



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Stutsman County

Jamestown, North Dakota

Audit Report for the Year Ended December 31, 2019

Client Code: PS47000



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Office of the
State Auditor

STUTSMAN COUNTY

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STUTSMAN COUNTY

County Officials and Audit Personnel
December 31, 2019

COUNTY OFFICIALS

Mark T. Klose
Dennis Ova
David Schwartz
Steve Cichos
Ramone Gumke

Commissioner – Chairman
Commissioner – Vice Chairman
Commissioner
Commissioner
Commissioner

Nicole Meland
Jessica Moser
Chad Kaiser
Jessica Alonge
Fritz Fremgen
Barb Hill
Mickey Nenow

Auditor
Treasurer
Sheriff
Recorder
State's Attorney
Clerk of Court
Road Superintendent

AUDIT PERSONNEL

Heath Erickson, CPA
Michael Scherr

Audit Manager
Audit In-Charge

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, North Dakota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Stutsman County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the James River Valley Library System, which represent 94 percent, 92 percent, and 97 percent, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the James River Valley Library System, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

STUTSMAN COUNTY

Independent Auditor's Report - Continued

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, North Dakota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2020 on our consideration of Stutsman 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 Stutsman County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
August 13, 2020

STUTSMAN COUNTY

Statement of Net Position

December 31, 2019

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	James River Valley Library System
ASSETS			
Cash and Investments	\$ 22,854,480	\$ 135,821	\$ 270,059
Intergovernmental Receivables	693,964	-	-
Accounts Receivable	401,620	-	242
Taxes Receivable	198,845	-	-
Road Receivables	543,503	-	-
Loans Receivable - Other	14,000	-	-
Job Development Loans Receivable	1,090,113	-	-
Due from Other Govt. Agencies	-	-	695,427
Prepaid Expenses	-	-	10,232
Restricted Assets			
Hodge Fund	-	-	85,660
Capital Campaign	-	-	33,598
Centennial Initiative	-	-	1,060
Capital Assets			
Nondepreciable	2,764,824	-	6,000
Depreciable, Net	53,678,166	-	963,129
Total Assets	\$ 82,239,515	\$ 135,821	\$ 2,065,407
DEFERRED OUTFLOWS OF RESOURCES			
Derived from Pensions & OPEB	\$ 3,318,022	\$ -	\$ 185,326
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 243,223	\$ -	\$ 13,337
Salaries Payable	65,135	-	-
Interest Payable	54,066	-	-
Retainages Payable	6,725	-	-
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	222,104	-	-
Compensated Absences	291,360	-	-
Due After One Year			
Long-Term Debt	6,095,484	-	-
Compensated Absences	437,039	-	9,889
Net Pension and OPEB Liability	7,841,698	-	389,446
Total Liabilities	\$ 15,256,834	\$ -	\$ 412,672
DEFERRED INFLOWS OF RESOURCES			
Derived from Pensions & OPEB	\$ 3,811,764	\$ -	\$ 193,813
NET POSITION			
Net Investment in Capital Assets	\$ 50,097,199	\$ -	\$ 969,129
Restricted For			
Capital Projects	2,305,264	-	-
Public Safety	-	-	-
Highways and Bridges	8,008,538	-	-
Emergencies	1,203,507	-	-
Conservation of Natural Resources	550,034	-	-
Culture and Recreation	438,924	-	-
Economic Development	1,910,289	-	-
Hodge Fund	-	-	85,660
Capital Campaign	-	-	33,598
Centennial Initiative	-	-	1,060
Unrestricted	1,975,184	135,821	554,801
Total Net Position	\$ 66,488,939	\$ 135,821	\$ 1,644,248

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

STUTSMAN COUNTY

Statement of Activities

For the Year Ended December 31, 2019

					Net (Expense) Revenue and Changes in Net Position		
Program Revenues					Primary Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Water Resource District	James River Valley Library System
Primary Government							
Governmental Activities							
General Government	\$ 3,174,576	\$ 107,733	\$ 22,953	\$ -	\$ (3,043,890)	\$ -	\$ -
Public Safety	5,406,824	2,092,897	158,488	-	(3,155,439)	-	-
Highways	5,431,851	1,039,483	1,956,933	1,488,227	(947,208)	-	-
Flood Repair	-	-	53,186	-	53,186	-	-
Health and Welfare	2,963,510	8,785	2,484,078	-	(470,647)	-	-
Culture and Recreation	365,437	300,909	1,769	-	(62,759)	-	-
Conserv. of Natural Resources	596,887	289,082	38,264	-	(269,541)	-	-
Economic Development	138,898	-	47,036	-	(91,862)	-	-
Emergency	54,094	-	-	-	(54,094)	-	-
Interest on Long-Term Debt	251,527	-	-	-	(251,527)	-	-
Total Primary Government	<u>\$ 18,383,604</u>	<u>\$ 3,838,889</u>	<u>\$ 4,762,707</u>	<u>\$ 1,488,227</u>	<u>\$ (8,293,781)</u>	<u>\$ -</u>	<u>\$ -</u>
Component Units							
Water Resource District	\$ 25,479	\$ -	\$ -	\$ -		\$ (25,479)	\$ -
James River Valley Library System	963,723	9,806	86,155	2,264		-	(865,498)
Total Component Units	<u>\$ 989,202</u>	<u>\$ 9,806</u>	<u>\$ 86,155</u>	<u>\$ 2,264</u>		<u>\$ (25,479)</u>	<u>\$ (865,498)</u>
General Revenues							
Property Taxes					\$ 7,680,726	\$ 32,928	\$ 954,861
Non Restricted Grants And Contributions					1,626,452	-	506
Restricted Investment Earnings					-	-	942
Earnings on Investments					338,256	775	-
Miscellaneous Revenue					375,048	348	-
Net Gain on Sale of Capital Assets					110,545	-	-
Total General Revenues					<u>\$ 10,131,027</u>	<u>\$ 34,051</u>	<u>\$ 956,309</u>
Change in Net Position					<u>\$ 1,837,246</u>	<u>\$ 8,572</u>	<u>\$ 90,811</u>
Net Position - January 1					<u>\$ 64,651,693</u>	<u>\$ 127,249</u>	<u>\$ 1,553,437</u>
Net Position - December 31					\$ 66,488,939	\$ 135,821	\$ 1,644,248

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

STUTSMAN COUNTY

Balance Sheet – Governmental Funds

December 31, 2019

	General	County Road & Bridge	Social Services	Highway Tax	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 6,845,642	\$ 2,860,543	\$ 464,622	\$ 5,815,619	\$ 6,868,054	\$ 22,854,480
Intergovernmental Receivables	512,070	-	-	177,581	4,313	693,964
Accounts Receivable	290,565	-	-	-	111,055	401,620
Taxes Receivable	144,030	34,059	11	-	20,745	198,845
Road Receivable	-	543,503	-	-	-	543,503
Loans Receivable - Other	14,000	-	-	-	-	14,000
JSDC Loans Receivable	-	-	-	-	1,090,113	1,090,113
Total Assets	<u>\$ 7,806,307</u>	<u>\$ 3,438,105</u>	<u>\$ 464,633</u>	<u>\$ 5,993,200</u>	<u>\$ 8,094,280</u>	<u>\$ 25,796,525</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 83,899	\$ 39,071	\$ 9,510	\$ -	\$ 110,743	\$ 243,223
Salaries Payable	30,321	34,027	686	-	101	65,135
Total Liabilities	<u>\$ 114,220</u>	<u>\$ 73,098</u>	<u>\$ 10,196</u>	<u>\$ -</u>	<u>\$ 110,844</u>	<u>\$ 308,358</u>
Deferred Inflows of Resources:						
Taxes Receivable	\$ 144,030	\$ 34,059	\$ 11	\$ -	\$ 20,745	\$ 198,845
Road Receivables	-	543,503	-	-	-	543,503
Total Deferred Inflows of Resources	<u>\$ 144,030</u>	<u>\$ 577,562</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 20,745</u>	<u>\$ 742,348</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 258,250</u>	<u>\$ 650,660</u>	<u>\$ 10,207</u>	<u>\$ -</u>	<u>\$ 131,589</u>	<u>\$ 1,050,706</u>
Fund Balances						
Non-Spendable						
Loans Receivable	\$ 14,000	\$ -	\$ -	\$ -	\$ 1,090,113	\$ 1,104,113
Restricted						
Debt Service	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	2,305,264	2,305,264
General Government	-	-	-	-	45,047	45,047
Public Safety	-	-	-	-	1,009,275	1,009,275
Highways and Bridges	-	2,787,445	-	5,993,200	105,929	8,886,574
Health and Welfare	-	-	454,426	-	96,700	551,126
Emergencies	-	-	-	-	1,200,924	1,200,924
Conservation of Natural Resources	-	-	-	-	685,151	685,151
Culture and Recreation	-	-	-	-	657,666	657,666
Economic Development	-	-	-	-	820,176	820,176
Assigned						
General Government	2,896,953	-	-	-	-	2,896,953
Unassigned						
General Fund	4,637,104	-	-	-	-	4,637,104
Negative Fund Balances	-	-	-	-	(53,554)	(53,554)
Total Fund Balances	<u>\$ 7,548,057</u>	<u>\$ 2,787,445</u>	<u>\$ 454,426</u>	<u>\$ 5,993,200</u>	<u>\$ 7,962,691</u>	<u>\$ 24,745,819</u>
Total Liabilities and Fund Balances	<u>\$ 7,806,307</u>	<u>\$ 3,438,105</u>	<u>\$ 464,633</u>	<u>\$ 5,993,200</u>	<u>\$ 8,094,280</u>	<u>\$ 25,796,525</u>

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

STUTSMAN COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

December 31, 2019

Total Fund Balances for Governmental Funds		\$ 24,745,819
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		56,442,990
Certain receivables will be collected after year-end, but are not available soon enough to		
Taxes Receivable	\$ 198,845	
Road Receivables	<u>543,503</u>	742,348
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions and OPEB	\$ 3,318,022	
Deferred Inflows Related to Pensions and OPEB	<u>(3,811,764)</u>	(493,742)
Long-term liabilities 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.		
Long Term Debt	\$ (6,317,588)	
Interest Payable	(54,066)	
Retainages Payable	(6,725)	
Net Pension and OPEB Liability	(7,841,698)	
Compensated Absences	<u>(728,399)</u>	<u>(14,948,476)</u>
Total Net Position of Governmental Activities		<u>\$ 66,488,939</u>

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

STUTSMAN COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended December 31, 2019

	General	County Road & Bridge	Social Services	Highway Tax	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and Special Assessments	\$ 5,082,263	\$ 1,146,858	\$ 6,550	\$ -	\$ 1,385,581	\$ 7,621,252
Intergovernmental	1,707,026	214,837	2,435,553	1,779,488	252,254	6,389,158
Charges for Services	1,860,295	1,080,417	257	-	929,417	3,870,386
Licenses, Permits and Fees	6,710	3,920	1,885	-	-	12,515
Fines and Forfeitures	-	-	843	-	-	843
Interest Income	127,420	41,899	13,113	81,733	74,091	338,256
Miscellaneous	59,946	11,642	5,925	-	297,533	375,046
Total Revenues	\$ 8,843,660	\$ 2,499,573	\$ 2,464,126	\$ 1,861,221	\$ 2,938,876	\$ 18,607,456
EXPENDITURES						
Current						
General Government	\$ 2,459,924	\$ -	\$ -	\$ -	\$ 352,229	\$ 2,812,153
Public Safety	4,913,397	-	-	-	294,665	5,208,062
Highways and Bridges	-	3,880,403	-	-	589,367	4,469,770
Health and Welfare	75,492	-	2,573,386	-	96,054	2,744,932
Culture and Recreation	-	-	-	-	401,772	401,772
Conserv. of Natural Resources	-	-	-	-	560,794	560,794
Economic Development	-	-	-	-	138,898	138,898
Emergency	-	-	-	-	54,094	54,094
Debt Service						
Principal	7,104	-	-	-	210,000	217,104
Interest and Fees	-	-	-	-	225,019	225,019
Total Expenditures	\$ 7,455,917	\$ 3,880,403	\$ 2,573,386	\$ -	\$ 2,922,892	\$ 16,832,598
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,387,743	\$ (1,380,830)	\$ (109,260)	\$ 1,861,221	\$ 15,984	\$ 1,774,858
OTHER FINANCING SOURCES (USES)						
Transfers In	\$ 134,600	\$ 2,271,000	\$ -	\$ -	\$ 1,810,563	\$ 4,216,163
Transfers Out	(1,845,063)	(491,500)	-	(1,735,000)	(144,600)	(4,216,163)
Total Other Financing Sources and Uses	\$ (1,710,463)	\$ 1,779,500	\$ -	\$ (1,735,000)	\$ 1,665,963	\$ -
Net Changes in Fund Balance	\$ (322,720)	\$ 398,670	\$ (109,260)	\$ 126,221	\$ 1,681,947	\$ 1,774,858
Fund Balance - January 1	\$ 7,870,777	\$ 2,388,775	\$ 563,686	\$ 5,866,979	\$ 6,280,744	\$ 22,970,961
Fund Balance - December 31	\$ 7,548,057	\$ 2,787,445	\$ 454,426	\$ 5,993,200	\$ 7,962,691	\$ 24,745,819

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

STUTSMAN COUNTY

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

Net Change in *Fund Balances* - Total Governmental Funds **\$ 1,774,858**

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 asset transfers and depreciation exceeded capital outlay and capital contribution in the current period.

Capital Outlay	\$ 1,565,810	
Capital Contributions	1,488,227	
Depreciation Expense	<u>(2,381,544)</u>	672,493

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. 110,545

The proceeds of debt issuances are reporting as other 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.

Repayment of Debt	217,104
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The net pension liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension Liability and OPEB	\$ 3,312,118	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(1,036,041)	
Net Change in Deferred Intflows of Resources Related to Pensions and OPEB	<u>(3,149,783)</u>	(873,706)

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

Net Change in Compensated Absences Liability	\$ (62,930)	
Net Change in Retainage Payable	10,770	
Net Change in Interest Payable	<u>(26,509)</u>	(78,669)

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

Net Change in Taxes Receivable	\$ 59,475	
Net Change in Road Receivable	<u>(44,854)</u>	14,621

Change in Net Position of Governmental Activities **\$ 1,837,246**

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

STUTSMAN COUNTY

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

ASSETS

Cash and Investments	<u>\$ 9,873,247</u>
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LIABILITIES

Due to Other Governments	<u>\$ 9,873,247</u>
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The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Based on these criteria, 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.

Component Units

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

Discretely Presented Component Units: The component unit columns in the government wide 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.

James River Valley Library System - The County's governing board appoints a voting majority of the members of the James River Valley Library System's governing board. Although the County does not have the authority to approve or modify the library board operational and capital budgets, the tax levy established by the library board must be approved by the County's governing board.

Stutsman County Water Resource District - The County's governing board appoints a voting majority of the members of the water resource district's board. The County has the authority to approve or modify the water resource district operational and capital budgets. The County also must approve the tax levy established by the water resource district.

Complete financial statements of James River Valley Library System are included in these financial statements. Additional information may be obtained from the County Auditor; 511 2nd Avenue SE; Jamestown, ND 58401-4298.

Basis of Presentation

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category, *governmental* and *fiduciary*, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The County reports the following major governmental funds:

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

County Road and Bridge Fund - This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

Social Services Fund. This is the County's primary health and welfare fund. It accounts for all financial resources related to health and welfare, except those required to be accounted for in another fund. The major sources of revenues are State/Federal grants/reimbursements.

Highway Tax Fund. This is the County's clearing account for State Highway Tax revenue. It accounts for State Highway Tax distribution. These funds are transferred to the Road and Bridge Fund. The major sources of revenues are restricted State/Federal grants/reimbursements.

Additionally, the County reports the following fund type:

Agency Funds. These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency funds are used to account for property taxes collected on behalf of other governments.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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 reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

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 3 months or less.

Investments consist of certificates of deposit, with a maturity date in excess of 90 days, stated at cost as well as investments in government obligation bonds, mortgage backed securities, and municipal bonds stated at cost.

STUTSMAN COUNTYNotes to the Financial Statements – Continued

Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets for the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land	Indefinite
Buildings	15-50 Years
Machinery & Equipment	8-10 Years
Infrastructure	50 Years
Vehicles	7-10 Years
Office Equipment	5-20 Years

The Library has established a capitalization threshold of \$100. Capital assets of the James River Valley Library System are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings & Improve.	25 Years
Bookmobile	20 Years
Books, Periodicals, AV	10 Years
Equipment & Furniture	5-10 Years

Long-Term Obligations

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

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

Pension

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

Other Post-Employment Benefits (OPEB)

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Fund Balances

Minimum Fund Balance Policy. The County established a 15% - 20% general fund carryover balance target to help with financial stability. The 15% - 20% fund balance range is a part of the county's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county.

Replenishing deficiencies – when fund balance falls below the minimum 15% range, the County will replenish shortages/deficiencies using the budget strategies and time frames described below.

The following budgetary strategies shall be utilized by the County to replenish funding fund balance deficiencies:

- The County will reduce recurring expenditures to eliminate any structural deficit or;
- The County will increase revenues or pursue other funding sources, or;
- Some combination of the two options above

Minimum fund balance deficiencies shall be replenished within the following time frames:

- Deficiency resulting in a minimum fund balance between 12.5 percent and 15 percent shall be replenished over a period not to exceed one year
- Deficiency resulting in a minimum fund balance between 10 percent and 12.5 percent shall be replenished over a period not to exceed three years
- Deficiency resulting in a minimum fund balance of less than 10 percent shall be replenished over a period not to exceed five years

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

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

Assigned Fund Balances. Amounts reported as assigned fund balance in the general fund are for general government purposes based on a management determined formula as a percentage of cash flows (20% of total expenditures and transfers out), and compensated absences and accounts payable.

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

Net Position

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

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

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

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

Interfund Transactions

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

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

NOTE 2 DEPOSITS

Custodial Credit Risk

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

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

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

At December 31, 2019, the County's carrying amount of deposits was \$31,053,317, and the bank balances were \$31,479,000. Of the bank balances, \$1,482,518 was covered by Federal Depository Insurance. Additionally, the County is currently holding \$19,614,049 of short term, high-credit-quality, money market instruments through Wells Fargo Investments, which are guaranteed by the full faith of the United States Government. The remaining balances were collateralized with securities held by the pledging institution's agent in the government's name.

At December 31, 2019, the Stutsman County Water Resource District had a carrying amount of deposits of \$135,821 and the bank balances were \$138,272, all of which was covered by Federal Depository Insurance.

At December 31, 2019, the James River Valley Library System had a carrying amount of deposits of \$356,473 and the bank balances were \$358,409 all of which was covered by Federal Depository Insurance.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The County does not have a formal deposit policy that limits maturities as a means of managing exposure to potential fair value losses arising from increasing interest rates.

As authorized in North Dakota Statutes, idle funds may be invested as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.
- (e) Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Below is a schedule of maturity dates of the County's investments:

Investment Type	Total Fair Value	Less than 1 year	1-2 years	2-5 years	5-10 years
Government Obligation Bonds	\$ 15,238,855	\$ 14,189,458	\$ 268,479	\$ 780,918	\$ -
Municipal Bonds	4,264,610	632,442	929,258	2,702,910	-
Total Investments	\$ 19,503,465	\$ 14,821,899	\$ 1,197,738	\$ 3,483,828	\$ -

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2019:

		Quoted Prices In Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets	Total			
Government Obligation Bonds	\$ 15,238,855	\$ 15,238,855	\$ -	\$ -
Municipal Bonds	4,264,610	-	4,264,610	-
Total Investments	\$ 19,503,465	\$ 15,238,855	\$ 4,264,610	\$ -

NOTE 4 PROPERTY TAXES

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 5 LOANS RECEIVABLE

The Jamestown/Stutsman Development Corporation “JSDC” provides loans to businesses for either startup costs or expansion costs. The JSDC had the following loans receivable activity for the year ended December 31, 2019.

	Balance January 1	New Loans	Principal Payments	Balance December 31
Loans Receivable	\$ 752,659	\$ 362,110	\$ 24,656	\$ 1,090,113
Total Loans Receivable	\$ 752,659	\$ 362,110	\$ 24,656	\$ 1,090,113

NOTE 6 CAPITAL ASSETS**Primary Government**

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

Primary Government	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital Assets Not Being Depreciated					
Land	\$ 596,200	\$ -	\$ -	\$ -	\$ 596,200
Construction in Progress	1,045,329	2,259,709	-	(1,136,414)	2,168,624
Total Capital Assets, Not Being Depreciated	\$ 1,641,529	\$ 2,259,709	\$ -	\$ (1,136,414)	\$ 2,764,824
Capital Assets Being Depreciated					
Infrastructure	\$ 71,317,209	\$ -	\$ -	\$ 1,011,443	\$ 72,328,652
Buildings	11,792,197	-	-	124,971	11,917,168
Equipment	8,753,962	1,101,514	(593,202)	-	9,262,274
Total Capital Assets, Being Depreciated	\$ 91,863,368	\$ 1,101,514	\$ (593,202)	\$ 1,136,414	\$ 93,508,094
Less Accumulated Depreciation					
Infrastructure	\$ 27,010,113	\$ 1,461,393	\$ -	\$ -	\$ 28,471,506
Buildings	6,442,477	219,603	-	-	6,662,080
Equipment	4,392,355	700,548	(396,561)	-	4,696,342
Total Accumulated Depreciation	\$ 37,844,945	\$ 2,381,544	\$ (396,561)	\$ -	\$ 39,829,928
Total Capital Assets Being Depreciated, Net	\$ 54,018,423	\$ (1,280,030)	\$ (196,641)	\$ 1,136,414	\$ 53,678,166
Governmental Capital Assets, Net	\$ 55,659,952	\$ 979,679	\$ (196,641)	\$ -	\$ 56,442,990

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

General Government	\$ 211,948
Public Safety	234,934
Highways and Bridges	1,834,244
Health and Welfare	16,267
Conservation of Natural Resources	21,622
Culture and Recreation	62,529
Total Depreciation Expense	<u>\$ 2,381,544</u>

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Unit

The following is a summary of changes in capital assets for the year ended December 31, 2019 for the James River Valley Library System:

Library	Balance January 1	Increases	Decreases	Balance December 31
Capital Assets Not Being Depreciated				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Total Capital Assets, Not Being Depreciated	\$ 6,000	\$ -	\$ -	\$ 6,000
Capital Assets Being Depreciated				
Buildings	\$ 519,656	\$ -	\$ -	\$ 519,656
BookMobile	239,502	-	-	239,502
Equipment	233,151	21,534	-	254,685
Books, Periodicals	1,428,380	99,356	146,130	1,381,606
Total Capital Assets, Being Depreciated	\$ 2,420,689	\$ 120,890	\$ 146,130	\$ 2,395,449
Less Accumulated Depreciation				
Buildings	\$ 300,766	\$ 10,872	\$ -	\$ 311,638
BookMobile	23,950	11,975	-	35,925
Equipment	140,575	30,465	-	171,040
Books, Periodicals	920,486	139,361	146,130	913,717
Total Accumulated Depreciation	\$ 1,385,777	\$ 192,673	\$ 146,130	\$ 1,432,320
Total Capital Assets Being Depreciated, Net	\$ 1,034,912	\$ (71,783)	\$ -	\$ 963,129
Governmental Capital Assets, Net	\$ 1,040,912	\$ (71,783)	\$ -	\$ 969,129

Depreciation expense was charged to the culture and recreation function.

NOTE 7 LONG-TERM LIABILITIES**Primary Government**

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

Primary Government	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
GO Bonds	\$ 6,495,000	\$ -	\$ 210,000	\$ 6,285,000	\$ 215,000
Special Assessment Bonds	39,692	-	7,104	32,588	7,104
Total Long-Term Debt	\$ 6,534,692	\$ -	\$ 217,104	\$ 6,317,588	\$ 222,104
Compensated Absences *	\$ 665,469	\$ 62,930	\$ -	\$ 728,399	\$ 291,360
Net Pension and OPEB Liability	11,153,816	-	3,312,118	7,841,698	-
Total Primary Government	\$18,353,977	\$ 62,930	\$ 3,529,222	\$14,887,685	\$ 513,464

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

Year Ending Dec 31	Loans Payable		Special Assessments Payable	
	Principal	Interest	Principal	Interest
2020	\$ 215,000	\$ 216,263	\$ 7,104	\$ 1,025
2021	220,000	211,963	7,104	803
2022	225,000	205,363	7,104	580
2023	235,000	196,363	5,638	357
2024	245,000	186,963	5,638	179
2025-2029	2,115,000	784,494	-	-
2030-2034	3,030,000	351,831	-	-
Total	\$ 6,285,000	\$ 2,153,240	\$ 32,588	\$ 2,944

Discretely Presented Component Unit

During the year ended December 31, 2019, the following changes occurred in governmental long-term liabilities of the James River Valley Library System:

Library	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences *	\$ 9,764	\$ 125	\$ -	\$ 9,889	\$ -
Net Pension and OPEB Liability	508,223	31,534	-	539,757	-
Total Primary Government	\$ 517,987	\$ 31,659	\$ -	\$ 549,646	\$ -

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

NOTE 8 PENSION PLAN**General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2019, the following net pension liabilities were reported:

	Net Pension Liability
Primary Government	\$ 7,367,858
Library	366,062

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2019, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2018 Measurement	Pension Expense
Primary Government	0.628618%	-0.004391%	\$ 1,370,738
Library	0.031232%	0.000592%	75,138

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,363	\$ 1,337,126
Changes in Assumptions	2,753,175	2,363,839
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	128,366	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	77,456	90,869
Employer Contributions Subsequent to the Measurement Date	244,543	-
Total Primary Government	\$ 3,207,903	\$ 3,791,834

Library	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 216	\$ 66,433
Changes in Assumptions	136,788	117,444
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	6,378	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	23,610	9,206
Employer Contributions Subsequent to the Measurement Date	12,425	-
Total Library System	\$ 179,417	\$ 193,083

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020:

Primary Government	\$ 244,543
Library	12,425

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

	Primary Government	Library
2020	\$ 273,215	\$ 20,586
2021	61,280	8,039
2022	(269,013)	(12,815)
2023	(680,531)	(31,807)
2024	(213,425)	(10,094)

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	2.50%	
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	7.50%, net of investment expenses	
Cost-of-living adjustments	None	

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount rate

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

Proportionate Share of the Net Pension Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Primary Government	\$ 10,563,922	\$ 7,367,858	\$ 4,682,605
Library	524,854	366,062	232,649

Pension Plan Fiduciary Net Position

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

NOTE 9 OPEB PLAN**General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At December 31, 2019, the following net OPEB liabilities were reported:

	Net OPEB Liability
Primary Government	\$ 473,840
Library	23,384

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on the its share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2018 Measurement	OPEB Expense
Primary Government	0.589949%	-0.008220%	\$ 63,897
Library	0.029114%	0.000456%	3,268

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,701	\$ 14,802
Changes in Assumptions	56,474	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	528	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	2,261	5,128
Employer Contributions Subsequent to the Measurement Date	39,154	-
Total Primary Government	\$ 110,118	\$ 19,930

Library	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 577	\$ 730
Changes in Assumptions	2,787	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	26	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	530	-
Employer Contributions Subsequent to the Measurement Date	1,989	-
Total Library System	\$ 5,909	\$ 730

The following amounts were reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020:

Primary Government	\$ 39,154
Library	1,989

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

	Primary Government	Library
2020	\$ 8,182	519
2021	8,182	519
2022	12,593	737
2023	11,783	697
2024	6,849	439
2025	2,960	237
Thereafter	485	42

Actuarial Assumptions

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

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
International Equities	40%	2.07%
U.S. High Yield	21%	6.95%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2019, and July 1, 2018, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Proportionate Share of the Net OPEB Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Primary Government	\$ 604,793	\$ 473,840	\$ 361,743
Library	29,847	23,384	17,852

NOTE 10 TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2019:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 134,600	\$ 1,845,063
Road & Bridge	2,271,000	491,500
Social Services	-	-
Highway Aid	-	1,735,000
Nonmajor Funds		
9-1-1 Emerg. Telephone Fund	-	134,600
Park Fund	373,880	-
County Agent Fund	-	10,000
Courthouse Building Fund	410,001	-
Law Enforcement Construction Fund	217,250	-
Information Tech. Cap. Proj. Fund	125,750	-
Road & Bridge Building Fund	491,500	-
County Sheriff Capital Fund	192,182	-
Total Transfers	\$ 4,216,163	\$ 4,216,163

NOTE 11 RISK MANAGEMENT

The County and the James River Valley Library System are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of five million dollars per occurrence for general liability and automobile and \$6,323,587 for public assets/mobile equipment and portable property. The James River Valley Library System participates in the NDIRF to provide liability coverage.

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 one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The County and the James River Valley Library have worker's compensation with the North Dakota Workforce Safety and Insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

NOTE 12 CONDUIT DEBT OBLIGATIONS**Community Development Block Grant Loans**

From time to time, the County has issued Community Development Block Grant Loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the acquired facilities transfers to the private-sector entity served by the loan issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements. At December 31, 2019, there were three Community Development Block Grant Loans outstanding with a principal amount outstanding of \$377,530.

Industrial Revenue Bonds

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2019, there were two series of Industrial Revenue Bonds with a balance in the amount of \$4,426,572.

Housing Finance Agency Bonds

From time to time, the County has issued Housing Finance Bonds which is a program that issues tax-exempt bonds that state and local governments issue through housing finance agencies to help fund below-market-interest-rate mortgages for first-time qualifying homebuyers. Eligible borrowers are first-time homebuyers with low to moderate incomes below 115 percent of median family income. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2019, there was one nontaxable issuance with a balance of \$4,382,748.

Facility Passenger Fee Revenue Bonds

From time to time, the County has issued Facility Passenger Fee Revenue Bonds to provide financial assistance for Airport facilities and projects. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2019, there were two Facility Passenger Fee Revenue Bonds with a principal amount outstanding of \$772,159.

Senior Housing Revenue Bonds

From time to time, the County has issued Senior Housing Revenue Bonds which is a program that issues tax-exempt bonds that state and local governments issue through nonprofit agencies to help fund the acquisition and construction of housing facilities for senior housing and assisted living. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2019, there was one nontaxable issuance with a balance of \$6,459,219.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 13 CONSTRUCTION COMMITMENTS

The County had an open construction commitment as of December 31, 2019 as follows:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
SC-4718(060) - 2019 Overlay on Co Rd 42	\$ 357,577	\$ 336,245	\$ 6,725	\$ 21,331
Total	\$ 357,577	\$ 336,245	\$ 6,725	\$ 21,331

NOTE 14 JOINT VENTURES**Jamestown/Stutsman Development Corporation**

Under authorization of state statutes, the County and the City of Jamestown established and jointly operate a Job Development Authority, known as the Jamestown/Stutsman Development Corporation (JSDC). The agreement was established for the mutual advantage of the governments. Each government appoints two members of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity can be determined as to the location of the separate loan applicants.

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

	JSDC
Total Assets	\$ 13,321,637
Total Liabilities	5,888,679
Total Net Position	\$ 7,432,958
Total Revenues	\$ 827,047
Total Expenses	796,998
Change in Net Position	\$ 30,049

Central Valley Health District

Under authorization of state statutes, the County, Logan County, and the City of Jamestown established and jointly operate a Health District, known as the Central Valley Health District. The agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity can be determined as to the location of the separate loan applicants.

The following is a summary of financial information on the joint venture as of and for the year ended June 30, 2019, which is the most current audited information available:

	Central Valley Health District
Total Assets & Def. Outflows	\$ 3,225,741
Total Liabilities & Def. Inflows	2,269,545
Total Net Position	\$ 956,196
Total Revenues	\$ 2,797,262
Total Expenses	2,706,105
Change in Net Position	\$ 91,157

Complete financial statements for each joint venture can be obtained from the County Auditor's Office at 511 2nd Ave SE Jamestown, ND 58401-4210.

STUTSMAN COUNTY

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 4,977,374	\$ 5,084,374	\$ 5,082,263	\$ (2,111)
Intergovernmental	1,387,309	1,647,634	1,707,026	59,392
Charges for Services	1,696,572	1,802,572	1,860,295	57,723
Licenses, Permits and Fees	7,000	7,000	6,710	(290)
Interest Income	53,500	103,500	127,420	23,920
Miscellaneous	100,700	100,700	59,946	(40,754)
Total Revenues	\$ 8,222,455	\$ 8,745,780	\$ 8,843,660	\$ 97,880
EXPENDITURES				
Current				
General Government	\$ 2,761,344	\$ 2,757,544	\$ 2,459,924	\$ 297,620
Public Safety	5,244,285	5,259,460	4,913,397	346,063
Health and Welfare	116,000	116,000	75,492	40,508
Debt Service				
Principal	7,050	7,050	7,104	(54)
Total Expenditures	\$ 8,128,679	\$ 8,140,054	\$ 7,455,917	\$ 684,137
Excess (Deficiency) of Revenues Over Expenditures	\$ 93,776	\$ 605,726	\$ 1,387,743	\$ 782,017
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 134,600	\$ 134,600	\$ 134,600	\$ -
Transfers Out	(1,595,063)	(1,845,063)	(1,845,063)	-
Total Other Financing Sources and Uses	\$ (1,460,463)	\$ (1,710,463)	\$ (1,710,463)	\$ -
Net Change in Fund Balances	\$ (1,366,687)	\$ (1,104,737)	\$ (322,720)	\$ 782,017
Fund Balance - January 1	\$ 7,870,777	\$ 7,870,777	\$ 7,870,777	\$ -
Fund Balance - December 31	\$ 6,504,090	\$ 6,766,040	\$ 7,548,057	\$ 782,017

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

STUTSMAN COUNTY

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,076,822	\$ 1,135,122	\$ 1,146,858	\$ 11,736
Intergovernmental	23,316	211,816	214,837	3,021
Charges for Services	1,185,100	1,127,150	1,080,417	(46,733)
Licenses, Permits and Fees	9,000	9,000	3,920	(5,080)
Interest Income	15,000	15,000	41,899	26,899
Miscellaneous	14,700	14,700	11,641	(3,059)
Total Revenues	\$ 2,323,938	\$ 2,512,788	\$ 2,499,572	\$ (13,216)
EXPENDITURES				
Highways and Bridges	\$ 4,351,420	\$ 4,005,420	\$ 3,880,403	\$ 125,017
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,027,482)	\$ (1,492,632)	\$ (1,380,831)	\$ 111,801
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 2,516,000	\$ 2,271,000	\$ 2,271,000	\$ -
Transfers Out	(491,500)	(491,500)	(491,500)	-
Total Other Financing Sources and Uses	\$ 2,024,500	\$ 1,779,500	\$ 1,779,500	\$ -
Net Change in Fund Balances	\$ (2,982)	\$ 286,868	\$ 398,669	\$ 111,801
Fund Balance - January 1	\$ 2,388,776	\$ 2,388,776	\$ 2,388,776	\$ -
Fund Balance - December 31	\$ 2,385,794	\$ 2,675,644	\$ 2,787,445	\$ 111,801

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

STUTSMAN COUNTY

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ 6,550	\$ 6,550
Intergovernmental	2,567,437	2,458,250	2,435,553	(22,697)
Charges for Services	-	-	257	257
Licenses, Permits and Fees	1,400	1,400	1,885	485
Fines and Forfeitures	900	900	843	(57)
Interest Income	7,500	7,500	13,113	5,613
Miscellaneous	4,000	7,925	5,924	(2,001)
Total Revenues	<u>\$ 2,581,237</u>	<u>\$ 2,475,975</u>	<u>\$ 2,464,125</u>	<u>\$ (11,850)</u>
EXPENDITURES				
Health and Welfare	<u>\$ 2,546,493</u>	<u>\$ 2,643,623</u>	<u>\$ 2,573,386</u>	<u>\$ 70,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 34,744</u>	<u>\$ (167,648)</u>	<u>\$ (109,261)</u>	<u>\$ 58,387</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>\$ 143,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 177,760</u>	<u>\$ (167,648)</u>	<u>\$ (109,261)</u>	<u>\$ 58,387</u>
Fund Balance - January 1	<u>\$ 563,687</u>	<u>\$ 563,687</u>	<u>\$ 563,687</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 741,447</u></u>	<u><u>\$ 396,039</u></u>	<u><u>\$ 454,426</u></u>	<u><u>\$ 58,387</u></u>

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

STUTSMAN COUNTY

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 1,655,000	\$ 1,792,150	\$ 1,779,488	\$ (12,662)
Interest Income	25,000	81,725	81,732	7
Total Revenues	<u>\$ 1,680,000</u>	<u>\$ 1,873,875</u>	<u>\$ 1,861,220</u>	<u>\$ (12,655)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>\$ (1,980,000)</u>	<u>\$ (1,735,000)</u>	<u>\$ (1,735,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (300,000)</u>	<u>\$ 138,875</u>	<u>\$ 126,220</u>	<u>\$ (12,655)</u>
Fund Balance - January 1	<u>\$ 5,866,980</u>	<u>\$ 5,866,980</u>	<u>\$ 5,866,980</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 5,566,980</u></u>	<u><u>\$ 6,005,855</u></u>	<u><u>\$ 5,993,200</u></u>	<u><u>\$ (12,655)</u></u>

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

STUTSMAN COUNTY

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

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

County	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.628618%	\$ 7,367,858	\$ 6,538,693	112.68%	71.66%
2018	0.633009%	10,682,717	6,503,013	164.27%	62.80%
2017	0.627922%	10,092,767	6,410,102	157.45%	61.98%
2016	0.634690%	6,185,673	6,396,175	96.71%	70.46%
2015	0.644744%	4,384,149	5,743,887	76.33%	77.15%
2014	0.602349%	3,823,238	5,074,056	75.35%	77.70%

James River Valley Library System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.031232%	\$ 366,062	\$ 324,868	112.68%	71.66%
2018	0.030641%	517,100	314,780	164.27%	62.80%
2017	0.030216%	485,670	308,456	157.45%	61.98%
2016	0.032932%	320,954	331,876	96.71%	70.46%
2015	0.027713%	193,744	246,891	78.47%	77.15%
2014	0.024979%	158,547	210,422	75.35%	77.70%

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

STUTSMAN COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued
 For the Year Ended December 31, 2018

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 476,054	\$ 477,146	\$ 953,200	\$ 6,538,693	7.30%
2018	478,974	471,996	950,970	6,503,013	7.26%
2017	464,810	462,905	927,715	6,410,102	7.22%
2016	463,073	457,888	920,961	6,396,175	7.16%
2015	436,294	434,840	871,134	5,743,887	7.57%
2014	361,273	361,273	722,546	5,074,056	7.12%

James River Valley Library System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 23,652	\$ 24,263	\$ (611)	\$ 324,868	7.47%
2018	23,185	22,679	506	314,780	7.20%
2017	22,367	23,664	(1,297)	308,456	7.67%
2016	24,027	22,688	1,339	331,876	6.84%
2015	18,753	20,246	(1,493)	246,891	8.20%
2014	14,982	14,982	-	210,422	7.12%

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

STUTSMAN COUNTY

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

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

County	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.589949%	\$ 473,840	\$ 6,582,988	7.20%	63.13%
2018	0.598169%	471,099	6,545,261	7.20%	61.89%
2017	0.592518%	468,688	6,410,102	7.31%	59.78%

James River Valley Library System	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.029114%	\$ 23,384	\$ 324,868	7.20%	63.13%
2018	0.028768%	22,657	314,780	7.20%	61.89%
2017	0.028512%	22,553	308,456	7.31%	59.78%

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

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 76,560	\$ 76,902	\$ (342)	\$ 6,582,988	1.17%
2018	76,772	75,572	1,200	6,545,261	1.15%
2017	74,513	74,116	397	6,410,102	1.16%

James River Valley Library System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2019	\$ 3,778	\$ 3,885	\$ (107)	\$ 324,868	1.20%
2018	3,692	3,631	61	314,780	1.15%
2017	3,586	3,789	(203)	308,456	1.23%

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

STUTSMAN COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

NOTE 2 LEGAL COMPLIANCE – BUDGETS

Budget Amendments

The board of County commissioners amended the County expenditures and transfers budget for various funds as follows:

	REVENUES		
	Original Budget	Amendment	Amended Budget
Major Funds			
General Fund	\$ 8,222,455	\$ 523,325	\$ 8,745,780
Road & Bridge	2,323,938	188,850	2,512,788
Social Services	2,581,237	(105,262)	2,475,975
Highway Tax	1,680,000	193,875	1,873,875

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Major Funds			
General Fund	\$ 8,128,679	\$ 11,375	\$ 8,140,054
Road & Bridge	4,351,420	(346,000)	4,005,420
Social Services	2,546,493	97,130	2,643,623

NOTE 3 CHANGES OF BENEFIT TERMS – PENSION AND OPEB**Pension**

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

OPEB

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

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

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

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

NOTE 5 SCHEDULE OF PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

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



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

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Stutsman County's basic financial statements, and have issued our report thereon dated August 13, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stutsman County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

STUTSMAN COUNTY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Stutsman County's Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
August 13, 2020

STUTSMAN COUNTY

Summary of Auditor's Results
For the Year Ended December 31, 2019

Financial Statements

Type of Report Issued?

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

Internal control over financial reporting

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

Schedule of Audit Findings

For the Year Ended December 31, 2019

2019-001 FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

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

Criteria

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

Prior Recommendation

Yes.

Recommendation

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

Stutsman County's Response

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

STATE AUDITOR
Joshua C. Gallion



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GOVERNANCE COMMUNICATION

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, North Dakota, for the year ended December 31, 2019 which collectively comprise Stutsman County's basic financial statements, and have issued our report thereon dated August 13, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance

As stated in our engagement letter dated July 8, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

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

As part of obtaining reasonable assurance about whether Stutsman County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Stutsman County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

STUTSMAN COUNTYGovernance Communication – Continued

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

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

	<u>Client Provided Adjustments</u>		<u>Total Adjustment</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
PRIMARY GOVERNMENT				
Intergovernmental Receivable	693,964	-	693,964	-
Accounts Receivable	401,620	-	401,620	-
Revenue	-	1,095,584	-	1,095,584
Expenditures	308,358	-	308,358	-
Accounts Payable	-	243,223	-	243,223
Salaries Payable	-	65,135	-	65,135

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 13, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

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

STUTSMAN COUNTY

Governance Communication – Continued

Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of County Commissioners and management of Stutsman County, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Stutsman County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Stutsman County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
August 13, 2020



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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