

**CENTRAL VALLEY HEALTH DISTRICT**

**Jamestown, North Dakota**

**REPORT ON FINANCIAL STATEMENTS**

*(with supplementary information)*

*Year Ended June 30, 2020*

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**CONTENTS**  
**Year Ended June 30, 2020**

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 9
Basic Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 - 32
Required Supplementary Information	
Budgetary Comparison Schedules	
Budget and Actual (with Variances)	
General Fund	33
Family Planning Fund	34
COVID-19	35
Notes to Required Supplementary Information	36
Schedule of Health District's Share of Net Pension Liability	37
Schedule of Health District's Contributions	37
Notes to Required Supplementary Information	38
Schedule of Health District's Share of Net OPEB Liability	39
Schedule of Health District's Contributions	39

Notes to Required Supplementary Information	40
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	42
List of Officials	43
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44 - 45
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	46 - 47
Schedule of Expenditures of Federal Awards	48
Notes to Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50 - 51
Summary of Prior Year Findings	52
Corrective Action Plan	53



# Schauer & Associates, P.C.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Governing Board  
**CENTRAL VALLEY HEALTH DISTRICT**  
Jamestown, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota**, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the **CENTRAL VALLEY HEALTH DISTRICT's** basic financial statements as listed in the 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining

## INDEPENDENT AUDITORS' REPORT - continued

fund information of the **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota**, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 33 through 36 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota's** basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 audit 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 combining nonmajor fund financial statements 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 November 15, 2020, on our consideration of the **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota'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

**INDEPENDENT AUDITORS' REPORT - continued**

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 the 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 **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota's** internal control over financial reporting and compliance.



SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants  
Jamestown, North Dakota

November 15, 2020

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2020**

As management of the **CENTRAL VALLEY HEALTH DISTRICT**, we offer readers of the **CENTRAL VALLEY HEALTH DISTRICT**'s financial statements this narrative overview and analysis of the financial activities of the **CENTRAL VALLEY HEALTH DISTRICT** for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying basic financial statements and the related notes.

**Financial Highlights**

Year ended June 30, 2020

- The net position of the **CENTRAL VALLEY HEALTH DISTRICT** increased by \$204,888 or 21% as a result of current year operations.
- Total revenues from all sources were \$2,922,715.
- Total cost of all programs was \$2,717,827.
- Governmental net position totaled \$1,161,084.

**Using This Annual Report**

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the Health District as a whole.
2. Fund financial statements provide detailed information for the Health District's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the **CENTRAL VALLEY HEALTH DISTRICT**'s finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Health District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Health District is improving or deteriorating.

The Statement of Activities presents information on how the Health District's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include functions of the Health District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of **CENTRAL VALLEY HEALTH DISTRICT** include health and welfare.

The government-wide financial statements begin on page 10.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The **CENTRAL VALLEY HEALTH DISTRICT**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of **CENTRAL VALLEY HEALTH DISTRICT** can be found in one category: governmental funds.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the Health District's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

The **CENTRAL VALLEY HEALTH DISTRICT** maintains anywhere from 20 to 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund, and the following major funds: Family Planning and COVID-19. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The **CENTRAL VALLEY HEALTH DISTRICT** adopts an annually appropriated budget for its governmental funds. Budgetary comparison schedules for the general and major special revenue funds are required to be presented and are included in the required supplementary information section on pages 33 to 36 of this report.

The governmental fund financial statements begin on page 12.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 to 32 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements and other schedules can be found on pages 41 to 42.



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

**Financial Analysis of the Health District as a Whole**

As noted earlier, net assets may serve over time as a useful indicator of the Health District's financial position. In the case of the **CENTRAL VALLEY HEALTH DISTRICT**, assets exceeded liabilities by \$1,161,084 at the close of the most recent fiscal year.

Table I provides a summary of the Health District's net assets as of June 30, 2020 and 2019.

Table I  
**NET POSITION**  
 June 30, 2020 and 2019

	Governmental Activities	
	2020	2019
<b>ASSETS</b>		
Current assets	\$ 2,110,766	\$ 1,905,778
Capital assets (net of depreciation)	661,417	517,911
Deferred outflows of resources	633,541	802,052
Total Assets and Deferred Outflows of Resources	<u>\$ 3,405,724</u>	<u>\$ 3,225,741</u>
<b>LIABILITIES</b>		
Current liabilities	\$ 165,006	\$ 166,301
Long-term liabilities	1,383,529	1,910,249
Total Liabilities	<u>1,548,535</u>	<u>2,076,550</u>
Deferred Inflows of Resources	<u>696,105</u>	<u>192,995</u>
<b>NET POSITION</b>		
Net investment in capital assets	661,417	517,911
Restricted net position	751,212	592,265
Unrestricted net position	(251,545)	(153,980)
Total Net Position	<u>1,161,084</u>	<u>956,196</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,405,724</u>	<u>\$ 3,225,741</u>

Net investment in capital assets consists of land, buildings, furniture and equipment, less any related debt used to acquire those assets that is still outstanding. The Health District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Health District's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net position may be used to meet the government's ongoing obligations to creditors. As of June 30, 2020, the **CENTRAL VALLEY HEALTH DISTRICT** is able to report positive balances in two categories of net position.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

Table II shows the changes in net position for the years ended June 30, 2020 and 2019.

Table II  
**CHANGES IN NET POSITION**  
 Years Ended June 30, 2020 and 2019

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
REVENUES		
Program revenues		
Charges for services	\$ 662,648	\$ 742,897
Operating grants and contributions	1,571,385	1,372,420
General revenues		
Property taxes, levied for general purposes	564,295	560,511
Grants and contributions not restricted	28,551	29,514
Unrestricted investment earnings	3,745	5,102
Miscellaneous revenues	<u>92,091</u>	<u>86,818</u>
Total Revenues	<u>2,922,715</u>	<u>2,797,262</u>
EXPENSES		
Health and welfare	<u>2,717,827</u>	<u>2,706,105</u>
Change in net position	204,888	91,157
BEGINNING NET POSITION	<u>956,196</u>	<u>865,039</u>
ENDING NET POSITION	<u>\$ 1,161,084</u>	<u>\$ 956,196</u>

The Statement of Activities shows the cost of services and the charges for services and grants and contributions offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and other unrestricted revenues for the years ended June 30, 2020 and 2019.

Table III  
**TOTAL AND NET COST OF SERVICES**  
 Years Ended June 30, 2020 and 2019

	Governmental Activities			
	Total Costs	Net Costs	Total Costs	Net Costs
	Year Ended	Year Ended	Year Ended	Year Ended
	<u>06/30/20</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/19</u>
Health and welfare	<u>\$ 2,717,827</u>	<u>\$ 483,794</u>	<u>\$ 2,706,105</u>	<u>\$ 590,788</u>

**Financial Analysis of the Government's Funds**

As noted earlier, **CENTRAL VALLEY HEALTH DISTRICT** uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

***Governmental Funds***

The focus of the **CENTRAL VALLEY HEALTH DISTRICT's** *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the **CENTRAL VALLEY HEALTH DISTRICT's** financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the **CENTRAL VALLEY HEALTH DISTRICT's** governmental funds reported combined ending fund balances of \$1,910,381, an increase of \$207,633 in comparison with the prior year. \$1,159,169 constitutes unassigned fund balance, which is available for spending at the government's discretion. As of the end of the fiscal year ended June 30, 2019, the **CENTRAL VALLEY HEALTH DISTRICT's** governmental funds reported combined ending fund balances of \$1,702,748, an increase of \$306,084 in comparison with the prior year. \$1,097,796 constituted unassigned fund balance, which was available for spending at the governments discretion.

The general fund is the chief operating fund of the **CENTRAL VALLEY HEALTH DISTRICT**. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,159,169. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 85% of total general fund expenditures.

The fund balance of **CENTRAL VALLEY HEALTH DISTRICT's** general fund increased by \$61,373 compared to an increase of \$126,610 in the prior year.

**General Fund Budgetary Highlights**

During the year ended June 30, 2020, revenues were less than budgetary estimates by \$41,446, expenditures were less than budgetary estimates by \$82,748, and other financing sources and uses were less than budgetary estimates by \$20,071.

During the year ended June 30, 2019, revenues were more than budgetary estimates by \$70,893, expenditures were less than budgetary estimates by \$72,193, and other financing sources and uses were more than budgetary estimates by \$16,476.

**Capital Assets**

The **CENTRAL VALLEY HEALTH DISTRICT's** net investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$661,417 (net of accumulated depreciation). This net investment in capital assets includes land, building, furniture and equipment.

Additional information on the **CENTRAL VALLEY HEALTH DISTRICT's** capital assets can be found in Note 8 starting on page 22 of this report.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended June 30, 2020**

Table IV  
**NET CAPITAL ASSETS**  
 (Net of Accumulated Depreciation)  
 June 30

	Governmental Activities	
	2020	2019
Land	\$ 43,706	\$ 43,706
Building	508,168	385,269
Furniture and equipment	109,543	88,936
Net Capital Assets (Net of Depreciation)	<u>\$ 661,417</u>	<u>\$ 517,911</u>

**Debt Administration**

Table V  
**OUTSTANDING LONG-TERM DEBT**  
 June 30

	Governmental Activities	
	2020	2019
Compensated absences	\$ 53,664	\$ 41,084
Net pension obligation	1,250,015	1,790,705
Net OPEB liability	79,850	78,459
Total	<u>\$ 1,383,529</u>	<u>\$ 1,910,248</u>

Additional information on **CENTRAL VALLEY HEALTH DISTRICT**'s long-term debt can be found in Note 12 starting on page 23 of this report.

**Economic Factors and Next Year's Budgets and Rates**

**CENTRAL VALLEY HEALTH DISTRICT** is comprised of two counties, Stutsman and Logan, located in east central North Dakota. The diversified economy for Stutsman County includes agriculture, the University of Jamestown, Cavendish Farms and Collins Aerospace. Stutsman County is experiencing limited growth. The economy for Logan County is predominantly agriculture. The taxable valuation of Stutsman County increased from \$114,912,613 in 2018 to \$121,175,368 in 2019. Logan County's taxable valuation increased from \$15,679,938 in 2018 to \$16,296,253 in 2019.

**CENTRAL VALLEY HEALTH DISTRICT** has been impacted significantly by the COVID-19 pandemic resulting in increased federal pass through funding to engage in mitigation activities for public health agency response efforts within the jurisdiction.

**Contacting the Health District's Financial Management**

This financial report is designed to provide a general overview of **CENTRAL VALLEY HEALTH DISTRICT**'s finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the **CENTRAL VALLEY HEALTH DISTRICT**'s Board of Health, 122 2<sup>nd</sup> St NW, Jamestown, North Dakota 58401.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,703,231
Accounts receivable	25,560
Taxes receivable	33,579
Intergovernmental receivables	324,728
Inventories	23,668
Capital assets	
Land	43,706
Building	736,246
Furniture and equipment	302,805
Less: accumulated depreciation	(421,340)
Total Capital Assets	661,417
Total Assets	2,772,183
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	609,295
Deferred outflows related to OPEB	24,246
Total Deferred Outflows of Resources	633,541
 Total Assets and Deferred Outflows of Resources	 \$ 3,405,724
 <b>LIABILITIES</b>	
Accounts payable	\$ 17,454
Salaries and benefits payable	147,552
Due in more than one year	
Compensated absences payable	53,664
Net pension obligation	1,250,015
Net OPEB liabilities	79,850
Total liabilities	1,548,535
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue	1,800
Deferred inflows related to pensions	687,404
Deferred inflows related to OPEB	6,901
Total Deferred Inflows of Resources	696,105
 <b>NET POSITION</b>	
Net investment in capital assets	661,417
Restricted for:	
Special revenue	751,212
Unrestricted net position	(251,545)
Total Net Position	1,161,084
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 3,405,724

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



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2020**

	<u>General Fund</u>	<u>Family Planning</u>	<u>COVID-19</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND DEFERRED</b>					
<b>OUTFLOWS OF RESOURCES</b>					
Cash and cash equivalents	\$ 1,703,206	\$ 25	\$	\$	\$ 1,703,231
Accounts receivable	11,861	13,699			25,560
Taxes receivable, net	33,579				33,579
Intergovernmental receivables	39,401	11,989	121,447	151,891	324,728
Due from other funds		348,466		263,748	612,214
Inventories		23,668			23,668
Total Assets and Deferred					
Outflows of Resources	<u>\$ 1,788,047</u>	<u>\$ 397,847</u>	<u>\$ 121,447</u>	<u>\$ 415,639</u>	<u>\$ 2,722,980</u>
<b>LIABILITIES, DEFERRED</b>					
<b>INFLOWS OF RESOURCES AND</b>					
<b>FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 17,424	\$ 30	\$	\$	\$ 17,454
Salaries and benefits payable	147,552				147,552
Due to other funds	430,323		121,447	60,444	612,214
Total Liabilities	<u>595,299</u>	<u>30</u>	<u>121,447</u>	<u>60,444</u>	<u>777,220</u>
Deferred Inflows of Resources:					
Long-term receivables	<u>33,579</u>			<u>1,800</u>	<u>35,379</u>
Fund Balances:					
Nonspendable		23,668			23,668
Restricted		374,149		353,395	727,544
Unassigned	1,159,169				1,159,169
Total Fund Balances	<u>1,159,169</u>	<u>397,817</u>		<u>353,395</u>	<u>1,910,381</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,788,047</u>	<u>\$ 397,847</u>	<u>\$ 121,447</u>	<u>\$ 415,639</u>	<u>\$ 2,722,980</u>

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

Total Fund Balance, Governmental Funds	\$	1,910,381
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		661,417
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		33,579
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Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net pension obligation		(1,250,015)
Deferred outflows of resources		609,295
Deferred inflows of resources		(687,404)

Net OPEB liability and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net OPEB liability		(79,850)
Deferred outflows of resources		24,246
Deferred inflows of resources		(6,901)

Some liabilities, (such as long-term compensated absences, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(53,664)
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Net Position of Governmental Activities in the Statement of Net Position	\$	<u>1,161,084</u>
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**The accompanying notes are an integral part of these financial statements.**



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Family Planning</u>	<u>COVID-19</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 567,443	\$	\$	\$	\$ 567,443
Intergovernmental	289,891	151,779	121,447	1,008,267	1,571,384
Charges for services	557,246	101,827		7,264	666,337
Investment earnings	3,745				3,745
Miscellaneous	42,325	46,703		27,923	116,951
Total Revenues	<u>1,460,650</u>	<u>300,309</u>	<u>121,447</u>	<u>1,043,454</u>	<u>2,925,861</u>
<b>EXPENDITURES</b>					
Current:					
Health and welfare					
Salaries and benefits	850,097	150,978	102,557	657,182	1,760,814
Travel and meetings	14,269	1,822	187	16,479	32,757
Insurance	4,167	898		2,116	7,181
Supplies	219,790	5,589	6,719	20,478	252,576
Building utilities and maintenance	173,758	4,776		16,734	195,268
Vehicle lease	13				13
Other	106,329	78,109	7,659	266,599	458,696
Equipment	1,836	472	4,325	4,290	10,923
Total Expenditures	<u>1,370,259</u>	<u>242,644</u>	<u>121,447</u>	<u>983,878</u>	<u>2,718,228</u>
Excess of revenues over expenditures	<u>90,391</u>	<u>57,665</u>		<u>59,577</u>	<u>207,633</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in				63,138	63,138
Transfers out	(29,018)			(34,120)	(63,138)
Total other financing sources (uses)	<u>(29,018)</u>			<u>29,018</u>	
Net change in fund balances	61,373	57,665		88,595	207,633
Fund Balances - Beginning	1,097,796	340,152		264,800	1,702,748
Fund Balances - Ending	<u>\$ 1,159,169</u>	<u>\$ 397,817</u>	<u>\$</u>	<u>\$ 353,395</u>	<u>\$ 1,910,381</u>

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF**  
**ACTIVITIES**  
**Year Ended June 30, 2020**

Net Change in Fund Balances - Total Governmental Funds:	\$	207,633
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the asset's estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$182,556 exceeded depreciation \$39,050 in the current period.		
		143,506
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
		(3,149)
Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension and OPEB expense		
		(130,522)
Some expenses reported in the statement of activities do not require the use of current financial resources, such as compensated absences and these are not reported as expenditures in governmental funds.		
		<u>(12,579)</u>
Change in Net Position of Governmental Activities	\$	<u><u>204,889</u></u>

**The accompanying notes are an integral part of these financial**

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended June 30, 2020**

**1. Summary of Significant Accounting Policies**

The Health District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The Health District's more significant accounting policies are described below.

**A. Reporting Entity**

The accompanying financial statements present the activities of the **CENTRAL VALLEY HEALTH DISTRICT**. The Health District has considered all potential component units for which the Health District is financially accountable and other organizations for which the nature and significance of their relationships with the Health District are such that exclusion would cause the Health District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criterion includes appointing a voting majority of an organization's governing body and (1) the ability of the **CENTRAL VALLEY HEALTH DISTRICT** 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 **CENTRAL VALLEY HEALTH DISTRICT**.

Based on these criteria, there are no component units to be included within **CENTRAL VALLEY HEALTH DISTRICT** as a reporting entity.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for services, and other non-exchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Health District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fees and charges paid by recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. General revenues, including taxes, are those revenues that are not properly classified as program revenue.

*Fund Financial Statements*

The fund financial statements provide information about the Health District's funds. A separate statement for the fund category - governmental is presented. The emphasis of fund financial statements is on major governmental funds.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**B. Basis of Presentation - continued**

The Health District's major governmental funds are as follows:

*General Fund* - The General Fund is the operating fund of the Health District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Family Planning* - This fund is used to account for the family planning health grant and related activities.

*COVID-19* - This fund is used to administer the COVID funds to deal with the pandemic.

**C. Measurement Focus and Basis of Accounting**

*Government-wide financial statements* - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of when the related cash flows take place. Non-exchange transactions, in which the Health District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, 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 are 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 Health District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days of the end of its fiscal year. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims, 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 Health District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Health District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues. When both restricted and unrestricted resources are available for use, it is the Health District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. 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 the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**E. Deposits and Investments**

In accordance with North Dakota state statutes, the Health District maintains deposits at depository banks that are members of the Federal Reserve System or the National Credit Union Administration. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 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 instrumentality's, 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 instrumentality's, or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body, and bonds issued by any other state of the United States or such other securities approved by the banking board.

As of June 30, 2020, the Health District's carrying amount of deposits was \$1,703,231 and the bank balance was \$1,702,000. All of the deposits were covered by Federal Depository Insurance, National Credit Union Administration insurance or pledged collateral.

*Credit Risk* - The Health District may invest idle funds as authorized in North Dakota state statutes as follows:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, 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 a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation.
4. Obligations of the state.

*Concentration of Credit Risk* - The Health District does not have a limit on the amount they may invest in any one issuer.

**F. Cash Flow Information**

The Health District considers cash and cash equivalents to include cash on hand, demand deposits and all highly liquid investments with a maturity of three months or less.

**G. Capital Assets**

***Government-Wide Statements***

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net assets. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the year. The Health District has established a capitalization threshold of \$3,000 and having a useful life in excess of two years. Donated capital assets are recorded at their estimated fair market value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**G. Capital Assets - continued**

materially extend asset 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 over their estimated useful lives on a straight-line basis. The Health District has established the following useful lives:

Building	25 to 50 years
Furniture and equipment	5 to 20 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**H. Net Position/Fund Balance**

***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

***Fund Statements***

In the governmental fund statements, fund balances are classified as nonspendable, restricted or unassigned.

Nonspendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**H. Net Position/Fund Balance - continued**

Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund.

**I. Pensions**

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

**J. Other Post Employment Benefits (OPEB)**

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

**2. Accounts Receivable**

Accounts receivable consist of amounts billed to individuals or other entities for services provided. Due to the clients served by the Health District, they are unable to turn uncollectible accounts over for collection and have established an allowance for bad debts. After 90 days, uncollected balances will be classified as doubtful and after eighteen months, uncollectible accounts are automatically written off as a reduction of income.

**3. Taxes Receivable**

The taxes receivable represents the past three years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes.

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.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**3. Taxes Receivable - continued**

Property taxes are levied 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 on property taxes 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.

**4. Intergovernmental Receivables**

Intergovernmental receivables consist of reimbursements to the Health District for expenses in the operation of various programs. The amounts consist of a mix of state and federal dollars.

**5. Inventories**

Inventories consist of pharmaceuticals and vouchers and are valued at cost. The cost of inventory is recognized as an expense in both the fund and the government-wide financial statements when used (consumption method). Reported inventories of governmental funds are offset by “nonspendable” fund balance to indicate they are not available for appropriation and are not expendable available financial resources.

**6. Due to/Due from Other Funds**

Cash of all funds is commingled into pooled cash. Interfund receivables and payables represent the net balance of funds that flow through the clearing accounts.

Due to other governmental funds from general fund	\$ (430,323)
Due from other governmental funds to family planning	348,466
Due to other governmental funds from COVID-19	(121,447)
Due from other governmental funds to other governmental funds	203,304

**7. Transfers**

Transfers between the general fund and other governmental funds is done to reflect the matching requirements of various grants. The following is the reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund to other governmental	\$	\$ 29,018
Other governmental funds from general	29,018	
	<u>\$ 29,018</u>	<u>\$ 29,018</u>



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**8. Capital Assets**

Activity for the year ended June 30, 2020 are as follows:

	June 30, 2019	Additions	Deletions	June 30, 2020
Capital assets not being depreciated				
Land	\$ 43,706	\$	\$	\$ 43,706
Capital assets being depreciated				
Building	598,013	138,233		736,246
Furniture and equipment	258,481	44,324		302,805
Total capital assets being depreciated	<u>856,494</u>	<u>182,557</u>		<u>1,039,051</u>
Less accumulated depreciation for:				
Building	212,744	15,335		228,079
Furniture and equipment	169,545	23,716		193,261
Total accumulated depreciation	<u>382,289</u>	<u>39,051</u>		<u>421,340</u>
Net capital assets being depreciated	474,205	143,506		617,711
Capital assets, net	<u>\$ 517,911</u>	<u>\$ 143,506</u>	<u>\$</u>	<u>\$ 661,417</u>

Depreciation expense by function:

Governmental Activities – Health and Welfare \$39,051

**9. Accounts Payable**

Accounts payable consists of amounts on open accounts for goods and services received prior to June 30, 2020, and chargeable to the appropriations for the year then ended, but paid subsequent to that date.

**10. Salaries and Benefits Payable**

Salaries and benefits payable consist of June's payroll and related benefits that are paid in July of the following fiscal year.

**11. Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**11. Deferred Outflows/Inflows of Resources - continued**

resources (revenue) until then. The District has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**12. Long-Term Liabilities**

The Health District has accrued a liability for compensated absences. Full-time employees are granted annual leave benefits from 10 to 25 days per year depending on tenure with the Health District. Part-time employees working 20 hours or more per week are granted annual leave on a pro-rated basis. No more than two weeks of accumulated leave may be carried over to a new year. Sick leave accrues at the rate of one day per month up to a maximum of 90 days. Upon termination an employee will be paid for all accumulated annual leave. Upon termination no payment will be made for accrued sick leave.

The following is a summary of long-term liabilities transactions for the year ended June 30, 2020:

	June 30, 6/30/19	Additions	Reductions	June 30, 6/30/20	Due Within One Year
<i>Governmental Activities</i>					
Compensated absences	\$ 41,084	\$ 12,580	\$	\$ 53,664	\$
Net pension obligation	1,790,705		540,690	1,250,015	
Net OPEB liability	78,459	1,391		79,850	
	<u>\$ 1,910,248</u>	<u>\$ 13,971</u>	<u>\$ 540,690</u>	<u>\$ 1,383,529</u>	<u>\$</u>

**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 the NDCC Chapter 54-52 for more complete information.

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

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**13. Pension Plan - continued**

**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.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**13. Pension Plan - continued**

**Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 3% and employer contribution rates are 11.12% of covered compensation.

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

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

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

At June 30, 2020, the Health District reported a liability of \$1,250,015 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health District's proportion of the net pension liability was based on the Health District'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 Health District's proportion was .106650 percent which was an increase of .000541 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Health District recognized pension expense of \$212,917. At June 30, 2020, the Health District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 740	\$ 226,854
Changes of assumptions	467,098	401,044
Net difference between projected and actual earnings on pension plan investments	21,778	
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,134	59,506
District contributions subsequent to the measurement date	80,545	
Total	<u>\$ 609,295</u>	<u>\$ 687,404</u>

Deferred outflows of resources related to pensions in the amount of \$80,545 resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**13. Pension Plan - continued**

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	
2021	\$ 27,221
2022	15,937
2023	(48,196)
2024	(118,133)
2025	(35,483)

**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	State	Non-State
	beginning of year	Employee	Employee
	0	12.00%	15.00%
	1	9.50 %	10.00%
	2	7.25%	8.00%
	Age*		
	Under 30	7.25%	10.00%
	30 – 39	6.50%	7.50%
	40 – 49	6.25%	6.75%
	50 – 59	5.75%	6.50%
	60+	5.00%	5.25%
	*Age-based salary increase rates apply for employees with three or more years of service		
Investment rate of return	7.50%, net of investment expenses		
Cost-of-living adjustments	None		

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

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**13. Pension Plan - continued**

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

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

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

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

**Sensitivity of the Health District's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Health District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Health District'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 Discount Rate (7.50%)	1% Increase (8.50%)
Health District's proportionate share of the net pension liability	\$ 1,792,253	\$ 1,250,015	\$ 794,441

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**14. Other Post-Employment Benefits**

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

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

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

**OPEB Benefits**

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

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

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**14. Other Post-Employment Benefits - continued**

years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At June 30, 2020, the Health District reported a liability of \$79,850 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Health District's proportion of the net OPEB liability was based on the Health District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019, the District's proportion was .099416 percent, which is a decrease of .000206 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Health District recognized OPEB expense of \$9,971. At June 30, 2020, the Health District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,972	\$ 2,494
Changes of assumptions	9,517	
Net difference between projected and actual earnings on OPEB plan investments	89	
Changes in proportion and differences between employer contributions and proportionate share of contributions		4,407
Health District contributions subsequent to the measurement date	12,668	
Total	<u>\$ 24,246</u>	<u>\$ 6,901</u>

The Health District reported \$12,668 as deferred outflows of resources related to OPEB resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

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

Year ended June 30	
2021	\$ 581
2022	581
2023	1,324
2024	1,187
2025	497
Thereafter	507



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**14. Other Post Employment Benefits - continued**

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
Domestic Fixed Income	40%	2.07%
International Equities	21%	6.95%

**Discount rate.** The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Health District's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**14. Other Post-Employment Benefits - continued**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Health District's proportionate share of the net OPEB liability	\$ 101,917	\$ 79,850	\$ 60,960

**15. Lease Income**

Effective July 1, 2019, the Health District entered into a two-year agreement to lease out space. The lease payments were \$432 per month.

Lease income for the year ended June 30, 2020, was \$5,184.

**16. Risk Management**

The Health District is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters.

The Health District participates in the North Dakota Insurance Reserve Fund (NDRF) public entity risk pool established by the state and other political subdivisions to provide liability coverage. The purpose of the NDRF is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the members and other parties included within the scope of coverage of the NDRF. The coverage by NDRF is limited to losses of two million dollars per occurrence for general liability and business automobile. The Health District does not exercise any control over the activities of the NDRF.

The Health District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Health District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period.

The State Bonding Fund provides the Health District with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage. **CENTRAL VALLEY HEALTH DISTRICT** continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health insurance, accident insurance and employee professional liability insurance.

For insured programs, there have been no significant reductions in insurance coverage. Settled claims have not exceeded commercial insurance coverage for the current year or the three prior years.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2020**

**17. Federal and State Grants**

In the normal course of operations, the Health District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**18. Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2020, include the following:

Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$	661,417
Restricted - special revenue		751,212
Unrestricted		<u>(251,545)</u>
Total Net Position	\$	<u>1,161,084</u>

**19. Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2020, include the following:

	General	Family Planning	Other Governmental Funds	Total
Nonspendable	\$	\$ 23,668	\$	\$ 23,668
Restricted				
Family Planning		374,149		374,149
WIC			5,082	5,082
Title III			3,062	3,062
Women's Way			65,462	65,462
Substance Abuse			257,119	257,119
All other funds			22,670	22,670
Unassigned	<u>1,159,169</u>			<u>1,159,169</u>
Total Fund Balances	<u>\$1,159,169</u>	<u>\$ 397,817</u>	<u>\$ 353,395</u>	<u>\$ 1,910,381</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances) Schedules**  
**General Fund**  
**Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 547,220	\$ 547,220	\$ 567,443	\$ 20,223
Intergovernmental	212,460	212,460	289,891	77,431
Charges for services	601,635	601,635	557,246	(44,389)
Investment earnings	600	600	3,745	3,145
Miscellaneous	140,181	140,181	42,325	(97,856)
Total Revenues	<u>1,502,096</u>	<u>1,502,096</u>	<u>1,460,650</u>	<u>(41,446)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare				
Salaries and benefits	1,042,169	1,042,169	850,097	192,072
Travel and meetings	27,284	27,284	14,269	13,015
Insurance	3,360	3,360	4,167	(807)
Supplies	197,731	197,731	219,790	(22,059)
Building utilities and maintenance	54,885	54,885	173,758	(118,873)
Vehicle lease			13	(13)
Other	82,578	82,578	106,329	(23,751)
Equipment	45,000	45,000	1,836	43,164
Total Expenditures	<u>1,453,007</u>	<u>1,453,007</u>	<u>1,370,259</u>	<u>82,748</u>
Excess of revenues over expenditures	<u>49,089</u>	<u>49,089</u>	<u>90,391</u>	<u>41,302</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers out	(49,089)	(49,089)	(29,018)	20,071
Total Other Financing Sources (Uses)	<u>(49,089)</u>	<u>(49,089)</u>	<u>(29,018)</u>	<u>20,071</u>
Net change in fund balances			61,373	61,373
Fund Balances - Beginning	1,097,796	1,097,796	1,097,796	
Fund Balances - Ending	<u>\$ 1,097,796</u>	<u>\$ 1,097,796</u>	<u>\$ 1,159,169</u>	<u>\$ 61,373</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances) Schedules**  
**Family Planning Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 112,131	\$ 162,755	\$ 151,779	\$ (10,976)
Charges for services	137,859	137,859	101,827	(36,032)
Investment earnings	0	0		
Miscellaneous	61,010	61,010	46,703	(14,307)
Total Revenues	<u>311,000</u>	<u>361,624</u>	<u>300,309</u>	<u>(61,315)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare				
Salaries and benefits	175,180	206,304	150,978	55,326
Travel and meetings	6,037	7,537	1,822	5,715
Insurance	750	750	898	(148)
Supplies	33,856	37,856	5,589	32,267
Building utilities and maintenance	8,116	8,116	4,776	3,340
Other	87,061	101,061	78,109	22,952
Equipment			472	(472)
Total Expenditures	<u>311,000</u>	<u>361,624</u>	<u>242,644</u>	<u>118,980</u>
Excess of revenues over expenditures			<u>57,665</u>	<u>57,665</u>
Net change in fund balances			57,665	57,665
Fund balances - beginning	340,152	340,152	340,152	
Fund balances - ending	<u>\$ 340,152</u>	<u>\$ 340,152</u>	<u>\$ 397,817</u>	<u>\$ 57,665</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances) Schedules**  
**COVID-19**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 271,281	\$ 271,281	\$ 121,447	\$ (149,834)
Charges for services				
Investment earnings				
Miscellaneous				
Total Revenues	<u>271,281</u>	<u>271,281</u>	<u>121,447</u>	<u>(149,834)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare				
Salaries and benefits			102,557	(102,557)
Travel and meetings			187	(187)
Insurance				
Supplies			6,719	(6,719)
Building utilities and maintenance				
Other	271,281	271,281	7,659	263,622
Equipment			4,325	(4,325)
Total Expenditures	<u>271,281</u>	<u>271,281</u>	<u>121,447</u>	<u>149,834</u>
Excess of revenues over expenditures				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2020**

**1. Budgets**

The Health District adopts a budget on the modified accrual basis for the general fund and each special revenue fund. The Health District is required to present the adopted and final amended budgeted receipts and disbursements for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The Health District prepares a budget on or before October 1<sup>st</sup>. The budget includes proposed expenditures and the means of financing them.
- The final budget must be filed with the county auditor by October 10<sup>th</sup>.
- No disbursements shall be made or liability incurred in excess of the total appropriations by fund. However, the governing board may amend the budget during the year for any receipts 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.
- All annual appropriations lapse at year end.



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Schedule of Health District's Share of Net Pension Liability**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.106650%	0.106109%	0.113630%	0.102722%	0.103804%	0.117569%
Employer's proportionate share of the net pension liability (asset)	\$ 1,250,015	\$ 1,790,705	\$ 1,826,407	\$ 1,001,126	\$ 705,849	\$ 746,236
Employer's covered payroll	\$ 1,109,345	\$ 1,090,080	\$ 1,159,988	\$ 1,035,199	\$ 924,849	\$ 990,375
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	112.68%	164.27%	157.45%	96.71%	76.32%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%

\* Complete data for this schedule is not available prior to 2015

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Schedule of Health District's Contributions**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 80,766	\$ 80,289	\$ 84,113	\$ 74,946	\$ 70,244	\$ 70,515
Contributions in relation to the statutorily required contribution	\$ (80,240)	\$ (88,567)	\$ (73,395)	\$ (73,255)	\$ (73,545)	\$ (70,515)
Contribution deficiency (excess)	\$ 526	\$ (8,278)	\$ 10,718	\$ 1,691	\$ (3,301)	\$
Employer's covered-employee payroll	\$ 1,109,345	\$ 1,090,080	\$ 1,159,988	\$ 1,035,199	\$ 924,849	\$ 990,375
Contributions as a percentage of covered-employee payroll	7.23%	8.12%	6.33%	7.08%	7.95%	7.12%

\* Complete data for this schedule is not available prior to 2015

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2020**

**ND Public Employees Retirement System**

**Changes of benefit terms.**

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

**Changes of assumptions**

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

- The investment return assumption was lowered from 7.75% to 7.50%

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Schedule of Health District's Share of Net OPEB Liability**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's proportion of the net OPEB liability (asset)	0.099416%	0.099622%	0.107224%
Employer's proportionate share of the net OPEB liability (asset)	\$ 79,850	\$ 78,459	\$ 84,815
Employer's covered payroll	\$ 1,109,345	\$ 1,090,080	\$ 1,159,988
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	63.13%	61.89%	59.78%

\* Complete data for this schedule is not available prior to 2017

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Schedule of Health District's Contributions**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 12,902	\$ 12,786	\$ 13,484
Contributions in relation to the statutorily required contribution	\$ (12,847)	\$ (14,181)	\$ (11,751)
Contribution deficiency (excess)	\$ 55	\$ (1,395)	\$ 1,733
Employer's covered-employee payroll	\$ 1,109,345	\$ 1,090,080	\$ 1,159,988
Contributions as a percentage of covered-employee payroll	1.16%	1.30%	1.01%

\* Complete data for this schedule is not available prior to 2017

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2020**

**Other Post-Employment Benefits**

**Changes of benefit terms**

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

**Changes of Assumptions**

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

- The investment return assumption was lowered from 7.50% to 7.25%

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

**SUPPLEMENTARY INFORMATION**

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	<u>Tobacco</u>	<u>WIC</u>	<u>Title III</u>	<u>Women's Way</u>	<u>Emergency Preparedness</u>	<u>Substance Abuse</u>	<u>All Other Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS AND DEFERRED</b>								
<b>OUTFLOWS OF</b>								
<b>RESOURCES</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable								
Taxes receivable								
Due from other funds			4,862	46,437		212,449		263,748
Intergovernmental receivables	11,024	11,547		19,025	60,132	44,670	5,493	151,891
Inventories								
Total Assets and Deferred Outflows of Resources	<u>\$ 11,024</u>	<u>\$ 11,547</u>	<u>\$ 4,862</u>	<u>\$ 65,462</u>	<u>\$ 60,132</u>	<u>\$ 257,119</u>	<u>\$ 5,493</u>	<u>\$ 415,639</u>
 <b>LIABILITIES, DEFERRED</b>								
<b>INFLOWS OF RESOURCES</b>								
<b>AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits payable								
Due to other funds	11,024	6,465			60,132		(17,177)	60,444
Total Liabilities	<u>11,024</u>	<u>6,465</u>			<u>60,132</u>		<u>(17,177)</u>	<u>60,444</u>
Deferred Inflows of Resources:								
Long-term receivables			1,800					1,800
Fund balances:								
Nonspendable								
Restricted		5,082	3,062	65,462		257,119	22,670	353,395
Total Fund Balances		<u>5,082</u>	<u>3,062</u>	<u>65,462</u>		<u>257,119</u>	<u>22,670</u>	<u>353,395</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,024</u>	<u>\$ 11,547</u>	<u>\$ 4,862</u>	<u>\$ 65,462</u>	<u>\$ 60,132</u>	<u>\$ 257,119</u>	<u>\$ 5,493</u>	<u>\$ 415,639</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	<u>Tobacco</u>	<u>WIC</u>	<u>Title III</u>	<u>Women's Way</u>	<u>Emergency Preparedness</u>	<u>Substance Abuse</u>	<u>All Other Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>								
Intergovernmental	\$ 116,184	\$ 123,046	\$ 95,192	\$ 79,110	\$ 237,577	\$ 261,249	\$ 95,909	\$ 1,008,267
Charges for services			7,264					7,264
Investment earnings								
Miscellaneous		2,039	5,306	16,402		2,282	1,894	27,923
Total Revenues	<u>116,184</u>	<u>125,085</u>	<u>107,762</u>	<u>95,512</u>	<u>237,577</u>	<u>263,531</u>	<u>97,803</u>	<u>1,043,454</u>
<b>EXPENDITURES</b>								
Current:								
Health and welfare								
Salaries and benefits	83,973	133,453	32,899	73,605	173,127	81,792	78,333	657,182
Travel and meetings	3,152	2,984	1,173	64	4,483	4,023	600	16,479
Insurance	296	283	327	284	495	431		2,116
Supplies	1,754	696	950	8,800	2,300	3,323	2,655	20,478
Building utilities and maintenance	4,537	1,458	1,855	1,456	6,559	869		16,734
Other	22,472	6,819	67,496	13,141	50,613	45,914	60,144	266,599
Equipment				2,165		2,125		4,290
Capital outlay								
Total Expenditures	<u>116,184</u>	<u>145,693</u>	<u>104,700</u>	<u>99,515</u>	<u>237,577</u>	<u>138,477</u>	<u>141,732</u>	<u>983,878</u>
Excess (deficiency) of revenues over expenditures		<u>(20,608)</u>	<u>3,062</u>	<u>(4,003)</u>		<u>125,055</u>	<u>(43,929)</u>	<u>59,577</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in		20,608		11,931			30,599	63,138
Transfers out			(17,076)				(17,044)	(34,120)
Total other financing sources (uses)		<u>20,608</u>	<u>(17,076)</u>	<u>11,931</u>			<u>13,555</u>	<u>29,018</u>
Net change in fund balances			(14,014)	7,928		125,055	(30,374)	88,595
Fund balances - beginning		5,082	17,076	57,534		132,064	53,044	264,800
Fund balances - ending	<u>\$</u>	<u>\$ 5,082</u>	<u>\$ 3,062</u>	<u>\$ 65,462</u>	<u>\$</u>	<u>\$ 257,119</u>	<u>\$ 22,670</u>	<u>\$ 353,395</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SUPPLEMENTARY INFORMATION - continued**  
**Year Ended June 30, 2020**

LIST OF OFFICIALS

James Torrance, M.D.	Chairperson
Darla Reed	Vice chairperson
Laurel Haroldson	Treasurer
Cynthia Schaar	Board member
Dennis Ova	Board member
Dean Entzminger	Board member
Heidi Larson	Board member





# Schauer & Associates, P.C.

Certified Public Accountants

**INDEPENDENT AUDITORS' 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***

Governing Board  
**CENTRAL VALLEY HEALTH DISTRICT**  
Jamestown, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota**, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise **CENTRAL VALLEY HEALTH DISTRICT's** basic financial statements, and have issued our report thereon dated November 15, 2020.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota'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 **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota's** internal control. Accordingly, we do not express an opinion on the effectiveness of **CENTRAL VALLEY HEALTH DISTRICT, Jamestown, North Dakota'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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

**Compliance and Other Matters**

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

**Central Valley Health District's Response to Finding**

**CENTRAL VALLEY HEALTH DISTRICT's** response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. **CENTRAL VALLEY HEALTH DISTRICT's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants  
Jamestown, North Dakota

November 15, 2020



# Schauer & Associates, P.C.

Certified Public Accountants

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

Governing Board  
**CENTRAL VALLEY HEALTH DISTRICT**  
Jamestown, North Dakota

We have audited **CENTRAL VALLEY HEALTH DISTRICT**'s compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on each of **CENTRAL VALLEY HEALTH DISTRICT**'s major federal programs for the year ended June 30, 2020. **CENTRAL VALLEY HEALTH DISTRICT**'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the **CENTRAL VALLEY HEALTH DISTRICT**'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 audit 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 **CENTRAL VALLEY HEALTH DISTRICT**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the **CENTRAL VALLEY HEALTH DISTRICT**'s compliance.

### Opinion on Each Major Federal Program

In our opinion, the **CENTRAL VALLEY HEALTH DISTRICT**, 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 June 30, 2020.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE – continued**

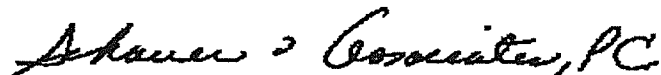
**Report on Internal Control over Compliance**

Management of **CENTRAL VALLEY HEALTH DISTRICT** 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 audit of compliance, we considered **CENTRAL VALLEY HEALTH DISTRICT**'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 **CENTRAL VALLEY HEALTH DISTRICT**'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, but 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
November 15, 2020

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SUPPLEMENTARY INFORMATION - continued**  
**Year Ended June 30, 2020**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Department of Agriculture			
Passed through State Department of Health Special Supplemental Food Program for Women, Infants, and Children	10.557	HLH3159, HLH3150	\$ 123,046
Total Department of Agriculture			<u>123,046</u>
Environmental Protection Agency			
Passed through State Department of Health Performance Partnership Grants	66.605	EQ3991, EQ3992	3,127
Total Environmental Protection Agency			<u>3,127</u>
Department of Health and Human Services			
Passed through State Department of Health Public Health Emergency Preparedness Project Grants and Cooperative Agreements for Tuberculosis Control Programs	* 93.069	HLH3270	195,746
Family Planning Services	93.116	HLH3390, HLH3399	588
Immunization Cooperative Agreements	93.217	HLH 3110, HLH 5111	120,051
Public Health Emergency Response Public Health Crisis Response	93.268	HLH3319	19,458
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.354	HLH3861	45,458
HIV Care Formula Grants	93.898	HLH3210	71,946
HIV Prevention Activities - Health Department Based	93.917	HLH3430, HLH5431	7,544
Preventive Health and Health Services Block Grant	93.940	HLH3379, HLH3370	3,613
Total Department of Health and Human Services	93.991	HLH3148, HLH3149	<u>31,683</u>
Department of Homeland Security			
Passes through State Department of Health Disaster Grants - Public Assistance (Presidentially Declared Disasters)	* 97.036	HLH0018	178,466
Total Department of Homeland Security			<u>178,466</u>
Total Expenditures of Federal Awards			<u>\$ 800,726</u>

\*Major Programs

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2020**

**A. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **CENTRAL VALLEY HEALTH DISTRICT** under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the **CENTRAL VALLEY HEALTH DISTRICT**, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the **CENTRAL VALLEY HEALTH DISTRICT**.

**B. Basis of Accounting**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. **CENTRAL VALLEY HEALTH DISTRICT** has elected to use the 10-percent de minimis indirect cost rate as allotted under the Uniform Guidance.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2020**

**A. Summary of Auditors' Results**

Financial Statements

Type of Auditors' Report - Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency (ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency (ies) identified that are not considered to be material weaknesses?  Yes  None reported

Type of Auditors' Report Issued on Compliance for Major Programs - Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of Major Programs

CFDA # 93.069                      Public Health Emergency Preparedness  
 CFDA # 97.036                      Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk?  Yes  No

**B. Financial Statement Findings**

Finding 2020-001 Significant Deficiency - Financial Statement Preparation

Condition

Schauer & Associates, P.C. assists the Health District's management in preparing financial statements that are presented, including note disclosures in accordance with accounting principles generally accepted in the United States of America.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**Year Ended June 30, 2020**

Criteria

As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause

The Health District Board feels that it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to 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. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

View of Responsible Officials

The Health District Board is aware of this condition. The Health District Board will continue to request that Schauer & Associates, P.C. assist with preparation of financial statements; however, the Board will instruct the District administration to provide all requested schedules.

**C. Federal Award Findings and Questioned Costs**

There were no findings which are required to be reported under this section.



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SUMMARY OF PRIOR YEAR FINDINGS**  
**Year Ended June 30, 2020**

**2019-001 Financial Statement Preparation**

**Condition:** Schauer & Associates, P.C. assists the Health District's management in preparing financial statements that are presented, including note disclosure in accordance with generally accepted accounting principles.

**Criteria:** As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

**Cause:** The Health District Board feels that it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to 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. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

**View of Responsible Officials:** The Health District Board is aware of this condition. The Health District Board will continue to request that Schauer & Associates, P.C. assist with preparation of financial statements; however, the Board will instruct the District administration to provide all requested schedules.

**Current Status:** This finding is repeated as finding 2020-001 in the current year.



**Public Health**  
Prevent. Promote. Protect.



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## Central Valley Health District

### Corrective Action Plan – June 30, 2020

2020-001

Contact Person:

Tami Dillman, Finance Director

Corrective Action Plan:

Due to the small size of the Health Unit, it is not cost effective for the Health Unit to properly address this control deficiency.

Completion Date:

N/A

Tami Dillman, MBA  
Finance Director