levy collections	34,476.61
Assessments charged to patrons/businesses	525.00
Game and Fish pass-through funds	5,835.00
Total Additions	<u>8,630,831.99</u>
<u>Deductions:</u>	
Payments of property tax to other governments	8,811,630.07
Payments of assessments to state treasurer	6,360.00
State medical levy collections remitted to state treasurer	34,373.57
Total Deductions	<u>8,852,363.64</u>
Net Change in Assets and Liabilities	<u>(221,531.65)</u>
Assets and Liabilities - January 1	<u>2,286,135.61</u>
Assets and Liabilities - December 31	<u>2,064,603.96</u> =====

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

SARGENT COUNTY
Forman, North Dakota

Notes to the Financial Statements
December 31, 2019 and 2018

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sargent 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. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the county to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Sargent County.

Based on these criteria, there are no component units to be included within Sargent County as a reporting entity.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Sargent County. 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.

Road. This fund is the county's primary road maintenance fund. It accounts for a special levy and all financial resources related to highway maintenance and repair, except those required to be accounted for in another fund.

Federal Aid Road. This special revenue fund accounts for a levy used for the maintenance and repair of federal aid farm to market roads within the county.

Water Resource and Drains. This fund accounts for all financial resources pertaining to conservation of natural resources in the county.

The county reports the following type of fiduciary fund:

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. Revenue 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, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of three months or less.

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	32 to 50 years
Vehicles	4 to 9 years
Machinery and Equipment	4 to 10 years

F. Compensated Absences

Vacation leave is earned at the rate of 10 to 20 days per year depending on years of service. Up to 30 days of vacation leave may be carried over at December 31, 2019. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Up to 60 days of sick leave hours may be carried over. Unused sick leave benefits are allowed to accumulate up to 60 days. Once an employee has reached their maximum accrued sick leave level, they may trade any additional sick leave awarded at a rate of one day of vacation for ten days of sick leave. However, except for social service employees, employees are not paid for their accumulated sick leave upon time of termination of employment or retirement. Social service employees are paid for 5% of their accumulated sick leave if they terminate with less than 5 years service and 10% if they have been employed for 5 or more years. Vested or accumulated vacation leave is reported in the government-wide statement of net position.

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. 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 city'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 city 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.

I. 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.

J. 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 \$8,004,474 and the bank balance was \$8,337,463. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$8,087,463 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 \$7,586,889 and the bank balance was \$7,669,884. Of the bank balance, \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$7,419,884 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 \$3,041,543, which are all considered deposits.

At December 31, 2018 the county held certificates of deposit in the amount of \$3,013,284, 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 TAXES RECEIVABLE

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

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 in a single payment on or before February 15 and receive the discount on the property taxes.

Note 4 ECONOMIC DEVELOPMENT LOANS RECEIVABLE

The county has loaned funds from the capital improvements and job development funds to provide monies for various local economic development projects. These funds are to be repaid per the terms of the loan agreements. At December 31, the following loans were outstanding:

	<u>12-31-19</u>	<u>12-31-18</u>
Four Seasons Health	8,587.16	14,504.19
Rutland General Store	27,761.17	28,632.11
Bixby Body and Glass	24,092.48	25,722.31
Four Seasons-Villa	120,357.73	125,191.71
Lariat Bar	38,281.19	39,532.28
Forman Housing	11,229.57	14,156.13
Four Seasons Health #2	79,821.67	
School House	24,646.26	
Total Loans Receivable	<u>334,777.23</u>	<u>247,738.73</u>
	=====	=====

Note 5 CAPITAL ASSETS

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

	<u>2019</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	47,051			47,051
<i>Capital assets being depreciated:</i>				
Buildings	2,587,291			2,587,291
Vehicles	436,863	31,640	56,127	412,376
Machinery and Equipment	493,201			493,201
Total	<u>3,517,355</u>	<u>31,640</u>	<u>56,127</u>	<u>3,492,868</u>
<i>Less accumulated depreciation for:</i>				
Buildings	2,287,830	23,575		2,311,405
Vehicles	264,377	58,496	56,127	266,746
Machinery and Equipment	403,574	12,836		416,410
Total	<u>2,955,781</u>	<u>94,907</u>	<u>56,127</u>	<u>2,994,561</u>
Total capital assets being depreciated, net	<u>561,574</u>	<u>(63,267)</u>		<u>498,307</u>
Governmental Activities Capital Assets, Net	<u>608,625</u>	<u>(63,267)</u>	<u>-0-</u>	<u>545,358</u>
	=====	=====	=====	=====

	<u>2018</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	47,051			47,051
<i>Capital assets being depreciated:</i>				
Buildings	2,587,291			2,587,291
Vehicles	379,076	57,787		436,863
Machinery and Equipment	531,601	18,100	56,500	493,201
Total	3,497,968	75,887	56,500	3,517,355
<i>Less accumulated depreciation for:</i>				
Buildings	2,264,255	23,575		2,287,830
Vehicles	226,925	37,452		264,377
Machinery and Equipment	430,163	29,911	56,500	403,574
Total	2,921,343	90,938	56,500	2,955,781
Total capital assets being depreciated, net	576,625	(15,051)		561,574
Governmental Activities Capital Assets, Net	623,676	(15,051)	-0-	608,625

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

	<u>2019</u>	<u>2018</u>
Governmental Activities:		
General Government	9,184	9,184
Public Safety	35,444	23,003
Highways and Public Improve.	23,640	33,469
Culture and Recreation	18,914	17,557
Cons. and Econ Dev.	7,725	7,725
Total	94,907	90,938

Note 6 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31.

Note 7 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.

Note 8 LEASES PAYABLE

Operating Leases - Sargent County is committed under leases for (3) John Deere 672G motorgraders and (1) Caterpillar 140-13A motorgrader. These leases are considered, for accounting purposes, to be operating leases. Lease expenditures were \$91,000.00 for each of the years ended December 31, 2019 and 2018. Future minimum lease payments are as follows:

<u>Year Ending December 31</u>	<u>Payments</u>
2020	70,000.00
2021	70,000.00
2022	70,000.00
2023	40,000.00
2024	40,000.00
2025	40,000.00
Total	<u>330,000.00</u> =====

Note 9 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:

	<u>2019</u>			<u>Balance December 31</u>	<u>Due Within One Year</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>		
General Obligation Bonds	600,000		190,000	410,000	195,000
Compensated Absences *	69,443	4,901		74,344	
Total	<u>669,443</u>	<u>4,901</u>	<u>190,000</u>	<u>484,344</u>	<u>195,000</u>
	=====	=====	=====	=====	=====
	<u>2018</u>			<u>Balance December 31</u>	<u>Due Within One Year</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>		
General Obligation Bonds	860,000		260,000	600,000	190,000
Compensated Absences *	63,985	5,458		69,443	
Total	<u>923,985</u>	<u>5,458</u>	<u>260,000</u>	<u>669,443</u>	<u>190,000</u>
	=====	=====	=====	=====	=====

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

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 has issued general obligation bonds to provide funds for improvements to the county road system, to repair an earthen dam and a drain project. General obligation bonds outstanding at December 31, 2017 are as follows:

\$515,000 Limited Tax Improvement Bonds of 2014 due in final installment of \$90,000 on May 1, 2020; interest is at 1.75%.	90,000.00
\$515,000 Limited Tax Improvement Bonds of 2016 due in annual installments of \$105,000 to \$110,000 through May 1, 2022; interest is at 1.25% to 1.5%.	320,000.00
Total General Obligation Bonds	410,000.00 =====

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2020	195,000.00	4,668.75
2021	105,000.00	2,437.50
2022	110,000.00	825.00
Total	410,000.00 =====	7,931.25 =====

Note 10 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2019</u>		
State Aid Health	1,365.00	1,365.00
Fairground Buildings EMS General	699.70 99,100.00	99,799.70
General Document Preservation	4,279.85	4,279.85
General Road Disaster Assistance	5,408.96 4,758.03	10,166.99
Courthouse Building Capital Improvements	12,500.00	12,500.00
To subsidize expenditures.		

General	6,624.14	
GO Bonds (I&S)		6,624.14

To close fund.

General	37,892.70	
Human Services		4,635.40
State Human Services		33,257.30

To transfer funds in excess of allowable threshold.

Weed Control Sprayer Repl.	4,000.00	
Weed Control		4,000.00

To set-aside funds for future purchase of spraying equipment.

December 31, 2018

Weed Control Sprayer Repl.	4,000.00	
Weed Control		4,000.00

To set-aside funds for future purchase of spraying equipment.

State Aid	257.85	
MCH		7.85
Health		250.00

To close MCH fund and subsidize expenditures.

General	90,753.25	
Human Services		90,753.25

To transfer funds in excess of allowable threshold.

Extension Service	5,000.00	
Document Preservation	12,000.00	
Fairground Buildings	1,600.00	
Courthouse Building	25,000.00	
General		43,600.00

Road	600,000.00	
Federal Aid Road		600,000.00

To subsidize expenditures.

Note 11 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Sargent County Senior Citizens and Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2019 and 2018, the county remitted \$70,485.29 and \$66,558.78 to the Senior Citizens and \$9,884.34 and \$9,266.49 to the Historical Society.

Note 12 RISK MANAGEMENT

Sargent 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 \$5,000,000 per occurrence for general liability and automobile; and \$1,822,665 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 \$2,000,000 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 13 DEFERRED COMPENSATION PLAN

Sargent County offers its employees a retirement plan under deferred compensation plans created in accordance with Internal Revenue Code 457. The main provider of these plans is through Nationwide Retirement Solutions. The county pays a portion of employee salaries into the plans. The amount paid by the county varies depending on the employee's contribution. The county will contribute a maximum of 7% if the employee contributes 7%.

SARGENT COUNTY
 Forman, 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	1,471,945.00	1,471,945.00	1,333,076.32	(138,868.68)
Licenses, Permits and Fees	1,315.00	1,315.00	1,765.00	450.00
Intergovernmental	303,884.00	303,884.00	249,931.27	(53,952.73)
Charges for Services	110,800.00	110,800.00	224,679.28	113,879.28
Miscellaneous	39,700.00	39,700.00	117,964.31	78,264.31
Total Revenues	1,927,644.00	1,927,644.00	1,927,416.18	(227.82)
<u>Expenditures:</u>				
Current:				
General Government	1,479,557.00	1,523,894.01	1,372,028.67	151,865.34
Public Safety	470,472.00	470,472.00	438,407.96	32,064.04
Culture and Recreation	162,419.00	169,522.74	177,355.50	(7,832.76)
Capital Outlay	31,640.00	31,640.00	31,640.00	
Total Expenditures	2,144,088.00	2,195,528.75	2,019,432.13	176,096.62
Excess (Deficiency) of Revenues Over Expenditures	(216,444.00)	(267,884.75)	(92,015.95)	175,868.80
<u>Other Financing Sources (Uses):</u>				
Transfers In	15,093.00	25,996.99	54,205.65	28,208.66
Transfers Out	(16,600.00)	(116,399.70)	(99,799.70)	16,600.00
Total Other Financing Sources (Uses)	(1,507.00)	(90,402.71)	(45,594.05)	44,808.66
Net Change in Fund Balances	(217,951.00)	(358,287.46)	(137,610.00)	220,677.46
Fund Balance - January 1	709,166.11	709,166.11	709,166.11	
Fund Balance - December 31	491,215.11	350,878.65	571,556.11	220,677.46

SARGENT COUNTY
 Forman, 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	1,358,746.00	1,358,746.00	1,317,144.78	(41,601.22)
Licenses, Permits and Fees	1,540.00	1,540.00	1,805.00	265.00
Intergovernmental	343,272.00	343,272.00	222,575.39	(120,696.61)
Charges for Services	119,500.00	119,500.00	254,914.86	135,414.86
Miscellaneous	43,200.00	43,200.00	71,117.80	27,917.80
Total Revenues	1,866,258.00	1,866,258.00	1,867,557.83	1,299.83
<u>Expenditures:</u>				
Current:				
General Government	1,420,840.00	1,420,840.00	1,372,385.76	48,454.24
Public Safety	384,040.00	384,040.00	419,357.07	(35,317.07)
Culture and Recreation	173,495.00	173,495.00	162,938.44	10,556.56
Capital Outlay	75,887.00	75,887.00	75,887.00	
Total Expenditures	2,054,262.00	2,054,262.00	2,030,568.27	23,693.73
Excess (Deficiency) of Revenues Over Expenditures	(188,004.00)	(188,004.00)	(163,010.44)	24,993.56
<u>Other Financing Sources (Uses):</u>				
Transfers In	90,000.00	90,000.00	90,753.25	753.25
Transfers Out	(41,600.00)	(43,600.00)	(43,600.00)	
Total Other Financing Sources (Uses)	48,400.00	46,400.00	47,153.25	753.25
Net Change in Fund Balances	(139,604.00)	(141,604.00)	(115,857.19)	25,746.81
Fund Balance - January 1	825,023.30	825,023.30	825,023.30	
Fund Balance - December 31	685,419.30	683,419.30	709,166.11	25,746.81

SARGENT COUNTY
 Forman, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	375,490.00	375,490.00	359,970.94	(15,519.06)
Intergovernmental	751,021.00	751,021.00	869,012.47	117,991.47
Charges for Services	20,000.00	20,000.00	26,775.37	6,775.37
Miscellaneous	150.00	150.00	9,505.20	9,355.20
Total Revenues	1,146,661.00	1,146,661.00	1,265,263.98	118,602.98
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	1,461,200.00	1,535,175.06	1,306,781.94	228,393.12
Excess (Deficiency) of Revenues Over Expenditures	(314,539.00)	(388,514.06)	(41,517.96)	346,996.10
<u>Other Financing Sources:</u>				
Transfers In	400,000.00	400,000.00	4,758.03	(395,241.97)
Net Change in Fund Balances	85,461.00	11,485.94	(36,759.93)	(48,245.87)
Fund Balance - January 1	119,832.95	119,832.95	119,832.95	
Fund Balance - December 31	205,293.95	131,318.89	83,073.02	(48,245.87)

SARGENT COUNTY
Forman, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	355,475.00	355,475.00	341,513.18	(13,961.82)
Intergovernmental	802,885.00	802,885.00	784,273.71	(18,611.29)
Charges for Services	4,000.00	4,000.00	13,741.64	9,741.64
Miscellaneous	100.00	100.00	2,272.64	2,172.64
Total Revenues	1,162,460.00	1,162,460.00	1,141,801.17	(20,658.83)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	1,314,161.00	1,631,539.13	1,631,539.13	
Excess (Deficiency) of Revenues Over Expenditures	(151,701.00)	(469,079.13)	(489,737.96)	(20,658.83)
<u>Other Financing Sources:</u>				
Transfers In		600,000.00	600,000.00	
Net Change in Fund Balances	(151,701.00)	130,920.87	110,262.04	(20,658.83)
Fund Balance - January 1	9,570.91	9,570.91	9,570.91	
Fund Balance - December 31	(142,130.09)	140,491.78	119,832.95	(20,658.83)

SARGENT COUNTY
 Forman, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	563,785.00	563,785.00	539,969.25	(23,815.75)
Intergovernmental	39,000.00	39,000.00	52,405.67	13,405.67
Miscellaneous	1,000.00	1,000.00	8,268.41	7,268.41
Total Revenues	603,785.00	603,785.00	600,643.33	(3,141.67)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	535,000.00	535,000.00	163,160.54	371,839.46
Excess (Deficiency) of Revenues Over Expenditures	68,785.00	68,785.00	437,482.79	368,697.79
<u>Other Financing (Uses):</u>				
Transfers Out	(400,000.00)	(400,000.00)		400,000.00
Net Change in Fund Balances	(331,215.00)	(331,215.00)	437,482.79	768,697.79
Fund Balance - January 1	1,232,376.07	1,232,376.07	1,232,376.07	
Fund Balance - December 31	901,161.07	901,161.07	1,669,858.86	768,697.79

SARGENT COUNTY
Forman, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	533,200.00	533,200.00	513,642.25	(19,557.75)
Intergovernmental	44,500.00	44,500.00	43,069.56	(1,430.44)
Miscellaneous	1,000.00	1,000.00	3,461.87	2,461.87
Total Revenues	578,700.00	578,700.00	560,173.68	(18,526.32)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	525,000.00	525,000.00		525,000.00
Excess (Deficiency) of Revenues Over Expenditures	53,700.00	53,700.00	560,173.68	506,473.68
<u>Other Financing (Uses):</u>				
Transfers Out		(600,000.00)	(600,000.00)	
Net Change in Fund Balances	53,700.00	(546,300.00)	(39,826.32)	506,473.68
Fund Balance - January 1	1,272,202.39	1,272,202.39	1,272,202.39	
Fund Balance - December 31	1,325,902.39	725,902.39	1,232,376.07	506,473.68

SARGENT COUNTY
Forman, North Dakota

Budgetary Comparison Schedule
Water Resource and Drains Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	70,880.00	70,880.00	68,336.68	(2,543.32)
Intergovernmental	204,800.00	204,800.00	160,189.22	(44,610.78)
Charges for Services	998,131.00	998,131.00	1,232,133.65	234,002.65
Miscellaneous	21,440.00	21,440.00	23,261.28	1,821.28
Total Revenues	1,295,251.00	1,295,251.00	1,483,920.83	188,669.83
<u>Expenditures:</u>				
Current:				
Conservation and Economic Development	2,515,938.50	2,807,280.45	1,112,682.34	1,694,598.11
Debt Service:				
Principal	190,000.00	190,000.00	190,000.00	
Interest and Service Charges	9,714.50	9,714.50	9,714.50	
Total Expenditures	2,715,653.00	3,006,994.95	1,312,396.84	1,694,598.11
Excess (Deficiency) of Revenues Over Expenditures	(1,420,402.00)	(1,711,743.95)	171,523.99	1,883,267.94
<u>Other Financing Sources (Uses):</u>				
Transfers In	168,000.00	168,000.00		(168,000.00)
Transfers Out	(168,000.00)	(168,000.00)		168,000.00
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(1,420,402.00)	(1,711,743.95)	171,523.99	1,883,267.94
Fund Balance - January 1	1,691,305.28	1,691,305.28	1,691,305.28	
Fund Balance - December 31	270,903.28	(20,438.67)	1,862,829.27	1,883,267.94

SARGENT COUNTY
 Forman, North Dakota

Budgetary Comparison Schedule
 Water Resource and Drains Fund
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	67,575.00	67,575.00	65,343.21	(2,231.79)
Intergovernmental	371,550.00	371,550.00	221,813.30	(149,736.70)
Charges for Services	892,650.00	892,650.00	958,818.92	66,168.92
Miscellaneous	19,740.00	19,740.00	20,728.86	988.86
Total Revenues	1,351,515.00	1,351,515.00	1,266,704.29	(84,810.71)
Expenditures:				
Current:				
Conservation and Economic Development	2,032,083.90	2,159,507.01	787,539.56	1,371,967.45
Debt Service:				
Principal	260,000.00	260,000.00	260,000.00	
Interest and Service Charges	13,403.10	13,403.10	13,403.10	
Total Expenditures	2,305,487.00	2,432,910.11	1,060,942.66	1,371,967.45
Excess (Deficiency) of Revenues Over Expenditures	(953,972.00)	(1,081,395.11)	205,761.63	1,287,156.74
Other Financing Sources (Uses):				
Transfers In	125,000.00	125,000.00		(125,000.00)
Transfers Out	(215,000.00)	(215,000.00)		215,000.00
Total Other Financing Sources (Uses)	(90,000.00)	(90,000.00)		90,000.00
Net Change in Fund Balances	(1,043,972.00)	(1,171,395.11)	205,761.63	1,377,156.74
Fund Balance - January 1	1,485,543.65	1,485,543.65	1,485,543.65	
Fund Balance - December 31	441,571.65	314,148.54	1,691,305.28	1,377,156.74

SARGENT COUNTY
Forman, North Dakota

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

Note 1 SUMMARY OF SIGNIFICANT BUDGET 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 approved the following amendments to the county's budgets for the years ending:

December 31, 2019

	Original Budget	Amendment	Amended Budget
		<u>Appropriations</u>	
General Fund	2,144,088	51,441	2,195,529
<u>Special Revenue Funds</u>			
Road	1,461,200	73,975	1,535,175
Water Res. & Drains	2,715,653	291,342	3,006,995
State Aid	14,513	689	15,202
Health-Donations	66,096	89,939	156,035
EMS	287,685	127,217	414,902
Historical Society	9,300	584	9,884
Senior Citizens	66,500	3,985	70,485
WC Sprayer Replacement	46,500	5,200	51,700
		<u>Transfers In</u>	
General Fund	15,093	10,904	25,997
<u>Special Revenue Funds</u>			
State Aid		1,365	1,365
EMS		99,100	99,100
Fairground Buildings	1,600	(900)	700
		<u>Transfers Out</u>	
General Fund	16,600	99,800	116,400
<u>Special Revenue Funds</u>			
Health		1,365	1,365
GO Bonds (I&S)	6,478	146	6,624
Document Preservation	5,000	(720)	4,280

December 31, 2018

	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
<u>Appropriations</u>			
<u>Special Revenue Funds</u>			
Road & Bridge	1,314,161	317,378	1,631,539
Water Res. & Drains	2,305,487	127,423	2,432,910
Health-Donations	69,285	5,938	75,223
Health	162,027	36,036	197,063
Disaster Assistance	50,000	36,075	86,075
EMS	50,000	36,075	259,778
Historical Society	8,750	516	9,266
Senior Citizens	64,500	2,059	66,559
Extension Education	2,000	840	2,840
Kraft Slough Project	5,000	7,462	12,462
<u>Transfers In</u>			
<u>Special Revenue Funds</u>			
Road & Bridge		600,000	600,000
Extension Service		5,000	5,000
State Aid		250	250
<u>Transfers Out</u>			
General Fund	41,688	2,000	43,600
<u>Special Revenue Funds</u>			
Federal Aid Road		600,000	600,000
Health		250	250

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following fund for the year ending December 31, 2019:

<u>Special Revenue Fund</u>	
Health-Donations	330.39

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

SARGENT COUNTY
Forman, North Dakota

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

	Balance 1-1-19	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-19
Major Governmental Funds:						
General Fund	709,166.11	1,927,416.18	54,205.65	99,799.70	2,019,432.13	571,556.11
Road	119,832.95	1,265,263.98	4,758.03		1,306,781.94	83,073.02
Federal Aid Road	1,232,376.07	600,643.33			163,160.54	1,669,858.86
Water Resource and Drains	1,691,305.28	1,483,920.83			1,312,396.84	1,862,829.27
Total Major Governmental Funds	3,752,680.41	5,277,244.32	58,963.68	99,799.70	4,801,771.45	4,187,317.26
Non-Major Governmental Funds						
Human Services	104,635.40	2,041.25		4,635.40		102,041.25
State Human Services	199,145.75	497,195.46		33,257.30	356,998.84	306,085.07
Veterans Service Officer	1,825.76	11,214.73			10,893.59	2,146.90
Extension Service	654.51	79,002.02			78,758.41	898.12
Weed Control	158,755.45	71,981.74		4,000.00	91,585.62	135,151.57
State Aid	16.41	13,821.00	1,365.00		15,202.25	0.16
WIC	3,608.79	900.00			1,942.63	2,566.16
Health-Donations	38,162.12	173,091.65			156,365.66	54,888.11
Emergency	228,687.38					228,687.38
Health	66,051.83	216,111.66		1,365.00	211,789.50	69,008.99
Disaster Assistance	188,502.76	7,000.70		10,166.99	68,210.17	117,126.30
GO Bonds (I&S)	6,618.96	5.18		6,624.14		
911	114,739.32	110,770.18			82,709.24	142,800.26
EMS	37,719.78	279,101.51	99,100.00		414,902.19	1,019.10
Capital Improvements	18,904.69	6,022.36		12,500.00		12,427.05
Historical Society	48.67	9,870.97			9,884.34	35.30
Senior Citizens	195.08	70,431.73			70,485.29	141.52
Job Development	332,778.53	172,170.42			378,368.33	126,580.62
Hazardous Chemical	22,043.54	1,362.50			1,716.26	21,689.78
Sheriff Grants	21,064.15	1,500.00			1,197.49	21,366.66
Weed Control Sprayer Replacement	42,590.99	181.64	4,000.00		20,347.91	26,424.72
Document Preservation	114.25	4,240.60		4,279.85		75.00
Airport Authority-Gwinner	88.56	15,794.93			15,834.24	49.25
Airport Authority-Milnor	58.41	15,679.56			15,689.67	48.30
Fairground Buildings	4,231.79	11.33	699.70		4,200.00	742.82
Extension Education	4,538.51	3,524.98			2,388.70	5,674.79
Kraft Slough Project	3,061.42				551.00	2,510.42
Courthouse Building	175,000.00		12,500.00		131,612.64	55,887.36
Total Non-Major Governmental Funds	1,773,842.81	1,763,028.10	117,664.70	76,828.68	2,141,633.97	1,436,072.96
Total Governmental Funds	5,526,523.22	7,040,272.42	176,628.38	176,628.38	6,943,405.42	5,623,390.22
Custodial Funds						
Domestic Violence		315.00			280.00	35.00
State Taxes	179.82	36,357.63			36,408.12	129.33
GDCD	195.32	40,001.78			40,054.19	142.91
Current Tax Holding	2,028,919.71	2,350,499.69			2,028,919.71	2,350,499.69
Game & Fish	141.00	5,269.00			5,410.00	

(continued)

SARGENT COUNTY
 Forman, North Dakota

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

	Balance 1-1-19	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-19
<u>Custodial Funds (continued):</u>						
Red River Joint Board	280.21	51,928.46			52,005.53	203.14
Soil Conservation	165.95	32,246.66			32,295.94	116.67
Total Cities	12,227.85	1,903,054.18			1,897,779.09	17,502.94
Total Schools	19,203.99	3,699,878.04			3,704,701.39	14,380.64
Total Townships	1,917.71	834,008.34			834,578.19	1,347.86
Total Fire Districts	1,346.21	323,631.36			323,470.59	1,506.98
Total Ambulance Districts	26.19	25,950.14			25,837.74	138.59
Total Custodial Funds	2,064,603.96	9,303,140.28			8,981,740.49	2,386,003.75
Total All Funds	7,591,127.18	16,343,412.70	176,628.38	176,628.38	15,925,145.91	8,009,393.97

SARGENT COUNTY
Forman, North Dakota

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

	Balance 1-1-18	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-18
Major Governmental Funds:						
General Fund	825,023.30	1,867,557.83	90,753.25	43,600.00	2,030,568.27	709,166.11
Road	9,570.91	1,141,801.17	600,000.00		1,631,539.13	119,832.95
Federal Aid Road	1,272,202.39	560,173.68		600,000.00		1,232,376.07
Water Resource and Drains	1,485,543.65	1,266,704.29			1,060,942.66	1,691,305.28
Total Major Governmental Funds	3,592,340.25	4,836,236.97	690,753.25	643,600.00	4,723,050.06	3,752,680.41
Non-Major Governmental Funds						
Human Services	190,753.25	4,635.40		90,753.25		104,635.40
State Human Services		510,389.77			311,244.02	199,145.75
Veterans Service Officer	774.23	11,676.42			10,624.89	1,825.76
Extension Service	1,856.98	75,438.32	5,000.00		81,640.79	654.51
Weed Control	211,245.95	50,076.89		4,000.00	98,567.39	158,755.45
State Aid	636.01	13,868.00	257.85		14,745.45	16.41
MCH		7.85		7.85		
WIC	4,345.57	1,360.00			2,096.78	3,608.79
Health-Donations	51,571.80	61,812.98			75,222.66	38,162.12
Emergency	228,687.38					228,687.38
Health	76,934.16	186,430.42		250.00	197,062.75	66,051.83
Disaster Assistance	274,577.77				86,075.01	188,502.76
GO Bonds (I&S)	6,097.65	521.31				6,618.96
911	76,909.94	114,444.36			76,614.98	114,739.32
EMS	83,816.93	213,681.02			259,778.17	37,719.78
Capital Improvements	11,054.90	7,849.79				18,904.69
Historical Society	20.48	9,294.68			9,266.49	48.67
Senior Citizens	82.24	66,671.62			66,558.78	195.08
Job Development	190,015.20	230,590.93			87,827.60	332,778.53
Hazardous Chemical	21,054.72	1,125.00			136.18	22,043.54
Sheriff Grants	21,064.15	4,000.00			4,000.00	21,064.15
Weed Control Sprayer Replacement	38,509.36	81.63	4,000.00			42,590.99
Document Preservation	2,018.25	4,601.00	12,000.00		18,505.00	114.25
Airport Authority-Gwinner	37.35	14,845.05			14,793.84	88.56
Airport Authority-Milnor	24.61	9,798.23			9,764.43	58.41
Fairground Buildings	2,626.64	5.15	1,600.00			4,231.79
Extension Education	3,940.10	3,438.09			2,839.68	4,538.51
Kraft Slough Project	5,460.66	10,062.54			12,461.78	3,061.42
Courthouse Building	150,000.00		25,000.00			175,000.00
Total Non-Major Governmental Funds	1,654,116.28	1,606,706.45	47,857.85	95,011.10	1,439,826.67	1,773,842.81
Total Governmental Funds	5,246,456.53	6,442,943.42	738,611.10	738,611.10	6,162,876.73	5,526,523.22
Custodial Funds						
Domestic Violence	70.00	525.00			595.00	
State Taxes	76.78	34,476.61			34,373.57	179.82
GDCD	83.57	37,644.24			37,532.49	195.32
Current Tax Holding	2,219,922.13	2,028,919.71			2,219,922.13	2,028,919.71
Game & Fish	122.00	5,835.00			5,816.00	141.00

(continued)

SARGENT COUNTY
 Forman, North Dakota

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

	Balance 1-1-18	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-18
<u>Custodial Funds (continued):</u>						
Red River Joint Board	161.05	49,704.32			49,585.16	280.21
Paid Under Protest	49,703.24	119,958.07			169,661.31	
Soil Conservation	73.46	31,808.04			31,715.55	165.95
Total Cities	5,398.26	1,931,564.41			1,924,734.82	12,227.85
Total Schools	8,305.45	3,409,647.45			3,398,748.91	19,203.99
Total Townships	1,194.46	662,916.36			662,193.11	1,917.71
Total Fire Districts	825.06	293,469.77			292,948.62	1,346.21
Total Ambulance Districts	200.15	24,363.01			24,536.97	26.19
Total Custodial Funds	2,286,135.61	8,630,831.99			8,852,363.64	2,064,603.96
Total All Funds	7,532,592.14	15,073,775.41	738,611.10	738,611.10	15,015,240.37	7,591,127.18

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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
Sargent County
Forman, 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, each major fund and the aggregate remaining fund information of Sargent County, Forman, 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, and have issued our report thereon dated April 17, 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 17, 2020

SARGENT COUNTY
Forman, 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
Major Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	_____ Yes	___X___ No
* Significant deficiency(ies) identified?	_____ Yes	___X___ None Reported
Noncompliance Material to financial statements noted?	_____ Yes	___X___ No

SECTION II - FINANCIAL STATEMENT FINDINGS:

No matters were reported