

AUDIT REPORT

ADAMS COUNTY
Hettinger, North Dakota

For the Years Ended December 31, 2020 and 2019

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

ADAMS COUNTY
Hettinger, North Dakota

TABLE OF CONTENTS
For the Years Ended December 31, 2020 and 2019

	<u>Page (s)</u>
Officials	1
Independent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4, 5
Statement of Activities	6, 7
Balance Sheet – Governmental Funds	8, 9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	10, 11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12, 13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14, 15
Statement of Fiduciary Assets and Liabilities – Custodial Funds	16, 17
Statement of Changes in Fiduciary Assets and Liabilities – Custodial Funds	18, 19
Notes to the Financial Statements	20 - 36
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	37, 38
Farm to Market Roads Fund	39, 40
County Road and Bridge Fund	41, 42
Human Services Fund	43
Notes to the Budgetary Comparison Schedules	44 - 45
Schedule of Employer's Share of Net Pension Liability ND Public Employees Retirement System	46
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity Arising from Cash Transactions	47 - 50
Schedule of Expenditures of Federal Awards	51
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	52 - 53
Report on Compliance for each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	54 - 55
Schedule of Findings and Responses	56
Corrective Action Plan	

ADAMS COUNTY
Hettinger, North Dakota

COUNTY OFFICIALS

Dustin Laufer	Commission Chairman
Anthony Larson	Commissioner
Kevin Pagel	Commissioner
Krista Faller	Auditor/Treasurer
Deborah Markegard	County Recorder/Clerk of Court
Travis Collins	Sheriff
Aaron Roseland	States Attorney

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
Bryce Fischer, CPA

Specializing in Governmental Auditing

425 North Fifth Street
Bismarck, ND 58501
Phone 701-258-4560
Fax 701-258-4983

INDEPENDENT AUDITOR'S REPORT

Governing Board
Adams County
Hettinger, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Adams County, Hettinger, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Adams County, Hettinger, North Dakota, as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgeting comparison information on pages 37 through 45, and the schedules of employer's share of net pension liability on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

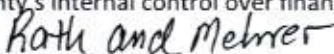
Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2021 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.


Rath and Mehrer, P.C.

Bismarck, North Dakota

April 16, 2021

ADAMS COUNTY
Hettinger, North Dakota

Statement of Net Position
December 31, 2020

	Primary Government	Component Units	
	Governmental Activities	Airport Authority	Water Resource District
<u>ASSETS:</u>			
Cash and Investments	4,481,673.86	13,583.60	356,267.32
Taxes Receivable	40,182.76	1,997.70	1,997.70
Capital Assets (net of accumulated depreciation):			
Land	65,000.00	80,000.00	
Buildings	513,154.00	839,903.00	
Machinery and Vehicles	479,452.00	90,074.00	
Airport Runways/Improvements		3,099,194.00	
Total Capital Assets	1,057,606.00	4,109,171.00	-
Total Assets	5,579,462.62	4,124,752.30	358,265.02
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Changes in Resources Related to Pensions	493,598.00		
<u>LIABILITIES:</u>			
Long-Term Liabilities:			
Due After One Year:			
Bank Loans Payable		165,000.00	
Compensated Absences Payable	37,594.26		
Net Pension Liability	1,006,564.00		
Total Liabilities	1,044,158.26	165,000.00	-
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue	401,721.85		
Changes in Resources Related to Pensions	657,690.00		
Total Deferred Inflows of Resources	1,059,411.85		
<u>NET POSITION:</u>			
Net Investment in Capital Assets	1,057,606.00	4,109,171.00	
Restricted for:			
Special Purposes	2,364,671.44		
Unrestricted	547,213.07	(149,418.70)	358,265.02
Total Net Position	3,969,490.51	3,959,752.30	358,265.02

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Net Position
December 31, 2019

	Primary Government	Component Units	
	Governmental Activities	Airport Authority	Water Resource District
ASSETS:			
Cash and Investments	3,995,896.62	64,579.94	278,234.87
Taxes Receivable	50,473.68	2,651.84	2,651.84
Capital Assets (net of accumulated depreciation):			
Land	65,000.00	80,000.00	
Buildings	534,334.00	869,052.00	
Machinery and Vehicles	629,999.00	16,000.00	
Airport Runways/Improvements		3,366,993.00	
 Total Capital Assets	 1,229,333.00	 4,332,045.00	 -
 Total Assets	 5,275,703.30	 4,399,276.78	 280,886.71
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	773,093.00		
LIABILITIES:			
Interest Payable	2,221.14		
Long-Term Liabilities:			
Due Within One Year:			
Capital Lease Payable	45,560.08		
Bank Loan Payable		15,000.00	
Due After One Year:			
Bank Loan Payable		25,000.00	
Compensated Absences Payable	27,803.14		
Net Pension Liability	1,719,809.00		
 Total Liabilities	 1,795,393.36	 40,000.00	 -
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	386,749.55		
Changes in Resources Related to Pensions	94,192.00		
 Total Deferred Inflows of Resources	 480,941.55		
NET POSITION:			
Net Investment in Capital Assets	1,183,772.92	4,332,045.00	
Restricted for:			
Special Purposes	2,250,264.57		
Unrestricted	338,423.90	27,231.78	280,886.71
 Total Net Position	 3,772,461.39	 4,359,276.78	 280,886.71

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenues		Primary Governmental Activities	Water Resource District	Job Development Authority
		Charges for Services	Operating Grants and Contributions			
Primary Government:						
Governmental Activities:						
General Government	1,109,691.32	141,414.10	302,613.66	(665,663.56)		
Public Safety	546,561.55	172,401.91	52,780.91	(321,378.73)		
Highways and Public Improvement	1,019,516.40	200,490.26	314,966.10	(504,060.04)		
Health and Welfare	15,960.00			(15,960.00)		
Culture and Recreation	95,551.71			(95,551.71)		
Conservation and Economic Development	188,327.55			(188,327.55)		
Other	326,230.89			(326,230.89)		
Interest on Long-Term Debt	444.23			(444.23)		
Total Governmental Activities	3,302,283.65	514,306.27	670,360.67	(2,117,616.71)		
Component Units:						
Airport Authority	1,530,591.26	6,200.00	1,048,359.24		(476,032.02)	
Water Resource District	1,675.00					(1,675.00)
General Revenues:						
Taxes:						
Property Taxes; levied for general purposes				898,315.66	76,355.21	76,222.32
Property taxes; levied for special purposes				765,192.14		
Homestead tax credit				8,345.52		
Disabled veterans tax credit				3,208.91		
Telecommunications taxes				24,930.11		
State aid not restricted to specific program:						
State aid distribution				378,573.03		
Earnings on investments and other revenue				236,080.46	152.33	2,830.99
Total General Revenues				2,314,645.83	76,507.54	79,053.31
Change in Net Position				197,029.12	(399,524.48)	77,378.31
Net Position - January 1				3,772,461.39	4,359,276.78	280,886.71
Net Position - December 31				3,969,490.51	3,959,752.30	358,265.02

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenues		Primary Governmental Activities	Airport Authority	Water Resource District
		Charges for Services	Operating Grants and Contributions			
Primary Government:						
Governmental Activities:						
General Government	1,406,350.57	118,663.11	273,989.36	(1,013,698.10)		
Public Safety	500,552.94	171,004.09	35,933.69	(293,615.16)		
Highways and Public Improvement	880,864.26	214,581.89	407,152.19	(259,130.18)		
Health and Welfare	566,267.04	120.00	563,809.44	(2,337.60)		
Culture and Recreation	99,243.33			(99,243.33)		
Conservation and Economic Development	169,958.28			(169,958.28)		
Other	399,246.90			(399,246.90)		
Interest on Long-Term Debt	1,926.39			(1,926.39)		
Total Governmental Activities	4,024,409.71	504,369.09	1,280,884.68	(2,239,155.94)		
Component Units:						
Airport Authority	934,431.03	12,400.00	540,245.61		(381,785.42)	
Water Resource District	9,404.50					(9,404.50)
General Revenues:						
Taxes:						
Property Taxes; levied for general purposes				616,014.98	74,360.23	75,964.63
Property taxes; levied for special purposes				713,713.05		
Homestead tax credit				7,569.52		
Disabled veterans tax credit				2,548.88		
Telecommunications taxes				24,930.11		
State aid not restricted to specific program:						
State aid distribution				589,962.72		
Earnings on investments and other revenue				142,487.22	161.23	6,466.09
Total General Revenues				2,097,226.48	74,521.46	82,430.72
Change in Net Position				(141,929.46)	(307,263.96)	73,026.22
Net Position - January 1				3,914,390.85	4,666,540.74	207,860.49
Net Position - December 31				3,772,461.39	4,359,276.78	280,886.71

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

ADAMS COUNTY
Hettinger, North Dakota

Balance Sheet
Governmental Funds
December 31, 2020

	Major Funds			Other	Total
	General	Farm to Market Roads	County Road and Bridge	Governmental Funds	Governmental Funds
ASSETS:					
Cash and Investments	1,927,680.24	453,398.55	1,067,615.31	1,032,979.76	4,481,673.86
Taxes Receivable	22,293.82	4,076.23	4,994.26	8,818.45	40,182.76
Interfund Receivables	6,755.49				6,755.49
Total Assets	1,956,729.55	457,474.78	1,072,609.57	1,041,798.21	4,528,612.11
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Interfund Payables				6,755.49	6,755.49
Deferred Inflows of Resources:					
Unavailable Revenue	222,808.63	73,860.09	55,189.48	90,046.41	441,904.61
Total Liabilities and Deferred Inflows of Resources	222,808.63	73,860.09	55,189.48	96,801.90	448,660.10
Fund Balances:					
Restricted for:					
General Government				42,553.21	42,553.21
Public Safety				33,821.91	33,821.91
Highways and Public Improvements		383,614.69	1,017,420.09	100,484.81	1,501,519.59
Culture and Recreation				92,921.18	92,921.18
Conservation and Economic Development				71,887.64	71,887.64
Emergency Services				313,654.92	313,654.92
Other Special Purposes				31,314.17	31,314.17
Assigned to:					
Capital Projects				286,405.83	286,405.83
Unassigned	1,733,920.92			(28,047.36)	1,705,873.56
Total Fund Balances	1,733,920.92	383,614.69	1,017,420.09	944,996.31	4,079,952.01
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,956,729.55	457,474.78	1,072,609.57	1,041,798.21	4,528,612.11

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

ADAMS COUNTY
Hettinger, North Dakota

Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds				Other	Total
	General	Farm to Market Roads	County Road and Bridge	Human Services	Governmental Funds	Governmental Funds
ASSETS:						
Cash and Investments	1,600,530.82	494,529.89	774,318.53	168,443.40	958,073.98	3,995,896.62
Taxes Receivable	24,969.38	8,764.25	6,629.60	37.70	10,072.75	50,473.68
Interfund Receivables	38,966.70					38,966.70
Total Assets	1,664,466.90	503,294.14	780,948.13	168,481.10	968,146.73	4,085,337.00
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Interfund Payables					38,966.70	38,966.70
Deferred Inflows of Resources:						
Unavailable Revenue	245,125.91	42,035.84	53,491.29	37.70	96,532.49	437,223.23
Total Liabilities and Deferred Inflows of Resources	245,125.91	42,035.84	53,491.29	37.70	135,499.19	476,189.93
Fund Balances:						
Restricted for:						
General Government					39,065.79	39,065.79
Public Safety					50,462.69	50,462.69
Highways and Public Improvements		461,258.30	727,456.84		141,734.11	1,330,449.25
Health and Welfare				168,443.40		168,443.40
Culture and Recreation					95,444.90	95,444.90
Conservation and Economic Development					41,831.27	41,831.27
Emergency Services					137,379.73	137,379.73
Other Special Purposes					25,157.16	25,157.16
Assigned to:						
Capital Projects					359,283.27	359,283.27
Unassigned	1,419,340.99				(57,711.38)	1,361,629.61
Total Fund Balances	1,419,340.99	461,258.30	727,456.84	168,443.40	832,647.54	3,609,147.07
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,664,466.90	503,294.14	780,948.13	168,481.10	968,146.73	4,085,337.00

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

ADAMS COUNTY
Hettinger, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2020

Total Fund Balances for Governmental Funds	4,079,952.01
--	--------------

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

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

Cost of Capital Assets	4,063,711.00	
Less Accumulated Depreciation	<u>(3,006,105.00)</u>	
Net Capital Assets		1,057,606.00

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.	40,182.76
---	-----------

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

Total Deferred Outflows of Resources	493,598.00	
Total Deferred Inflows of Resources	<u>(657,690.00)</u>	
Net Deferred Outflows/Inflows of Resources		(164,092.00)

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2020 are:

Compensated Absences Payable	(37,594.26)	
Net Pension Liability	<u>(1,006,564.00)</u>	
Total Long-Term Liabilities		<u>(1,044,158.26)</u>

Total Net Position of Governmental Activities	<u><u>3,969,490.51</u></u>
---	----------------------------

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

ADAMS COUNTY
Hettinger, North Dakota

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

Total Fund Balances for Governmental Funds		3,609,147.07
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	4,063,711.00	
Less Accumulated Depreciation	<u>(2,834,378.00)</u>	
Net Capital Assets		1,229,333.00
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		50,473.68
The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.		
Total Deferred Outflows of Resources	773,093.00	
Total Deferred Inflows of Resources	<u>(94,192.00)</u>	
Net Deferred Outflows/Inflows of Resources		678,901.00
Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2019 are:		
Capital Leases Payable	(45,560.08)	
Interest Payable	(2,221.14)	
Compensated Absences Payable	(27,803.14)	
Net Pension Liability	<u>(1,719,809.00)</u>	
Total Long-Term Liabilities		<u>(1,795,393.36)</u>
Total Net Position of Governmental Activities		<u>3,772,461.39</u>

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	Major Funds			Other	Total
	General	Farm to Market Roads	County Road and Bridge	Governmental Funds	Governmental Funds
Revenues:					
Taxes	900,991.22	138,388.28	190,139.97	444,279.25	1,673,798.72
Licenses, Permits and Fees	1,620.00		4,013.50	42,771.91	48,405.41
Intergovernmental	476,281.96	986.83	363,299.58	244,849.87	1,085,418.24
Charges for Services	204,470.06		232,563.11	28,867.69	465,900.86
Miscellaneous	217,463.34		14,309.72	4,307.40	236,080.46
Total Revenues	1,800,826.58	139,375.11	804,325.88	765,076.12	3,509,603.69
Expenditures:					
Current:					
General Government	973,940.45			1,776.53	975,716.98
Public Safety	466,629.55			59,412.69	526,042.24
Highways and Public Improvement			856,736.69	22,834.24	879,570.93
Culture and Recreation	16,000.00			78,684.71	94,684.71
Conservation and Economic Development	6,176.59			182,150.96	188,327.55
Other	1,950.00			324,280.89	326,230.89
Debt Service:					
Principal			45,560.08		45,560.08
Interest and Service Charges			2,665.37		2,665.37
Total Expenditures	1,464,696.59	-	904,962.14	669,140.02	3,038,798.75
Excess of Revenues Over (Under) Expenditures	336,129.99	139,375.11	(100,636.26)	95,936.10	470,804.94
Other Financing Sources (Uses)					
Transfers In	4,803.92		390,599.51		395,403.43
Transfers Out	(26,353.98)	(217,018.72)		(152,030.73)	(395,403.43)
Total Other Financing Sources (Uses)	(21,550.06)	(217,018.72)	390,599.51	(152,030.73)	-
Net Change in Fund Balance	314,579.93	(77,643.61)	289,963.25	(56,094.63)	470,804.94
Fund Balance - January 1	1,419,340.99	461,258.30	727,456.84	1,001,090.94	3,609,147.07
Fund Balance - December 31	1,733,920.92	383,614.69	1,017,420.09	944,996.31	4,079,952.01

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

ADAMS COUNTY
Hettinger, North Dakota

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

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Farm to Market Roads	County Road and Bridge	Human Services		
Revenues:						
Taxes	606,643.49	208,251.71	169,628.09	1,569.45	325,623.14	1,311,715.88
Licenses, Permits and Fees	990.00		1,507.66	120.00	43,504.09	46,121.75
Intergovernmental	804,834.47	1,705.24	403,004.53	565,043.61	131,308.06	1,905,895.91
Charges for Services	205,863.00		220,837.61		31,546.73	458,247.34
Miscellaneous	115,824.28		12,421.63	5,034.20	9,207.11	142,487.22
Total Revenues	1,734,155.24	209,956.95	807,399.52	571,767.26	541,189.13	3,864,468.10
Expenditures:						
Current:						
General Government	1,155,995.70				5,699.02	1,161,694.72
Public Safety	434,869.59				47,886.24	482,755.83
Highways and Public Improvement			734,160.53		17,643.52	751,804.05
Health and Welfare				571,997.22		571,997.22
Culture and Recreation	16,000.00				82,376.33	98,376.33
Conservation and Economic Development	6,163.00				163,795.28	169,958.28
Other	1,950.00	2.22			397,294.68	399,246.90
Debt Service:						
Principal			109,956.34			109,956.34
Interest and Service Charges			5,183.13			5,183.13
Total Expenditures	1,614,978.29	2.22	849,300.00	571,997.22	714,695.07	3,750,972.80
Net Change in Fund Balance	119,176.95	209,954.73	(41,900.48)	(229.96)	(173,505.94)	113,495.30
Fund Balance - January 1	1,300,164.04	251,303.57	769,357.32	168,673.36	1,006,153.48	3,495,651.77
Fund Balance - December 31	1,419,340.99	461,258.30	727,456.84	168,443.40	832,647.54	3,609,147.07

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

ADAMS COUNTY
Hettinger, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	470,804.94
--	------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(171,727.00)</u>	(171,727.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>45,560.08</u>	45,560.08

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

Net Increase in Compensated Absences	(9,791.12)	
Net Decrease in Interest Payable	2,221.14	
Net Increase to Pension Expense	<u>(129,748.00)</u>	(137,317.98)

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

Net Decrease in Taxes Receivable		<u>(10,290.92)</u>
----------------------------------	--	--------------------

Change in Net Position of Governmental Activities	<u><u>197,029.12</u></u>
---	--------------------------

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

ADAMS COUNTY
Hettinger, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds	113,495.30
--	------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	-	
Current Year Depreciation Expense	<u>(180,406.00)</u>	(180,406.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>109,956.34</u>	109,956.34

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

Net Decrease in Compensated Absences	31,729.01	
Net Decrease in Interest Payable	3,256.74	
Net Increase to Pension Expense	<u>(237,973.00)</u>	(202,987.25)

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

Net Increase in Taxes Receivable		<u>18,012.15</u>
----------------------------------	--	------------------

Change in Net Position of Governmental Activities	<u><u>(141,929.46)</u></u>
---	----------------------------

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2020

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>775,425.36</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>775,425.36</u>

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

ADAMS COUNTY
Hettinger, North Dakota

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

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>673,089.98</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>673,089.98</u>

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Changes in Fiduciary Assets and Liabilities
Custodial Funds
December 31, 2020

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	2,740,033.98
State aid collections for other governments	120,633.92
State medical levy collections	20,093.26
Assessments charges to patrons/businesses	900.00
Payments made for the purpose of public service/public safety	13,347.59
Collections on behalf of ND state treasurer	<u>1,100.00</u>
 Total Additions	 <u>2,896,108.75</u>
 <u>Deductions:</u>	
Payments of property tax to other governments	2,650,576.56
Payments of state aid to other governments	109,145.85
Payments made for the purpose of public service/public safety	14,574.23
State medical levy collections remitted to state treasurer	19,301.73
Collections remitted to ND state treasurer	<u>175.00</u>
 Total Deductions	 <u>2,793,773.37</u>
 Net Change in Assets and Liabilities	 <u>102,335.38</u>
 Assets and Liabilities - January 1	 <u>673,089.98</u>
 Assets and Liabilities - December 31	 <u><u>775,425.36</u></u>

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

ADAMS COUNTY
Hettinger, North Dakota

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

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	2,523,567.20
State aid collections for other governments	129,356.57
State medical levy collections	17,475.01
Assessments charges to patrons/businesses	2,185.00
Payments made for the purpose of public service/public safety	47,513.91
Collections on behalf of ND state treasurer	<u>1,070.00</u>
 Total Additions	 <u>2,721,167.69</u>
 <u>Deductions:</u>	
Payments of property tax to other governments	2,667,329.27
Payments of state aid to other governments	129,254.62
Payments made for the purpose of public service/public safety	47,629.21
State medical levy collections	18,401.32
Collections remitted to ND state treasurer	<u>385.00</u>
 Total Deductions	 <u>2,862,999.42</u>
 Net Change in Assets and Liabilities	 <u>(141,831.73)</u>
 Assets and Liabilities - January 1	 <u>814,921.71</u>
 Assets and Liabilities - December 31	 <u><u>673,089.98</u></u>

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

ADAMS COUNTY
Hettinger, North Dakota

Notes to the Financial Statements
December 31, 2020 and 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

Adams County Airport Authority: The Adams County Airport Authority's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the airport authority budget. The airport authority has the authority to issue its own debt.

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

The financial statements of each of the two discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Adams County Auditor/Treasurer; 600 Adams Avenue, Hettinger, ND 58639.

B. Basis of Presentation

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

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

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

The county reports the following major governmental funds:

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

Farm to Market Roads. This fund accounts for a special levy used for the maintenance and repair of federal aid farm to market roads within the county.

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

Human Services. 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 county reports the following fund type:

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	75 to 100 years
Machinery and Vehicles	5 to 20 years
Airport Runways/Improvements	15 to 40 years

F. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. The employees may carry forward a maximum of 240 hours of accrued annual leave.

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

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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

H. Pension

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

I. Fund Equity

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

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

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

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

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

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

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

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

- Committed
- Assigned
- Unassigned

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

J. Interfund Transactions

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

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

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

K. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2020 the county's carrying amount of deposits was \$5,256,088 and the bank balance was \$5,310,010. Of the bank balance, \$641,868 was covered by Federal Depository Insurance. The remaining balance of \$4,668,142 was collateralized with securities held by the pledging financial institution's agent in the government's name

At December 31, 2019 the county's carrying amount of deposits was \$4,667,978 and the bank balance was \$4,688,537. Of the bank balance, \$643,358 was covered by Federal Depository Insurance. The remaining balance of \$4,045,179 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2020, the county held certificates of deposit in the amount of \$1,069,209, which are all considered deposits.

At December 31, 2019, the county held certificates of deposit in the amount of \$1,053,000, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 TAXES RECEIVABLE

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

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

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

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

Note 4 INTERFUND RECEIVABLE/PAYABLES

The interfund receivable/payables are created by negative cash balances in various funds. The amounts shown as interfund payables represent the amount of negative cash in each fund. The interfund receivable/payables for the years ended December 31, 2020 and 2019 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2020</u>		
General Fund	6,755.49	
County Agent		6,755.49
<u>December 31, 2019</u>		
General Fund	38,966.70	
County Agent		38,966.70

Note 5 CAPITAL ASSETS

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

		<u>2020</u>		
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	65,000			65,000
<i>Capital assets being depreciated:</i>				
Buildings	1,728,500			1,728,500
Machinery and Vehicles	2,270,211			2,270,211
Total	3,998,711	-	-	3,998,711
<i>Less accumulated depreciation for:</i>				
Buildings	1,194,166	21,180		1,215,346
Machinery and Vehicles	1,640,212	150,547		1,790,759
Total	2,834,378	171,727	-	3,006,105
Total capital assets being depreciated, net	1,164,333	(171,727)	-	992,606
Governmental Activities Capital Assets, Net	<u>1,229,333</u>	<u>(171,727)</u>	<u>-</u>	<u>1,057,606</u>

	<u>2019</u>			
	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	65,000			65,000
<i>Capital assets being depreciated:</i>				
Buildings	1,728,500			1,728,500
Machinery and Vehicles	2,270,211			2,270,211
Total	3,998,711	-	-	3,998,711
<i>Less accumulated depreciation for:</i>				
Buildings	1,172,986	21,180		1,194,166
Machinery and Vehicles	1,480,986	159,226		1,640,212
Total	2,653,972	180,406	-	2,834,378
Total capital assets being depreciated, net	1,344,739	(180,406)	-	1,164,333
Governmental Activities Capital Assets, Net	1,409,739	(180,406)	-	1,229,333

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

	<u>2020</u>	<u>2019</u>
General Government	5,600	5,600
Public Safety	18,277	22,636
Highways and Public Improvement	131,023	135,343
Health and Welfare	15,960	15,960
Culture and Recreation	867	867
Total Depreciation Expense	171,727	180,406

Discretely Presented Component Unit

Airport Authority

The following is a summary of changes in capital assets for the Adams County Airport Authority, a discretely presented component unit of Adams County, for the years ended December 31:

	<u>2020</u>			
	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	80,000			80,000

Capital assets being depreciated:

Buildings	1,185,978			1,185,978
Machinery and Vehicles	32,000	85,860		117,860
Airport Runways/Improvements	5,122,608			5,122,608
Total	<u>6,340,586</u>	<u>85,860</u>	<u>-</u>	<u>6,426,446</u>

Less accumulated depreciation for:

Buildings	316,926	29,149		346,075
Machinery and Vehicles	16,000	11,786		27,786
Airport Runways/Improvements	1,755,615	267,799		2,023,414
Total	<u>2,088,541</u>	<u>308,734</u>	<u>-</u>	<u>2,397,275</u>

Total capital assets being depreciated, net	<u>4,252,045</u>	<u>(222,874)</u>		<u>4,029,171</u>
---	------------------	------------------	--	------------------

Discretely Presented Component Unit Capital Assets, Net	<u>4,332,045</u>	<u>(222,874)</u>		<u>4,109,171</u>
---	------------------	------------------	--	------------------

2019

	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	<u>80,000</u>			<u>80,000</u>

Capital assets being depreciated:

Buildings	1,185,978			1,185,978
Machinery and Vehicles	32,000			32,000
Airport Runways/Improvements	5,122,608			5,122,608
Total	<u>6,340,586</u>	<u>-</u>	<u>-</u>	<u>6,340,586</u>

Less accumulated depreciation for:

Building	287,777	29,149		316,926
Machinery and Vehicles	12,800	3,200		16,000
Airport Runways/Improvements	1,487,816	267,799		1,755,615
Total	<u>1,788,393</u>	<u>300,148</u>	<u>-</u>	<u>2,088,541</u>

Total capital assets being depreciated, net	<u>4,552,193</u>	<u>(300,148)</u>		<u>4,252,045</u>
---	------------------	------------------	--	------------------

Discretely Presented Component Unit Capital Assets, Net	<u>4,632,193</u>	<u>(300,148)</u>		<u>4,332,045</u>
---	------------------	------------------	--	------------------

Depreciation expense was charged to functions /programs of the airport authority as follows for the years ending December 31:

	<u>2020</u>	<u>2019</u>
Airport	<u>308,734</u>	<u>300,148</u>

Note 6 INTEREST PAYABLE

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

Note 7 UNAVAILABLE REVENUE

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

Unavailable revenue on the government-wide financial statements consists of prepaid property taxes.

Note 8 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2020 and 2019, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

	<u>2020</u>				
	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated Absences *	<u>27,803</u>	<u>9,791</u>		<u>37,594</u>	
	<u>2019</u>				
	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Capital Leases	155,516		109,956	45,560	45,560
Compensated Absences *	<u>59,532</u>		<u>31,729</u>	<u>27,803</u>	
Total	<u>215,048</u>	<u>-</u>	<u>141,685</u>	<u>73,363</u>	<u>45,560</u>

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

Component Unit Debt

Changes in Long-Term Liabilities. During the years ended December 31, 2020 and 2019, the following changes occurred in liabilities reported in the long-term liabilities – Component Unit:

	<u>2020</u>				
	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bank Loans Payable	<u>40,000</u>	<u>150,000</u>	<u>25,000</u>	<u>165,000</u>	
	<u>2019</u>				
	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bank Loans Payable	<u>81,000</u>		<u>41,000</u>	<u>40,000</u>	

Bank Loans Payable The Adams County Airport Authority has entered into loan agreements to provide funds for runway improvements.

\$160,000 Bank Loan Payable with Dakota Western Bank. Interest is at 3.25%. This loan will be repaid as funds become available.	25,000.00
\$150,000 Bank Loan Payable with Dakota Western Bank. Interest is at 4.00%. This loan will be repaid as funds become available.	140,000.00
Total Bank Loans Payable	<u>165,000.00</u>

Note 9 TRANSFERS

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

	<u>2020</u>	
<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	4,803.92	
Emergency		4,803.92
To subsidize expenditures.		
County Road and Bridge	390,599.51	
General		26,353.98
Farm to Market Roads		217,018.72
Emergency		6,581.32
Unorganized Townships		140,645.49
To subsidize expenditures.		

Note 10 DEFICIT FUND BALANCES

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

	<u>2020</u>	<u>2019</u>
<u>Special Revenue Fund</u>		
County Agent	(6,755.49)	(38,966.70)

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

Note 11 RELATED ORGANIZATIONS

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

In 2020 and 2019, the county remitted \$52,536.73 and \$50,261.62 to the Senior Citizens, \$14,170.75 and \$13,625.79 to the Historical Society and \$77,242.36 and \$73,370.15 to the Job Development, respectively.

Note 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$3,000,000 per occurrence for general liability and automobile; and \$1,178,911 for public assets.

The county also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a blanket fidelity bond coverage in the amount of \$1,314,275 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

Note 13 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at

normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55 – 64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. 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

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

At December 31, 2020, Adams County reported a liability of \$1,006,564 for its proportionate share of the net pension liability. 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 county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2019 the county's proportion was .085879 percent, which was a decrease of .016029 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the county recognized pension expense of \$170,144. At December 31, 2020 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	595	182,672
Changes in assumptions	376,127	322,937
Net difference between projected and actual earnings on pension plan investments	17,537	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,322	152,081
County contributions subsequent to the measurement date (see below)	42,017	
Total	<u>493,598</u>	<u>657,690</u>

\$42,017 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 30, 2021.

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

Year ended June 30:	
2020	20,222
2021	(8,063)
2022	(57,219)
2023	(122,785)
2024	(38,264)
Thereafter	0

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

Inflation 2.50%

Salary increases

Service at Beginning of Year	Increase Rate
0	15.00%
1	10.00%
2	8.00%
Age *	
Under 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 Retiree Mortality Table with ages set back one year for males (not setback for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2019 funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2019. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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

<u>Asset Class</u>	Long-Term	
	Target Allocation	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 Equity Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

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

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

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

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
The county's proportionate share of the net pension liability	1,443,196	1,006,564	639,717

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 14 OTHER POSTEMPLOYMENT BENEFITS

The county is required to implement GASB Statement No. 75, Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions. The effect of this statement is not material to the county's financial statements.

Note 15 TAX ABATEMENTS

The county has not entered into any tax abatement agreements that would reduce the county's tax revenues for the year ended December 31, 2020.

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	786,510.98	786,510.98	900,991.22	114,480.24
Licenses, Permits and Fees	1,000.00	1,000.00	1,620.00	620.00
Intergovernmental	502,811.00	502,811.00	476,281.96	(26,529.04)
Charges for Services	211,259.48	211,259.48	204,470.06	(6,789.42)
Miscellaneous	121,000.00	121,000.00	217,463.34	96,463.34
Total Revenues	1,622,581.46	1,622,581.46	1,800,826.58	178,245.12
Expenditures:				
Current:				
General Government	1,136,105.43	1,158,192.00	973,940.45	184,251.55
Public Safety	656,363.00	655,546.00	466,629.55	188,916.45
Health and Welfare	41,286.32	41,279.24		41,279.24
Culture and Recreation	16,000.00	16,000.00	16,000.00	-
Conservation and Economic Development	11,200.00	11,200.00	6,176.59	5,023.41
Other	3,450.00	3,450.00	1,950.00	1,500.00
Total Expenditures	1,864,404.75	1,885,667.24	1,464,696.59	420,970.65
Excess of Revenues Over (Under) Expenditures	(241,823.29)	(263,085.78)	336,129.99	599,215.77
Other Financing Sources (Uses):				
Transfers In			4,803.92	4,803.92
Transfers Out			(26,353.98)	(26,353.98)
Total Other Financing Sources (Uses)	-	-	(21,550.06)	(21,550.06)
Net Change in Fund Balances	(241,823.29)	(263,085.78)	314,579.93	577,665.71
Fund Balance - January 1	1,419,340.99	1,419,340.99	1,419,340.99	
Fund Balance - December 31	1,177,517.70	1,156,255.21	1,733,920.92	577,665.71

ADAMS COUNTY
Hettinger, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	695,994.47	695,994.47	606,643.49	(89,350.98)
Licenses, Permits and Fees	950.00	950.00	990.00	40.00
Intergovernmental	657,909.00	657,909.00	804,834.47	146,925.47
Charges for Services	215,225.00	215,225.00	205,863.00	(9,362.00)
Miscellaneous	91,000.00	91,000.00	115,824.28	24,824.28
Total Revenues	1,661,078.47	1,661,078.47	1,734,155.24	73,076.77
Expenditures:				
Current:				
General Government	1,106,759.00	1,162,810.00	1,155,995.70	6,814.30
Public Safety	890,700.00	698,090.00	434,869.59	263,220.41
Health and Welfare	1,034.00	1,058.00		1,058.00
Culture and Recreation	16,000.00	16,000.00	16,000.00	-
Conservation and Economic Development	11,200.00	11,200.00	6,163.00	5,037.00
Other	3,450.00	3,450.00	1,950.00	1,500.00
Total Expenditures	2,029,143.00	1,892,608.00	1,614,978.29	277,629.71
Net Change in Fund Balances	(368,064.53)	(231,529.53)	119,176.95	350,706.48
Fund Balance - January 1	1,300,164.04	1,300,164.04	1,300,164.04	
Fund Balance - December 31	932,099.51	1,068,634.51	1,419,340.99	350,706.48

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
Farm to Market Roads Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	122,750.77	122,750.77	138,388.28	15,637.51
Intergovernmental	-	-	986.83	986.83
Total Revenues	122,750.77	122,750.77	139,375.11	16,624.34
<u>Other Financing (Uses):</u>				
Transfers Out			(217,018.72)	(217,018.72)
Fund Balance - January 1	461,258.30	461,258.30	461,258.30	
Fund Balance - December 31	584,009.07	584,009.07	383,614.69	(200,394.38)

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
Farm to Market Roads Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	207,349.56	207,349.56	208,251.71	902.15
Intergovernmental			1,705.24	1,705.24
Total Revenues	207,349.56	207,349.56	209,956.95	2,607.39
<u>Expenditures:</u>				
Current:				
Other	5,000.00		2.22	(2.22)
Net Change in Fund Balances	202,349.56	207,349.56	209,954.73	2,605.17
Fund Balance - January 1	251,303.57	251,303.57	251,303.57	
Fund Balance - December 31	453,653.13	458,653.13	461,258.30	2,605.17

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	168,318.28	168,318.28	190,139.97	21,821.69
Licenses, Permits and Fees	1,300.00	1,300.00	4,013.50	2,713.50
Intergovernmental	1,150,672.00	1,150,672.00	363,299.58	(787,372.42)
Charges for Services	222,000.00	222,000.00	232,563.11	10,563.11
Miscellaneous	18,000.00	18,000.00	14,309.72	(3,690.28)
Total Revenues	1,560,290.28	1,560,290.28	804,325.88	(755,964.40)
<u>Expenditures:</u>				
Current:				
Highways and Public Improvements	2,521,854.55	2,322,734.55	856,736.69	1,465,997.86
Debt Service:				
Principal	45,560.08	45,560.08	45,560.08	-
Interest and Service Charges	2,665.37	2,665.37	2,665.37	-
Total Expenditures	2,570,080.00	2,370,960.00	904,962.14	1,465,997.86
<u>Other Financing Sources:</u>				
Transfers In			390,599.51	390,599.51
Net Change in Fund Balances	(1,009,789.72)	(810,669.72)	289,963.25	1,100,632.97
Fund Balance - January 1	727,456.84	727,456.84	727,456.84	
Fund Balance - December 31	(282,332.88)	(83,212.88)	1,017,420.09	1,100,632.97

ADAMS COUNTY
Hettinger, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	170,150.00	170,150.00	169,628.09	(521.91)
Licenses, Permits and Fees	1,000.00	1,000.00	1,507.66	507.66
Intergovernmental	377,275.00	377,275.00	403,004.53	25,729.53
Charges for Services	217,500.00	217,500.00	220,837.61	3,337.61
Miscellaneous	14,000.00	14,000.00	12,421.63	(1,578.37)
Total Revenues	779,925.00	779,925.00	807,399.52	27,474.52
<u>Expenditures:</u>				
Current:				
Highways and Public Improvements	1,514,762.53	1,529,762.53	734,160.53	795,602.00
Debt Service:				
Principal	109,956.34	109,956.34	109,956.34	-
Interest and Service Charges	5,181.13	5,181.13	5,183.13	(2.00)
Total Expenditures	1,629,900.00	1,644,900.00	849,300.00	795,600.00
Net Change in Fund Balances	(849,975.00)	(864,975.00)	(41,900.48)	823,074.52
Fund Balance - January 1	769,357.32	769,357.32	769,357.32	
Fund Balance - December 31	(80,617.68)	(95,617.68)	727,456.84	823,074.52

ADAMS COUNTY
Hettinger, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes			1,569.45	1,569.45
Licenses, Permits and Fees	100.00	100.00	120.00	20.00
Intergovernmental	617,326.00	617,326.00	565,043.61	(52,282.39)
Miscellaneous			5,034.20	5,034.20
Total Revenues	617,426.00	617,426.00	571,767.26	(45,658.74)
<u>Expenditures:</u>				
Current:				
Health and Welfare	613,366.00	603,841.00	571,997.22	31,843.78
Net Change in Fund Balances	4,060.00	13,585.00	(229.96)	(13,814.96)
Fund Balance - January 1	168,673.36	168,673.36	168,673.36	
Fund Balance - December 31	172,733.36	182,258.36	168,443.40	(13,814.96)

ADAMS COUNTY
Hettinger, North Dakota.

Notes to the Budgetary Comparison Schedules
December 31, 2020 and 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Note 2 LEGAL COMPLIANCE

The governing board approved the following amendments to the county's budgets for the years ending:

	<u>2020</u>		
	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
		<u>Appropriations</u>	
General Fund	1,864,405	21,262	1,885,667
<u>Special Revenue Funds</u>			
County Road and Bridge	2,570,080	(199,120)	2,370,960
Human Services	613,366	(9,525)	603,841
Veteran's Service Officer	13,113	(89)	13,024
County Agent	55,961	(5,371)	50,590
Extension Education	4,200	(1,400)	2,800
County Library	84,933	(155)	84,778
Job Development	78,797	(12,287)	66,510
Wireless 911	95,280	(8,623)	86,657
	<u>2019</u>		
	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
		<u>Appropriations</u>	
General Fund	2,029,143	(136,535)	1,892,608
<u>Special Revenue Funds</u>			
Farm to Market Roads	5,000	(5,000)	-
County Road and Bridge	1,629,900	15,000	1,644,900
Human Services	613,366	(9,525)	603,841
Unorganized Townships	5,005	(5,005)	-
Veteran's Service Officer	14,010	(297)	13,713
County Agent	57,608	(3,538)	54,070
County Library	83,100	1,125	84,225
Weed Control	69,880	250	70,130
Wireless 911	112,165	(619)	111,546
Inert Landfill	47,700	(5,000)	42,700

Excess of Actual Expenditures Over Budget

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

	<u>2020</u>
<u>Special Revenue Funds</u>	
Farm to Market Roads	(2.22)
Capitol Projects	(36,651.48)
Senior Citizens	(14,275.62)
Historical Society	(1,625.79)

	<u>2019</u>
<u>Special Revenue Funds</u>	
Extension Education	(123.29)
Senior Citizens	(13,336.73)
Job Development	(10,732.21)

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

ADAMS COUNTY
Hettinger, North Dakota

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

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.085879%	0.101908%	0.095041%	0.009153%	0.092483%	0.087468%
County's proportionate share of the net pension liability	1,006,564	1,719,809	1,527,621	892,049	628,869	555,178
County's covered employee payroll	986,503	989,267	1,000,156	949,568	889,700	876,709
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	102.03%	173.85%	152.74%	93.94%	70.68%	63.33%
Plan fiduciary net position as a percentage of the total pension liability	62.80%	62.80%	61.98%	70.46%	77.15%	77.70%

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

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	70,239	70,436	71,211	67,609	63,347	57,989
Contributions in relation to the statutorily required contributions	(70,239)	(70,436)	(71,211)	(67,609)	(63,347)	(57,989)
Contribution deficiency (excess)		0	0	0	0	0
County's covered-employee payroll	986,503	989,267	1,000,156	949,568	889,700	876,709
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%	7.12%	7.12%	6.61%

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

- For changes of assumptions, see Note 13 to the financial statements.

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020

	Balance 1/1/2020	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2020
<u>Major Governmental Funds</u>						
General Fund	1,639,497.52	1,781,184.86	4,803.92	26,353.98	1,464,696.59	1,934,435.73
Farm to Market Roads	494,529.89	175,887.38		217,018.72	-	453,398.55
County Road and Bridge	774,318.53	807,659.41	390,599.51		904,962.14	1,067,615.31
Total Major Governmental Funds	2,908,345.94	2,764,731.65	395,403.43	243,372.70	2,369,658.73	3,455,449.59
<u>Non-Major Governmental Funds</u>						
Unorganized Townships	141,734.11	99,396.19		140,645.49	-	100,484.81
Human Services	168,443.30				168,443.30	-
Document Preservation	39,065.79	5,263.95			1,776.53	42,553.21
Emergency	137,379.73	206,978.39		11,385.24	19,317.96	313,654.92
Veterans Service	11,130.50	14,656.51			11,105.36	14,681.65
County Agent	(38,966.70)	79,160.57			46,949.36	(6,755.49)
Extension Education	6,874.55	2,940.00			2,923.29	6,891.26
County Library	111,232.89	58,584.94			64,513.96	105,303.87
Weed Control	50,950.86	76,947.70			55,035.95	72,862.61
Senior Citizens	9,609.22	53,749.54			52,536.73	10,822.03
Job Development	19,248.40	79,850.94			77,242.36	21,856.98
Capital Projects	359,283.27				72,877.44	286,405.83
Wireless 911	50,462.69	42,771.91			59,412.69	33,821.91
County Historical Society	3,563.08	14,704.76			14,170.75	4,097.09
Inert Landfill	17,538.89	24,838.94			22,834.24	19,543.59
Total Non-Major Governmental Funds	1,087,550.58	759,844.34	-	152,030.73	669,139.92	1,026,224.27
Total Governmental Funds	3,995,896.52	3,524,575.99	395,403.43	395,403.43	3,038,798.65	4,481,673.86
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Soil Conservation District	9,602.16	43,666.92			39,804.31	13,464.77
Health District	18,800.06	82,733.60			80,012.60	21,521.06
SW Water Authority	4,825.32	21,383.56			20,727.12	5,481.76
State Revenue	4,825.32	20,093.26			19,301.73	5,616.85
Estimate Tax	114.03	13,475.27			13,364.32	224.98
Mobile Home Tax	5,260.13	3,257.70				8,517.83
Domestic Violence Prevention	35.00	175.00			175.00	35.00
County Victim Witness	4,372.07	925.00				5,297.07
State Aid	2,387.93	120,633.92			109,145.85	13,876.00
Hazardous Chemical/SARA	2,613.41	900.00			1,226.64	2,286.77
Sheriff Trust	1,625.00					1,625.00
Treasurer Clearing Account	-	13,347.59			13,347.59	-
Regent Ambulance	2,734.45	8,769.55			8,246.97	3,257.03

(continued)

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2020
(continued)

	Balance 1/1/2020	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2020
<u>Custodial Funds (continued)</u>						
Water Resource District	19,248.40	79,617.93			77,009.35	21,856.98
Airport Authority	19,248.40	78,580.32			76,876.46	20,952.26
Total Cities	32,226.64	148,760.16			137,068.69	43,918.11
Total Park Districts	22,564.66	92,220.16			94,102.58	20,682.24
Total School Districts	463,600.00	1,909,307.71			1,851,386.41	521,521.30
Total Townships	31,350.14	148,638.29			145,481.80	34,506.63
Total Fire Districts	27,656.86	109,622.81			106,495.95	30,783.72
Total Custodial Funds	673,089.98	2,896,108.75	-	-	2,793,773.37	775,425.36
Total Primary Government	4,668,986.50	6,420,684.74	395,403.43	395,403.43	5,832,572.02	5,257,099.22
<u>Discretely Presented Component Units</u>						
Airport Authority	64,579.94	1,281,720.92			1,332,717.26	13,583.60
Water Resource District	278,234.87	79,707.45			1,675.00	356,267.32
Total Discretely Presented Component Units	342,814.81	1,361,428.37	-	-	1,334,392.26	369,850.92
Total Reporting Entity	5,011,801.31	7,782,113.11	395,403.43	395,403.43	7,166,964.28	5,626,950.14

ADAMS COUNTY
Hettinger, North Dakota

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

	Balance 1/1/2019	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2019
<u>Major Governmental Funds</u>						
General Fund	1,521,290.82	1,795,701.19			1,677,494.49	1,639,497.52
Farm to Market Roads	307,023.90	187,508.21			2.22	494,529.89
County Road and Bridge	772,324.57	861,184.35			859,190.39	774,318.53
Human Services	171,747.20	571,767.26			575,071.06	168,443.40
Total Major Governmental Funds	2,772,386.49	3,416,161.01	-	-	3,111,758.16	3,076,789.34
<u>Non-Major Governmental Funds</u>						
Unorganized Townships	-	141,734.11				141,734.11
Document Preservation	41,760.72	3,353.20			6,048.13	39,065.79
Emergency	137,379.73					137,379.73
Veterans Service	12,130.45	11,069.13			12,069.08	11,130.50
County Agent	(73,429.51)	68,945.30			34,482.49	(38,966.70)
Extension Education	5,653.24	3,100.00			1,878.69	6,874.55
County Library	120,875.69	59,107.74			68,750.54	111,232.89
Weed Control	72,556.43	33,767.91			55,373.48	50,950.86
Senior Citizens	11,421.21	48,449.63			50,261.62	9,609.22
Job Development	22,982.88	69,635.67			73,370.15	19,248.40
Capital Projects	656,811.43	39,123.32			336,651.48	359,283.27
Wireless 911	59,799.60	43,504.09			52,841.00	50,462.69
County Historical Society	4,308.92	12,879.95			13,625.79	3,563.08
Inert Landfill	6,571.97	29,626.71			18,659.79	17,538.89
Total Non-Major Governmental Funds	1,078,822.76	564,296.76	-	-	724,012.24	919,107.28
Total Governmental Funds	3,851,209.25	3,980,457.77	-	-	3,835,770.40	3,995,896.62
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Soil Conservation District	11,501.95	36,152.40			38,052.19	9,602.16
Health District	21,771.28	71,654.08			74,625.30	18,800.06
SW Water Authority	5,751.63	18,898.65			19,824.96	4,825.32
State Revenue	5,751.63	17,475.01			18,401.32	4,825.32
Estimate Tax	313.38	13,764.66			13,964.01	114.03
Mobile Home Tax	6,187.22	1,668.81			2,595.90	5,260.13
Domestic Violence Prevention		420.00			385.00	35.00
County Victim Witness	3,722.07	650.00				4,372.07
State Aid	2,285.98	129,356.57			129,254.62	2,387.93
Hazardous Chemical/SARA	1,833.75	875.00			95.34	2,613.41
Sheriff Trust	315.00	1,310.00				1,625.00
Treasurer Clearing Account	19.96	47,513.91			47,533.87	-
Regent Ambulance	3,391.00	6,878.48			7,535.03	2,734.45

(continued)

ADAMS COUNTY
Hettinger, North Dakota

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

	Balance 1/1/2019	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12/31/2019
<u>Custodial Funds (continued)</u>						
Water Resource District	22,982.88	69,402.66			73,137.14	19,248.40
Airport Authority	22,982.88	69,269.77			73,004.25	19,248.40
Total Cities	41,184.77	135,571.30			144,529.43	32,226.64
Total Park Districts	26,743.93	87,466.57			91,645.84	22,564.66
Total School Districts	569,615.28	1,699,310.70			1,805,325.98	463,600.00
Total Townships	35,995.67	218,038.25			222,683.78	31,350.14
Total Fire Districts	32,571.45	95,490.87			100,405.46	27,656.86
Total Custodial Funds	814,921.71	2,721,167.69	-	-	2,862,999.42	673,089.98
Total Primary Government	4,666,130.96	6,701,625.46	-	-	6,698,769.82	4,668,986.60
<u>Discretely Presented Component Units</u>						
Airport Authority	113,919.80	625,943.17			675,283.03	64,579.94
Water Resource District	207,860.49	79,778.88			9,404.50	278,234.87
Total Discretely Presented Component Units	321,780.29	705,722.05	-	-	684,687.53	342,814.81
Total Reporting Entity	4,987,911.25	7,407,347.51	-	-	7,383,457.35	5,011,801.41

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2020 and 2019

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	
			2020	2019
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through the State Division of Community Services:				
Community Development Block Grant/State's Program	14.228	4408-CD17-PF		172,270.00
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106		958,990.44	519,861.00
<u>U.S. Department of Treasury</u>				
Passed Through North Dakota State Treasurer:				
Coronavirus Relief Fund	21.019		206,978.39	
<u>U.S. Department of Homeland Security</u>				
Passed Through State Department of Emergency Services:				
Disaster Grants - Public Assistance	97.036		24,489.37	6,353.93
Emergency Management Performance Grants	97.042		25,026.29	13,320.64
Pre-Disaster Mitigation	97.047			22,613.05
Homeland Security Grant Program	97.067		17,939.64	6,076.60
Total U.S. Department of Homeland Security			67,455.30	48,364.22
Total Expenditures of Federal Awards			1,233,424.13	740,495.22

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

The de minimis indirect cost rate was not used.

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
Bryce Fischer, CPA

Specializing in Governmental Auditing

425 North Fifth Street
Bismarck, ND 58501
Phone 701-258-4560
Fax 701-258-4983

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Governing Board
Adams County
Hettinger, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Adams County, Hettinger, North Dakota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the county's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, we do not express an opinion on the effectiveness of the county's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

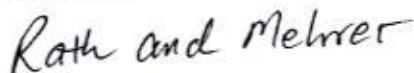
As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

County's Response to Findings

The county's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Responses*. The 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 county's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rath and Mehrer, P.C.

Bismarck, North Dakota

April 16, 2021

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
Bryce Fischer, CPA
Todd Goehring, CPA

Specializing in Governmental Auditing

425 North Fifth Street
Bismarck, ND 58501
Phone 701-258-4560
Fax 701-258-4983

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Governing Board
Adams County
Hettinger, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Adams County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the county's major federal programs for the years ended December 31, 2020 and 2019. The county's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the district's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audits do not provide a legal determination of the county's compliance.

Opinion on Each Major Federal Program

In our opinion, the county complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020 and 2019.

Report on Internal Control Over Compliance

Management of Adams County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered the county's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rath and Mehrer, P.C.

Bismarck, North Dakota

April 16, 2021

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2020 and 2019

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major program(s):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major program(s):

Federal Assistance Listing Number

20.106

Name of Federal Program

Airport Improvement Program

Dollar threshold used to distinguish between type A and type B Programs:

\$750,000

Auditee qualified as a low-risk auditee?

☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiency

1. 2020-001- Financial Statement Preparation

Criteria: A good system of internal controls requires the county to determine that the financial statements are prepared based on accounting principles generally accepted in the United States of America. This means that the county must maintain knowledge of current accounting principles and required financial statement disclosures.

Condition: The county's financial statements, including the accompanying note disclosures, are prepared by the county's external auditors.

Cause: The county feels that it is more cost effective to have their external auditors prepare the complete financial statements and disclosures, rather than invest in ongoing specialized training that would be necessary.

Effect: Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation: We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures; and review and approve them prior to external distribution.

Views of Responsible officials: The county will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.

Repeat Finding from Prior Year: No

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No matters were reported



Adams County

Commissioners:

Dustin Laufer, Chair
Kevin Pagel
Anthony Larson

602 Adams Ave. Ste 201
Hettinger ND 58639
701-567-4363
Fax 701-567-2910

ADAMS COUNTY
Hettinger, North Dakota

Corrective Action Plan
For the Years Ended December 31, 2020 and 2019

1. Finding No. 2020-001: Financial Statement Preparation

Contact Person: Krista Faller, Auditor/Treasurer

Corrective Action Plan: The county feels that it is more cost effective to have their external auditors prepare the financial statements and note disclosures.

Completion Date: Adams County will implement when it becomes cost effective.

