

**CENTRAL VALLEY HEALTH DISTRICT**

**Jamestown, North Dakota**

**REPORT ON FINANCIAL STATEMENTS**

*(with supplementary information)*

*Year Ended June 30, 2021*

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
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**Year Ended June 30, 2021**

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# 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, 2021, 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, 2021, 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.

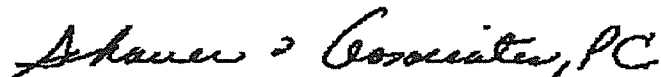
The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 14, 2021, 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 14, 2021

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2021**

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, 2021. 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, 2021

- The net position of the **CENTRAL VALLEY HEALTH DISTRICT** increased by \$553,284 or 48% as a result of current year operations.
- Total revenues from all sources were \$3,537,388.
- Total cost of all programs was \$2,984,104.
- Governmental net position totaled \$1,714,368.

**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, 2021**

***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, 2021**

**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 \$1,714,368 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, 2021 and 2020.

Table I  
**NET POSITION**  
June 30, 2021 and 2020

	Governmental Activities	
	2021	2020
<b>ASSETS</b>		
Current assets	\$ 2,878,695	\$ 2,110,766
Capital assets (net of depreciation)	853,913	661,417
Deferred outflows of resources	<u>1,850,897</u>	<u>633,541</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,583,505</u>	<u>\$ 3,405,724</u>
<b>LIABILITIES</b>		
Current liabilities	\$ 163,650	\$ 165,006
Long-term liabilities	<u>3,136,389</u>	<u>1,383,529</u>
Total Liabilities	<u>3,300,039</u>	<u>1,548,535</u>
Deferred Inflows of Resources	<u>569,098</u>	<u>696,105</u>
<b>NET POSITION</b>		
Net investment in capital assets	853,913	661,417
Restricted net position	1,038,715	751,212
Unrestricted net position	<u>(178,260)</u>	<u>(251,545)</u>
Total Net Position	<u>1,714,368</u>	<u>1,161,084</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 5,583,505</u>	<u>\$ 3,405,724</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, 2021, 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, 2021**

Table II shows the changes in net position for the years ended June 30, 2021 and 2020.

Table II  
**CHANGES IN NET POSITION**  
 Years Ended June 30, 2021 and 2020

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
REVENUES		
Program revenues		
Charges for services	\$ 834,300	\$ 662,648
Operating grants and contributions	2,000,024	1,571,385
General revenues		
Property taxes, levied for general purposes	579,524	564,295
Grants and contributions not restricted	25,129	28,551
Unrestricted investment earnings	1,524	3,745
Miscellaneous revenues	<u>96,887</u>	<u>92,091</u>
Total Revenues	<u>3,537,388</u>	<u>2,922,715</u>
EXPENSES		
Health and welfare	<u>2,984,104</u>	<u>2,717,827</u>
Change in net position	553,284	204,888
BEGINNING NET POSITION	<u>1,161,084</u>	<u>956,196</u>
ENDING NET POSITION	<u>\$ 1,714,368</u>	<u>\$ 1,161,084</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, 2021 and 2020.

Table III  
**TOTAL AND NET COST OF SERVICES**  
 Years Ended June 30, 2021 and 2020

	Governmental Activities			
	Total Costs	Net Costs	Total Costs	Net Costs
	Year Ended	Year Ended	Year Ended	Year Ended
	<u>06/30/21</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/20</u>
Health and welfare	<u>\$ 2,984,104</u>	<u>\$ 149,779</u>	<u>\$ 2,717,827</u>	<u>\$ 483,794</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, 2021**

***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 \$2,697,792, an increase of \$787,411 in comparison with the prior year. \$1,659,078 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, 2020, 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 constituted unassigned fund balance, which was available for spending at the government's 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 \$1,659,078. 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 187.3 % of total general fund expenditures.

The fund balance of **CENTRAL VALLEY HEALTH DISTRICT's** general fund increased by \$499,909 compared to an increase of \$61,373 in the prior year.

**General Fund Budgetary Highlights**

During the year ended June 30, 2021, revenues were less than budgetary estimates by \$160,706, expenditures were less than budgetary estimates by \$611,316, and other financing sources and uses were less than budgetary estimates by \$49,299.

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 more than budgetary estimates by \$20,071.

**Capital Assets**

The **CENTRAL VALLEY HEALTH DISTRICT's** net investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$853,913 (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, 2021**

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

	Governmental Activities	
	2021	2020
Land	\$ 43,706	\$ 43,706
Building	483,618	508,167
Furniture and equipment	326,589	109,544
Net Capital Assets (Net of Depreciation)	<u>\$ 853,913</u>	<u>\$ 661,417</u>

**Debt Administration**

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

	Governmental Activities	
	2021	2020
Compensated absences	\$ 49,507	\$ 53,664
Net pension obligation	3,013,008	1,250,015
Net OPEB liability	73,874	79,850
Total	<u>\$ 3,136,389</u>	<u>\$ 1,383,529</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 the Collins Aerospace System (formerly UTC). Stutsman County is experiencing limited growth. COVID 19 has affected the local service area, both in economic and health status aspects, much like the rest of the United States. The economy for Logan County is predominantly agriculture. The taxable valuation of Stutsman County increased from \$121,175,368 in 2019 to \$128,001,910 in 2020. Logan County's taxable valuation increased from \$16,296,253 in 2019 to \$16,736,178 in 2020.

**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, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,700,073
Accounts receivable	9,245
Taxes receivable	18,133
Intergovernmental receivables	126,747
Due from county treasurer	7,709
Inventories	16,788
Capital assets	
Land	43,706
Building	736,246
Furniture and equipment	542,924
Less: accumulated depreciation	(468,963)
Total Capital Assets	853,913
Total Assets	3,732,608
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	1,825,270
Deferred outflows related to OPEB	25,627
Total Deferred Outflows of Resources	1,850,897
 Total Assets and Deferred Outflows of Resources	 \$ 5,583,505
 <b>LIABILITIES</b>	
Accounts payable	25,301
Salaries and benefits payable	138,349
Due in more than one year	
Compensated absences payable	49,507
Net pension obligation	3,013,008
Net OPEB liabilities	73,874
Total liabilities	3,300,039
 Deferred inflows related to pensions	557,741
Deferred inflows related to OPEB	11,357
Total Deferred Inflows of Resources	569,098
 <b>NET POSITION</b>	
Net investment in capital assets	853,913
Restricted for:	
Special revenue	1,038,715
Unrestricted net position	(178,260)
Total Net Position	1,714,368
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 5,583,505

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

**CENTRAL VALLEY HEALTH DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

<u>Functions/Programs</u>	Program Revenue		Net (Expense)
Governmental Activities	Charges for Services	Operating Grants and Contributions	Revenue and
Health and welfare	Expenses	Governmental Activities	Changes in Net Assets
	\$ 2,984,104	\$ 834,300	\$ (149,780)
	\$ 2,984,104	\$ 2,000,024	
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purposes			579,524
Grants and contributions not restricted to specific programs			25,129
Unrestricted investment earnings			1,524
Miscellaneous revenues			96,887
Total general revenues			703,064
Change in net position			553,284
Net Position:			
Beginning of year			1,161,084
End of year			\$ 1,714,368

The accompanying notes are an integral part of these financial statements

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2021**

	General Fund	Family Planning	COVID-19	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED</b>					
<b>OUTFLOWS OF RESOURCES</b>					
Cash and cash equivalents	\$ 2,700,048	\$ 25	\$	\$	\$ 2,700,073
Accounts receivable	5,600	3,645			9,245
Taxes receivable, net	18,133				18,133
Intergovernmental receivables	50	13,111		113,586	126,747
Due from county treasurer	7,709				7,709
Due from other funds		423,392	110,883	405,477	939,752
Inventories		16,788			16,788
Total Assets and Deferred					
Outflows of Resources	\$ 2,731,540	\$ 456,961	\$ 110,883	\$ 519,063	\$ 3,818,447

<b>LIABILITIES, DEFERRED</b>					
<b>INFLOWS OF RESOURCES AND</b>					
<b>FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 25,301	\$ 30	\$	\$	\$ 25,331
Salaries and benefits payable	138,319				138,319
Due to other funds	891,589			48,163	939,752
Total Liabilities	1,055,209	30		48,163	1,103,402
Deferred Inflows of Resources:					
Long-term receivables	17,253				17,253
Fund Balances:					
Nonspendable		16,788			16,788
Restricted		440,143	110,883	470,900	1,021,926
Unassigned	1,659,078				1,659,078
Total Fund Balances	1,659,078	456,931	110,883	470,900	2,697,792
Total Liabilities, Deferred Inflows of					
Resources and Fund Balances	\$ 2,731,540	\$ 456,961	\$ 110,883	\$ 519,063	\$ 3,818,447

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, 2021**

Total Fund Balance, Governmental Funds	\$	2,697,792
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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.		853,913
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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.		17,253
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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		(3,013,008)
Deferred outflows of resources		1,825,270
Deferred inflows of resources		(557,741)

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		(73,874)
Deferred outflows of resources		25,627
Deferred inflows of resources		(11,357)

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.		(49,507)
Net Position of Governmental Activities in the Statement of Net Position	\$	1,714,368

**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, 2021**

	General Fund	Family Planning	COVID-19	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 595,850				\$ 595,850
Intergovernmental	319,450	122,162	761,549	796,863	2,000,024
Charges for services	441,569	105,486	293,021	4,277	844,353
Investment earnings	1,524				1,524
Miscellaneous	42,120	45,035		24,810	111,965
Total Revenues	<u>1,400,513</u>	<u>272,683</u>	<u>1,054,570</u>	<u>825,950</u>	<u>3,553,716</u>
<b>EXPENDITURES</b>					
Current:					
Health and welfare					
Salaries and benefits	477,885	134,424	604,401	474,520	1,691,230
Travel and meetings	3,198	1,653	3,184	3,500	11,535
Insurance	3,907	846	88	2,135	6,976
Supplies	149,660	20,283	40,656	7,480	218,079
Building utilities and maintenance	153,513	4,518		9,539	167,570
Vehicle lease	16,929				16,929
Other	69,880	69,979	193,533	205,869	539,261
Equipment	10,848		101,825	2,052	114,725
Total Expenditures	<u>885,820</u>	<u>231,703</u>	<u>943,687</u>	<u>705,095</u>	<u>2,766,305</u>
Excess of revenues over expenditures	514,693	40,980	110,883	120,855	787,411
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		18,134		17,846	35,980
Transfers out	(14,784)			(21,196)	(35,980)
Total other financing sources (uses)	(14,784)	18,134		(3,350)	
Net change in fund balances	499,909	59,114	110,883	117,505	787,411
Fund Balances - Beginning	1,159,169	397,817		353,395	1,910,379
Fund Balances - Ending	<u>\$ 1,659,078</u>	<u>\$ 456,931</u>	<u>\$ 110,883</u>	<u>\$ 470,900</u>	<u>\$ 2,697,792</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, 2021**

Net Change in Fund Balances - Total Governmental Funds:	\$	787,411
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 \$260,817 exceeded depreciation \$68,321 in the current period.		
		192,496
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.		
		(16,325)
Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension and OPEB expense		
		(414,452)
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>4,154</u>
Change in Net Position of Governmental Activities	\$	<u><u>553,284</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, 2021**

**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, 2021**

**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, 2021**

**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, 2021, the Health District's carrying amount of deposits was \$2,700,073 and the bank balance was \$2,721,473. All of the deposits except for \$3,628 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, 2021**

**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, 2021**

**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, 2021**

**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	\$ (891,589)
Due from other governmental funds to family planning	423,392
Due to other governmental funds from COVID-19	110,883
Due from other governmental funds to other governmental funds	357,314

**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, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund to other governmental	\$	\$ 14,784
Family planning from other governmental	18,134	
Other governmental funds from general	17,846	21,196
	<u>\$ 35,980</u>	<u>\$ 35,980</u>



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

**8. Capital Assets**

Activity for the year ended June 30, 2021 are as follows:

	June 30, 2020	Additions	Deletions	June 30, 2021
Capital assets not being depreciated				
Land	\$ 43,706	\$	\$	\$ 43,706
Capital assets being depreciated				
Building	736,246			736,246
Furniture and equipment	302,805	260,816	20,697	542,924
Total capital assets being depreciated	<u>1,039,051</u>	<u>260,816</u>	<u>20,697</u>	<u>1,279,170</u>
Less accumulated depreciation for:				
Building	228,079	24,549		252,628
Furniture and equipment	193,261	43,771	20,697	216,335
Total accumulated depreciation	<u>421,340</u>	<u>68,320</u>	<u>20,697</u>	<u>468,963</u>
Net capital assets being depreciated	<u>617,711</u>	<u>192,496</u>		<u>810,207</u>
Capital assets, net	<u>\$ 661,417</u>	<u>\$ 192,496</u>	<u>\$</u>	<u>\$ 853,913</u>

Depreciation expense by function:

Governmental Activities – Health and Welfare \$ 68,320

**9. Accounts Payable**

Accounts payable consists of amounts on open accounts for goods and services received prior to June 30, 2021, 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, 2022.

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, 2021**

**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, 2021:

	June 30, 6/30/20	Additions	Reductions	June 30, 6/30/21	Due Within One Year
<i>Governmental Activities</i>					
Compensated absences	\$ 53,664	\$	\$ 4,157	\$ 49,507	\$
Net pension obligation	1,250,015	1,762,993		3,013,008	
Net OPEB liability	79,850		5,976	73,874	
	<u>\$ 1,383,529</u>	<u>\$1,762,993</u>	<u>\$ 10,133</u>	<u>\$3,136,389</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, 2021**

**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, 2021**

**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. For members hired on or after January 1, 2020 member contribution rates are 3% and 12.26% of covered compensation.

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

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

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

At June 30, 2021, the Health District reported a liability of \$3,013,008 for its proportionate share of the net pension liability. The net pension liability was measured as of July 01, 2020, 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, 2020, the Health District's proportion was .095772 percent which was a decrease of .010878 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Health District recognized pension expense of \$494,177. At June 30, 2021, the Health District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,725	\$ 152,672
Changes of assumptions	1,615,162	267,026
Net difference between projected and actual earnings on pension plan investments	97,245	
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,316	138,043
District contributions subsequent to the measurement date	76,822	
Total	<u>\$ 1,825,270</u>	<u>\$ 557,741</u>

Deferred outflows of resources related to pensions in the amount of \$76,822 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, 2022.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

**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	
2022	\$ 362,335
2023	304,203
2024	241,397
2025	282,772

**Actuarial assumptions.** The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

**13. Pension Plan - continued**

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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

**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 4.64 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 (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	<u>1% Decrease (3.64%)</u>	<u>Current Discount Rate (4.64%)</u>	<u>1% Increase (5.64%)</u>
Health District’s proportionate share of the net pension liability	\$ 3,909,151	\$ 3,013,008	\$ 2,279,744

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

**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

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

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

member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

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

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

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

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

At June 30, 2021, the Health District reported a liability of \$73,874 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020, the District's proportion was .08782 percent, which is a decrease of .011596 from its proportion measured as of June 30, 2019.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

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

For the year ended June 30, 2021, the Health District recognized OPEB expense of \$8,639. At June 30, 2021, 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	\$ 1,642	\$ 1,771
Changes of assumptions	9,905	
Net difference between projected and actual earnings on OPEB plan investments	2,540	
Changes in proportion and differences between employer contributions and proportionate share of contributions		9,586
Health District contributions subsequent to the measurement date	11,540	
Total	<u>\$ 25,627</u>	<u>\$ 11,357</u>

The Health District reported \$11,540 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, 2022.

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	
2022	\$ 386
2023	1,043
2024	922
2025	329
2025	(45)
Thereafter	95

**Actuarial assumptions.** The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary increases	Not applicable
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.



**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

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

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, 2020, 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%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
International Equities	21%	6.45%

**Discount rate.** The discount rate used to measure the total OPEB liability was 6.50%. 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, 2020, calculated using the discount rate of 6.50%, 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Health District's proportionate share of the net OPEB liability	\$ 96,887	\$ 73,874	\$ 54,413

**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, 2021, was \$5,184.

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

**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 (NDIRF) public entity risk pool established by the state and other political subdivisions to provide liability coverage. The purpose of the NDIRF 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 NDIRF. The coverage by NDIRF 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 NDIRF.

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.

**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, 2021, include the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 853,913
Restricted - special revenue	1,038,715
Unrestricted	<u>(178,260)</u>
Total Net Position	<u>\$ 1,714,368</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended June 30, 2021**

**19. Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2021, include the following:

	<u>General</u>	<u>Family Planning</u>	<u>Covid-19</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable	\$	\$ 16,788		\$	\$ 16,788
Restricted					
Family Planning		440,143			440,143
COVID - 19			110,883		110,883
WIC				5,082	5,082
Title III				28,777	28,777
Women's Way				73,204	73,204
Substance Abuse				357,466	357,466
All other funds				6,371	6,371
Unassigned	<u>1,659,078</u>				<u>1,659,078</u>
Total Fund Balances	<u>\$1,659,078</u>	<u>\$ 456,961</u>	<u>\$110,883</u>	<u>\$ 470,900</u>	<u>\$ 2,697,792</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, 2021**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 503,436	\$ 503,436	\$ 595,850	\$ 92,414
Intergovernmental	214,084	288,178	319,450	31,272
Charges for services	570,081	570,081	441,569	(128,512)
Investment earnings	600	600	1,524	924
Miscellaneous	149,528	198,924	42,120	(156,804)
Total Revenues	<u>1,437,729</u>	<u>1,561,219</u>	<u>1,400,513</u>	<u>(160,706)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare				
Salaries and benefits	1,011,400	1,011,400	477,885	533,515
Travel and meetings	27,289	27,289	3,198	24,091
Insurance	4,759	4,759	3,907	852
Supplies	169,273	169,273	149,660	19,613
Building utilities and maintenance	44,495	44,495	153,513	(109,018)
Vehicle lease			16,929	(16,929)
Other	88,620	187,412	69,880	117,532
Equipment	52,508	52,508	10,848	41,660
Total Expenditures	<u>1,398,344</u>	<u>1,497,136</u>	<u>885,820</u>	<u>611,316</u>
Excess of revenues over expenditures	<u>39,385</u>	<u>64,083</u>	<u>514,693</u>	<u>450,610</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers out	(39,385)	(64,083)	(14,784)	49,299
Total Other Financing Sources (Uses)	<u>(39,385)</u>	<u>(64,083)</u>	<u>(14,784)</u>	<u>49,299</u>
Net change in fund balances			499,909	499,909
Fund Balances - Beginning	1,159,169	1,159,169	1,159,169	
Fund Balances - Ending	<u>\$ 1,159,169</u>	<u>\$ 1,159,169</u>	<u>\$ 1,659,078</u>	<u>\$ 499,909</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances) Schedules**  
**Family Planning Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 121,758	\$ 121,758	\$ 122,162	\$ 404
Charges for services	134,931	134,931	105,486	(29,445)
Investment earnings				
Miscellaneous	59,386	59,386	45,035	(14,351)
Total Revenues	<u>316,075</u>	<u>316,075</u>	<u>272,683</u>	<u>(43,392)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare				
Salaries and benefits	182,860	182,860	134,424	48,436
Travel and meetings	7,080	7,080	1,653	5,427
Insurance	1,376	1,376	846	530
Supplies	34,630	34,630	20,283	14,347
Building utilities and maintenance	8,181	8,181	4,518	3,663
Other	81,948	81,948	69,979	11,969
Equipment				
Total Expenditures	<u>316,075</u>	<u>316,075</u>	<u>231,703</u>	<u>84,372</u>
Excess of revenues over expenditures			<u>40,980</u>	<u>40,980</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			18,134	(18,134)
Transfers out				
Total other financing sources and uses			<u>18,134</u>	<u>(18,134)</u>
Net change in fund balances			59,114	59,114
Fund balances - beginning	397,817	397,817	397,817	
Fund balances - ending	<u>\$ 397,817</u>	<u>\$ 397,817</u>	<u>\$ 456,931</u>	<u>\$ 59,114</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances) Schedules**  
**COVID-19**  
**Year Ended June 30, 2021**

	<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	\$ 668,734	\$ 668,734	\$ 761,549	\$ 92,815
Charges for services			293,021	293,021
Investment earnings				
Miscellaneous				
Total Revenues	<u>668,734</u>	<u>668,734</u>	<u>1,054,570</u>	<u>385,836</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare				
Salaries and benefits			604,401	(604,401)
Travel and meetings			3,184	(3,184)
Insurance			88	(88)
Supplies			40,656	(40,656)
Building utilities and maintenance				
Other	668,734	668,734	193,533	475,201
Equipment			101,825	(101,825)
Total Expenditures	<u>668,734</u>	<u>668,734</u>	<u>943,687</u>	<u>(274,953)</u>
Excess of revenues over expenditures			<u>110,883</u>	<u>110,883</u>
Net change in fund balances			110,883	110,883
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$ 110,883</u>	<u>\$ 110,883</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2021**

**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.

**2. Excess of Expenditures Over Appropriations**

Expenditures in the COVID-19 Fund exceeded appropriations by \$274,953. All expenditures were approved by the District Board. These expenditures were all funded by available revenues.



**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\***

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.095772%	0.106650%	0.106109%	0.113630%	0.102722%	0.103804%	0.117569%
Employer's proportionate share of the net pension liability (asset)	\$ 3,013,008	\$ 1,250,015	\$ 1,790,705	\$ 1,826,407	\$ 1,001,126	\$ 705,849	\$ 746,236
Employer's covered payroll	\$ 1,056,480	\$ 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	285.19%	112.68%	164.27%	157.45%	96.71%	76.32%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	48.91%	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\***

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 74,808	\$ 80,766	\$ 80,289	\$ 84,113	\$ 74,946	\$ 70,244	\$ 70,515
Contributions in relation to the statutorily required contribution	\$ (80,545)	\$ (80,240)	\$ (88,567)	\$ (73,395)	\$ (73,255)	\$ (73,545)	\$ (70,515)
Contribution deficiency (excess)	\$ (5,737)	\$ 526	\$ (8,278)	\$ 10,718	\$ 1,691	\$ (3,301)	\$
Employer's covered-employee payroll	\$ 1,056,480	\$ 1,109,345	\$ 1,090,080	\$ 1,159,988	\$ 1,035,199	\$ 924,849	\$ 990,375
Contributions as a percentage of covered-employee payroll	7.62%	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, 2021**

**ND Public Employees Retirement System**

**Changes of benefit terms.**

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (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, 2019.

**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 7.00%
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

**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\***

	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset)	0.087820%	0.099416%	0.099622%	0.107224%
Employer's proportionate share of the net OPEB liability (asset)	\$ 73,874	\$ 79,850	\$ 78,459	\$ 84,815
Employer's covered payroll	\$ 1,001,122	\$ 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	7.38%	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	63.38%	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\***

	2021	2020	2019	2018
Statutorily required contribution	\$ 11,761	\$ 12,902	\$ 12,786	\$ 13,484
Contributions in relation to the statutorily required contribution	\$ (12,668)	\$ (12,847)	\$ (14,181)	\$ (11,751)
Contribution deficiency (excess)	\$ (907)	\$ 55	\$ (1,395)	\$ 1,733
Employer's covered-employee payroll	\$ 1,001,122	\$ 1,109,345	\$ 1,090,080	\$ 1,159,988
Contributions as a percentage of covered-employee payroll	1.27%	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, 2021**

**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, 2019.

**Changes of Assumptions**

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020, valuation:

- The investment return assumption was lowered from 7.25% to 6.5%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

**SUPPLEMENTARY INFORMATION**

CENTRAL VALLEY HEALTH DISTRICT  
Jamesfown, North Dakota  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Tobacco	WIC	Title III	Women's Way	Emergency Preparedness	Substance Abuse	All Other Funds	Total Nonmajor Governmental Funds
<b>ASSETS AND DEFERRED</b>								
<b>OUTFLOWS OF RESOURCES</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$
Accounts receivable								
Taxes receivable			21,200	60,715		323,562		405,477
Due from other funds								
Intergovernmental receivables	10,782	24,070	7,577	12,489	17,939	33,904	6,825	113,586
Inventories								
Total Assets and Deferred Outflows of Resources	\$ 10,782	\$ 24,070	\$ 28,777	\$ 73,204	\$ 17,939	\$ 357,466	\$ 6,825	\$ 519,063
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and benefits payable								
Due to other funds	10,782	18,988			17,939		454	48,163
Total Liabilities	10,782	18,988			17,939		454	48,163
Deferred Inflows of Resources:								
Long-term receivables								
Fund balances:								
Nonspendable								
Restricted		5,082	28,777	73,204		357,466	6,371	470,900
Total Fund Balances		5,082	28,777	73,204		357,466	6,371	470,900
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,782	\$ 24,070	\$ 28,777	\$ 73,204	\$ 17,939	\$ 357,466	\$ 6,825	\$ 519,063

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2021**

	<b>Tobacco</b>	<b>WIC</b>	<b>Title III</b>	<b>Women's Way</b>	<b>Emergency Preparedness</b>	<b>Substance Abuse</b>	<b>All Other Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>								
Intergovernmental	\$ 99,309	\$ 134,837	\$ 130,170	\$ 97,463	\$ 171,831	\$ 138,714	\$ 24,539	\$ 796,863
Charges for services			4,277					4,277
Investment earnings								
Miscellaneous		2,719	8,601	11,586		8	1,896	24,810
Total Revenues	<u>99,309</u>	<u>137,556</u>	<u>143,048</u>	<u>109,049</u>	<u>171,831</u>	<u>138,722</u>	<u>26,435</u>	<u>825,950</u>
<b>EXPENDITURES</b>								
Current:								
Health and welfare								
Salaries and benefits	75,612	138,019	21,797	72,620	121,130	27,894	17,448	474,520
Travel and meetings	316	1,838	822	10	459		55	3,500
Insurance	332	267	308	267	555	406		2,135
Supplies	612	766	228	4,577	1,003	294		7,480
Building utilities and maintenance	1,666	1,328	1,562	1,332	2,780	871		9,539
Other	20,771	6,286	89,554	22,501	45,904	8,419	12,434	205,869
Equipment		1,561				491		2,052
Capital outlay								
Total Expenditures	<u>99,309</u>	<u>150,065</u>	<u>114,271</u>	<u>101,307</u>	<u>171,831</u>	<u>38,375</u>	<u>29,937</u>	<u>705,095</u>
Excess (deficiency) of revenues over expenditures		<u>(12,509)</u>	<u>28,777</u>	<u>7,742</u>		<u>100,347</u>	<u>(3,502)</u>	<u>120,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in		12,509					5,337	17,846
Transfers out			(3,062)				(18,134)	(21,196)
Total other financing sources (uses)		<u>12,509</u>	<u>(3,062)</u>				<u>(12,797)</u>	<u>(3,350)</u>
Net change in fund balances			25,715	7,742		100,347	(16,299)	117,505
Fund balances - beginning		5,082	3,062	65,462		257,119	22,670	353,395
Fund balances - ending	<u>\$</u>	<u>\$ 5,082</u>	<u>\$ 28,777</u>	<u>\$ 73,204</u>	<u>\$</u>	<u>\$ 357,466</u>	<u>\$ 6,371</u>	<u>\$ 470,900</u>

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SUPPLEMENTARY INFORMATION - continued**  
**Year Ended June 30, 2021**

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 - to 12/31/2020
Charles Johs	Board member - from 1/13/2021
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, 2021, 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 14, 2021.

### **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 2021-001 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 14, 2021



# 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, 2021. **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, 2021.

**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 14, 2021

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**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2021**

**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	HLH3550 HLH5151	\$ 134,497
WIC Grants to States	10.578	HLH2158	340
Total Department of Agriculture			<u>134,837</u>
Environmental Protection Agency			
Passed through State Department of			
Environmental Quality			
Performance Partnership Grants	66.605	EQ3992	4,000
Total Environmental Protection Agency			<u>4,000</u>
Department of Health and Human Services			
Passed through State Department of Health			
Public Health Emergency Preparedness	93.069	HLH5271	171,832
Project Grants and Cooperative Agreements			
for Tuberculosis Control Programs	93.116	HLH3390 HLH5391	428
Family Planning Services	93.217	HLH5111 HLH5112	106,143
Immunization Cooperative Agreements	93.268	HLH5311	11,278
Cancer Prevention and Control Programs for			
State, Territorial and Tribal Organizations	93.898	HLH5211 HLH3210	83,713
HIV Care Formula Grants	93.917	HLH5431 HLH5432	8,749
HIV Prevention Activities - Health			
Department Based	93.940	HLH3370 HLH5371	4,595
Preventive Health and Health Services			
Block Grant	93.991	HLH3140	10,000
Maternal Child Health Services Block Grant	93.994	HLH3130	369
Total Department of Health and Human Services			<u>397,107</u>
Department of Homeland Security			
Passed through State Department of Health			
COVID Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	* 97.036	HLH0018	761,549
Passed through State Department of Emergency			
Services			
Passed through Stutsman County			
Non-Disaster Grants - Pre-Disaster			
Mitigation Grant	97.047	PDMC PJ 08 ND 2017 020	74,094
Total Department of Homeland Security			<u>835,643</u>
Total Expenditures of Federal Awards			<u>\$ 1,371,587</u>
*Major Programs			

**CENTRAL VALLEY HEALTH DISTRICT**  
**Jamestown, North Dakota**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

**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, 2021. 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, 2021**

**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 # 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 2021-001 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, 2021**

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, 2021**

**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 2021-001 in the current year.



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

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Central Valley Health District

**Corrective Action Plan – June 30, 2021**

**2021-001**

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