



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Sargent County

Forman, North Dakota

Audit Report for the Years Ended December 31, 2021 and 2020

Client Code: PS41000



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Office of the
State Auditor

SARGENT COUNTY

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SARGENT COUNTY

County Officials and Audit Personnel
December 31, 2021 and 2020

COUNTY OFFICIALS

At December 31, 2021

Lyle Bopp	Commissioner
Jason Arth	Commissioner
Scott Johnson	Commissioner
Mark Breker	Commissioner
Richard Ruch	Commissioner
Pam Maloney	Auditor
Alison Toepke	Treasurer/Recorder/Clerk of Court
Travis Paeper	Sheriff
Jayne Pfau	State's Attorney

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Sargent County
Forman, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sargent County, North Dakota, as of and for the year ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Sargent County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sargent County, North Dakota, as of December 31, 2021 and 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sargent County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Error Correction

As discussed in Note 4 to the financial statements, the 2019 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Change in Reporting Entity

As discussed in Note 4 to the financial statements, the 2019 financial statements have been restated to reflect a change in reporting entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

SARGENT COUNTY

Independent Auditor's Report - Continued

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sargent County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sargent County's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sargent County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

SARGENT COUNTY

Independent Auditor's Report - Continued

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sargent County's basic financial statements. The *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards* is 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 October 15, 2024, on our consideration of Sargent County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sargent County's 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 Sargent County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
October 15, 2024

SARGENT COUNTY

Statement of Net Position

December 31, 2021

	Governmental Activities	Component Units
ASSETS		
Cash and Investments	\$ 4,944,115	\$ 2,827,683
Intergovernmental Receivable	86,873	58,344
Road Receivables	4,741	-
Taxes Receivable	71,150	8,433
Special Assessments Receivable	-	2,237,243
Loans Receivable	-	288,671
Capital Assets		
Nondepreciable	47,051	1,557,334
Depreciable, Net	<u>7,616,815</u>	<u>7,626,537</u>
Total Assets	<u>\$ 12,770,745</u>	<u>\$ 14,604,245</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 1,355,922</u>	<u>\$ 146,820</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,126,667</u>	<u>\$ 14,751,065</u>
LIABILITIES		
Accounts Payable	\$ 22,352	\$ 70,097
Salaries Payable	11,714	15,529
Grant Received in Advance	393,839	-
Retainage Payable	4,054	-
Interest Payable	123	4,692
Long-Term Liabilities		
Due Within One Year		
Long-Term Debt	\$ 54,188	\$ 392,960
Due After One Year		
Long-Term Debt	255,169	2,768,478
Compensated Absences Payable	62,467	13,083
Net Pension and OPEB Liability	<u>587,048</u>	<u>118,818</u>
Total Liabilities	<u>\$ 1,390,954</u>	<u>\$ 3,383,657</u>
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 1,507,981	\$ 15,030
Taxes Received in Advance	<u>941,295</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 2,449,276</u>	<u>\$ 15,030</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,840,230</u>	<u>\$ 3,398,687</u>
NET POSITION		
Net Investment in Capital Assets	\$ 7,354,509	\$ 6,017,741
Restricted		
Highways	2,140,512	-
Health and Welfare	4,586	344,044
Culture and Recreation	1,877	-
Conservation of Natural Resources	159,553	4,064,137
Emergencies	236,030	-
Economic Development	20,057	926,456
Unrestricted	<u>369,313</u>	<u>-</u>
Total Net Position	<u>\$ 10,286,437</u>	<u>\$ 11,352,378</u>

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

SARGENT COUNTY

Statement of Activities

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					Governmental Activities	Component Units
Primary Government						
General Government	\$ 1,742,822	\$ 151,521	\$ 53,448	\$ -	\$ (1,537,853)	
Public Safety	1,073,988	212,540	64,580	-	(796,868)	
Highways	1,970,959	47,351	473,238	-	(1,450,370)	
Health and Welfare	28,494	-	14,300	-	(14,194)	
Culture and Recreation	180,541	-	-	-	(180,541)	
Conser. of Natural Resources	136,274	-	10,697	-	(125,577)	
Emergency	-	-	28,504	-	28,504	
Flood Repair	65,737	-	181,019	-	115,282	
Interest Expense on Long-Term Debt	3,014	-	-	-	(3,014)	
Total Primary Government	\$ 5,201,829	\$ 411,412	\$ 825,786	\$ -	\$ (3,964,631)	
Component Units	\$ 1,151,948	\$ 691,341	\$ 493,619	\$ 288,661		\$ 321,673
General Revenues						
Property Taxes					\$ 3,294,451	\$ 314,847
Unrestricted State Grants					578,470	-
Gain on Disposal of Assets					34,000	-
Interest Revenue					13,359	11,590
Miscellaneous Revenue					82,370	39,959
Total General Revenues					\$ 4,002,650	\$ 366,396
Change in Net Position					\$ 38,019	\$ 688,069
Net Position - January 1					\$ 10,248,418	\$ 10,664,309
Net Position - December 31					\$ 10,286,437	\$ 11,352,378

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

SARGENT COUNTYBalance Sheet – Governmental Funds
December 31, 2021

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,243,293	\$ 3,700,822	\$ 4,944,115
Intergovernmental Receivable	15,174	71,699	86,873
Road Receivables	-	4,741	4,741
Taxes Receivable	39,994	31,156	71,150
Total Assets	\$ 1,298,461	\$ 3,808,418	\$ 5,106,879
LIABILITIES, DEFERRED INFLOWS OF FUND BALANCES			
Liabilities			
Accounts Payable	\$ 8,065	\$ 14,287	\$ 22,352
Salaries Payable	2,428	9,286	11,714
Retainage Payable	-	4,054	4,054
Grants Received in Advance	-	393,839	393,839
Total Liabilities	\$ 10,493	\$ 421,466	\$ 431,959
Deferred Inflows of Resources			
Taxes Receivable	\$ 39,994	\$ 31,156	\$ 71,150
Road Receivables	-	4,741	4,741
Taxes Received in Advance	543,599	397,696	941,295
Total Deferred Inflows of Resources	\$ 583,593	\$ 433,593	\$ 1,017,186
Total Liabilities and Deferred Inflows of Resources	\$ 594,086	\$ 855,059	\$ 1,449,145
Fund Balances			
Restricted			
Public Safety	\$ -	\$ 254,173	\$ 254,173
Highways	-	2,272,752	2,272,752
Health and Welfare	-	4,319	4,319
Culture and Recreation	-	1,877	1,877
Conservation of Natural Resources	-	156,837	156,837
Emergency	-	228,687	228,687
General Government	-	14,657	14,657
Economic Development	-	20,057	20,057
Unassigned	704,375	-	704,375
Total Fund Balances	\$ 704,375	\$ 2,953,359	\$ 3,657,734

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

SARGENT COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2021

Total Fund Balances for Governmental Funds		\$ 3,657,734
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		7,663,866
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Property taxes receivable	\$ 71,150	
Road receivables	<u>4,741</u>	75,891
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows derived from pensions and OPEB	\$ 1,355,922	
Deferred inflows derived from pensions and OPEB	<u>(1,507,981)</u>	(152,059)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position.		
Compensated Absences Payable	(62,467)	
Long-Term Debt	(309,357)	
Interest Payable	(123)	
Net Pension and OPEB Liability	<u>(587,048)</u>	<u>(958,995)</u>
Total Net Position of Governmental Activities		<u>\$ 10,286,437</u>

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

SARGENT COUNTYStatement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2021

	General	Special Revenue	Total Governmental Funds
REVENUES			
Taxes	\$ 1,883,174	\$ 1,400,866	\$ 3,284,040
Intergovernmental	392,481	1,011,775	1,404,256
Charges for Services	240,241	149,839	390,080
Licenses, Permits and Fees	10,693	9,445	20,138
Interest Income	10,490	2,869	13,359
Miscellaneous	63,807	18,564	82,371
Total Revenues	\$ 2,600,886	\$ 2,593,358	\$ 5,194,244
EXPENDITURES			
Current			
General Government	\$ 1,726,688	\$ 178,847	\$ 1,905,535
Public Safety	530,566	428,251	958,817
Highways	-	1,969,221	1,969,221
Health and Welfare	6,658	21,836	28,494
Culture and Recreation	164,174	-	164,174
Conser. of Natural Resources	-	134,474	134,474
Flood Repair	-	65,737	65,737
Debt Service			
Principal	-	54,416	54,416
Interest & Service Charges	-	3,133	3,133
Total Expenditures	\$ 2,428,086	\$ 2,855,915	\$ 5,284,001
Excess (Deficiency) of Revenues Over Expenditures	\$ 172,800	\$ (262,557)	\$ (89,757)
OTHER FINANCING SOURCES (USES)			
Sale of Capital Asset	\$ -	\$ 23,500	\$ 23,500
Loan Proceeds	-	340,272	340,272
Transfers In	4,300	696,485	700,785
Transfers Out	(157,203)	(543,582)	(700,785)
Total Other Financing Sources and Uses	\$ (152,903)	\$ 516,675	\$ 363,772
Net Change in Fund Balances	\$ 19,897	\$ 254,118	\$ 274,015
Fund Balance - January 1	\$ 684,478	\$ 2,699,241	\$ 3,383,719
Fund Balance - December 31	\$ 704,375	\$ 2,953,359	\$ 3,657,734

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

SARGENT COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 274,015

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Capital Outlay	\$ 669,602	
Current Year Depreciation	<u>(452,255)</u>	217,347

In the statement of activities, only the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Gain on Disposal of Capital Assets	\$ 34,000	
Proceeds from Sale of Capital Assets	<u>(23,500)</u>	10,500

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

Debt Issuance	\$ (340,272)	
Repayment of Debt	<u>54,414</u>	(285,858)

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

Net Change in Compensated Absences Liability	\$ 23,668	
Net Change in Interest Payable	<u>119</u>	23,787

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

Net Changes in Taxes Receivable	\$ 10,411	
Net Change in Road Receivable	<u>1,195</u>	11,606

The Net Pension & OPEB Liability and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension Liability and OPEB	\$ 995,514	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(65,452)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(1,143,440)</u>	<u>(213,378)</u>

Change in Net Position of Governmental Activities \$ 38,019

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

SARGENT COUNTY

Combining Statements of Net Position – All Discretely Presented Component Units
For the Year Ended December 31, 2021

	Water Resource District	Dickey-Sargent Joint Water Resource District	Job Development Authority	Health District	Totals
ASSETS					
Cash, Cash Equivalents and Investments	\$ 1,780,430	\$ 57,861	\$ 634,452	\$ 354,940	\$ 2,827,683
Intergovernmental Receivable	58,344	-	-	-	58,344
Loans Receivable, Net	-	-	288,671	-	288,671
Taxes Receivable	2,552	-	3,333	2,548	8,433
Special Assessments Receivable	6,945	2,230,298	-	-	2,237,243
Capital Assets					
Nondepreciable	1,021,021	536,313	-	-	1,557,334
Depreciable, Net	2,860,536	4,766,001	-	-	7,626,537
Total Assets	\$ 5,729,828	\$ 7,590,473	\$ 926,456	\$ 357,488	\$ 14,604,245
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions and OPEB	\$ -	\$ -	\$ -	\$ 146,820	\$ 146,820
LIABILITIES					
Accounts Payable	\$ 70,097	\$ -	\$ -	\$ -	\$ 70,097
Salaries Payable	2,196	-	-	13,333	15,529
Interest Payable	1,092	3,600	-	-	4,692
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	225,000	167,960	-	-	392,960
Due After One Year					
Long-Term Debt	495,000	2,273,478	-	-	2,768,478
Compensated Absences Payable	-	-	-	13,083	13,083
Net Pension & OPEB Liability	-	-	-	118,818	118,818
Total Liabilities	\$ 793,385	\$ 2,445,038	\$ -	\$ 145,234	\$ 3,383,657
DEFERRED INFLOWS OF RESOURCES					
Pension & OPEB	\$ -	\$ -	\$ -	\$ 15,030	\$ 15,030
NET POSITION					
Net Investment in Capital Assets	\$ 3,160,465	\$ 2,857,276	\$ -	\$ -	\$ 6,017,741
Restricted					
Health and Welfare	-	-	-	344,044	344,044
Conservation of Natural Resources	1,775,978	2,288,159	-	-	4,064,137
Economic Development	-	-	926,456	-	926,456
Total Net Position	\$ 4,936,443	\$ 5,145,435	\$ 926,456	\$ 344,044	\$ 11,352,378

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

SARGENT COUNTY

Combining Statements of Activities – All Discretely Presented Component Units For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Water Resource District	Dickey-Sargent Joint Water Resource District	Job Develop. Authority	Health District	
Component Units									
Water Resource District	\$ 611,188	\$ 530,928	\$ 174,640	\$ 250,923	\$ 345,303	\$ -	\$ -	\$ -	\$ 345,303
Dickey-Sargent Joint Water Resource District	225,357	-	-	37,738	-	(187,619)	-	-	(187,619)
Job Development Authority	33,653	-	921	-	-	-	(32,732)	-	(32,732)
Health District	281,750	160,413	318,058	-	-	-	-	196,721	196,721
Total Component Units	\$ 1,151,948	\$ 691,341	\$ 493,619	\$ 288,661	\$ 345,303	\$ (187,619)	\$ (32,732)	\$ 196,721	\$ 321,673
General Revenues									
Property Taxes					\$ 72,238	\$ -	\$ 151,401	\$ 91,208	\$ 314,847
Unrestricted Investment Earnings					3,194	-	642	7,754	11,590
Miscellaneous Revenue					26,139	438	13,382	-	39,959
Total General Revenues					\$ 101,571	\$ 438	\$ 165,425	\$ 98,962	\$ 366,396
Change in Net Position					\$ 446,874	\$ (187,181)	\$ 132,693	\$ 295,683	\$ 688,069
Net Position - January 1					\$ 4,489,569	\$ 5,332,616	\$ 793,763	\$ 48,361	\$ 10,664,309
Net Position - December 31					\$ 4,936,443	\$ 5,145,435	\$ 926,456	\$ 344,044	\$ 11,352,378

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

SARGENT COUNTY

Statement of Net Position

December 31, 2020

	Primary Government	Component Units
ASSETS		
Cash and Investments	\$ 4,424,051	\$ 3,665,795
Intergovernmental Receivable	164,483	121,594
Road Receivables	3,546	-
Taxes Receivable	60,739	7,608
Special Assessments Receivable	-	2,484,770
Loans Receivable	2,551	308,275
Capital Assets		
Nondepreciable	47,051	1,964,839
Depreciable, Net	<u>7,388,969</u>	<u>6,890,995</u>
Total Assets	<u>\$ 12,091,390</u>	<u>\$ 15,443,876</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 1,421,374</u>	<u>\$ 283,334</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,512,764</u>	<u>\$ 15,727,210</u>
LIABILITIES		
Accounts Payable	\$ 144,369	\$ 530,358
Salaries Payable	13,255	9,161
Grant Received in Advance	183,753	-
Retainage Payable	-	35,746
Interest Payable	242	18,247
Long-Term Liabilities		
Due Within One Year		
Long-Term Debt	11,619	385,000
Due After One Year		
Long-Term Debt	11,881	3,600,000
Compensated Absences Payable	86,135	9,252
Net Pension and OPEB Liability	<u>1,582,562</u>	<u>452,484</u>
Total Liabilities	<u>\$ 2,033,816</u>	<u>\$ 5,040,248</u>
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 364,541	\$ 22,653
Taxes Received in Advance	<u>865,989</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 1,230,530</u>	<u>\$ 22,653</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,264,346</u>	<u>\$ 5,062,901</u>
NET POSITION		
Net Investment in Capital Assets	\$ 7,412,520	\$ 7,293,651
Restricted		
Highways	1,962,514	-
Health and Welfare	6,357	48,361
Culture and Recreation	1,875	-
Conservation of Natural Resources	149,478	2,528,534
Emergencies	228,687	-
Economic Development	20,036	793,763
Unrestricted	<u>466,951</u>	<u>-</u>
Total Net Position	<u>\$ 10,248,418</u>	<u>\$ 10,664,309</u>

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

SARGENT COUNTY

Statement of Activities

For the Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					Primary Government	Component Unit
Primary Government						
General Government	\$ 1,855,551	\$ 146,204	\$ 49,318	\$ -	\$ (1,660,029)	
Public Safety	1,112,506	224,087	24,283	-	(864,136)	
Highways	1,960,638	34,949	499,552	-	(1,426,137)	
Health and Welfare	240,890	-	18,792	-	(222,098)	
Culture and Recreation	144,685	-	10,869	-	(133,816)	
Conser. of Natural Resources	175,510	-	3,355	-	(172,155)	
Emergency	-	-	4,758	-	4,758	
Flood Repair	219,457	-	334,260	-	114,803	
Interest Expense on Long-Term Debt	242	-	-	-	(242)	
Total Primary Government	\$ 5,709,479	\$ 405,240	\$ 945,187	\$ -	\$ (4,359,052)	
Component Units	\$ 1,269,975	\$ 595,835	\$ 394,634	\$ 235,516		\$ (43,990)
General Revenues						
Property Taxes					\$ 2,912,389	\$ 374,833
Unrestricted State Grants					783,165	-
Gain (Loss) on Disposal of Assets					(5,860)	6,883
Unrestricted Investment Earnings					34,613	14,334
Miscellaneous Revenue					58,888	70,230
Total General Revenues					\$ 3,783,195	\$ 466,280
Change in Net Position					\$ (575,857)	\$ 422,290
Net Position - January 1					\$ 6,085,157	\$ -
Prior Period Adjustment					\$ 4,739,118	\$ 10,242,019
Net Position - January 1 as restated					\$ 10,824,275	\$ 10,242,019
Net Position - December 31					\$ 10,248,418	\$ 10,664,309

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

SARGENT COUNTYBalance Sheet – Governmental Funds
December 31, 2020

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 1,156,777	\$ 3,267,274	\$ 4,424,051
Intergovernmental Receivable	41,817	122,666	164,483
Road Receivables	-	3,546	3,546
Taxes Receivable	31,681	29,058	60,739
Loans Receivable	-	2,551	2,551
Total Assets	\$ 1,230,275	\$ 3,425,095	\$ 4,655,370
LIABILITIES, DEFERRED INFLOWS OF FUND BALANCES			
Liabilities			
Accounts Payable	\$ 15,133	\$ 129,236	\$ 144,369
Salaries Payable	2,709	10,546	13,255
Grants Received in Advance	-	183,753	183,753
Total Liabilities	\$ 17,842	\$ 323,535	\$ 341,377
Deferred Inflows of Resources			
Taxes Receivable	\$ 31,681	\$ 29,058	\$ 60,739
Road Receivables	-	3,546	3,546
Taxes Received in Advance	496,274	369,715	865,989
Total Deferred Inflows of Resources	\$ 527,955	\$ 402,319	\$ 930,274
Total Liabilities and Deferred Inflows of Resources	\$ 545,797	\$ 725,854	\$ 1,271,651
Fund Balances			
Nonspendable			
Economic Development	\$ -	\$ 2,551	\$ 2,551
Restricted			
Public Safety	-	241,089	241,089
Highways	-	2,020,475	2,020,475
Health and Welfare	-	6,357	6,357
Culture and Recreation	-	1,875	1,875
Conservation of Natural Resources	-	151,310	151,310
Emergency	-	228,687	228,687
Economic Development	-	17,485	17,485
General Government	-	29,412	29,412
Unassigned	684,478	-	684,478
Total Fund Balances	\$ 684,478	\$ 2,699,241	\$ 3,383,719

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

SARGENT COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2020

Total Fund Balances for Governmental Funds		\$ 3,383,719
<p>Total <i>net position</i> reported for government activities in the statement of net position is different because:</p>		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		7,436,020
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Property Taxes Receivable	\$ 60,739	
Road Receivables	<u>3,546</u>	64,285
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions and OPEB	\$ 1,421,374	
Deferred Inflows Related to Pensions and OPEB	<u>(364,541)</u>	1,056,833
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position.		
Compensated Absences Payable	\$ (86,135)	
Long-Term Debt	(23,500)	
Interest Payable	(242)	
Net Pension and OPEB Liability	<u>(1,582,562)</u>	<u>(1,692,439)</u>
Total Net Position of Governmental Activities		<u>\$ 10,248,418</u>

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

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

	General	Special Revenue	Water Resource District	Total Governmental Funds
REVENUES				
Taxes	\$ 1,558,749	\$ 1,359,895	\$ -	\$ 2,918,644
Intergovernmental	579,388	1,148,965	-	1,728,353
Charges for Services	249,765	133,871	-	383,636
Licenses, Permits and Fees	7,983	10,584	-	18,567
Interest Income	29,833	4,780	-	34,613
Miscellaneous	45,208	13,678	-	58,886
Total Revenues	\$ 2,470,926	\$ 2,671,773	\$ -	\$ 5,142,699
EXPENDITURES				
Current				
General Government	\$ 1,710,837	\$ 58,173	\$ -	\$ 1,769,010
Public Safety	532,269	389,683	-	921,952
Highways	-	1,575,231	-	1,575,231
Health and Welfare	8,038	232,852	-	240,890
Culture and Recreation	126,486	-	-	126,486
Conser. of Natural Resources	-	166,874	-	166,874
Flood Repair	-	219,457	-	219,457
Total Expenditures	\$ 2,377,630	\$ 2,642,270	\$ -	\$ 5,019,900
Excess (Deficiency) of Revenues Over Expenditures	\$ 93,296	\$ 29,503	\$ -	\$ 122,799
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	\$ -	\$ 23,500	\$ -	\$ 23,500
Transfers In	7,500	381,434	-	388,934
Transfers Out	(32,631)	(356,303)	-	(388,934)
Total Other Financing Sources and Uses	\$ (25,131)	\$ 48,631	\$ -	\$ 23,500
Net Change in Fund Balances	\$ 68,165	\$ 78,134	\$ -	\$ 146,299
Fund Balance - January 1	\$ 571,556	\$ 3,523,782	\$ 1,862,829	\$ 5,958,167
Prior Period Adjustment	\$ 44,757	\$ (902,675)	\$ (1,862,829)	\$ (2,720,747)
Fund Balance - January 1 as restated	\$ 616,313	\$ 2,621,107	\$ -	\$ 3,237,420
Fund Balance - December 31	\$ 684,478	\$ 2,699,241	\$ -	\$ 3,383,719

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

SARGENT COUNTY

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

Net Change in *Fund Balances* - Total Governmental Funds \$ 146,299

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Current Year Capital Outlay	\$ 62,940	
Current Year Depreciation	<u>(398,202)</u>	(335,262)

In the statement of activities, only the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Loss on Disposal of Capital Assets		(5,860)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences Liability	\$ (34,657)	
Net Change in Interest Payable	(242)	
Net Change in Notes Payable	<u>(23,500)</u>	(58,399)

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

Net Changes in Taxes Receivable	\$ (6,255)	
Net Change in Road Receivable	<u>3,038</u>	(3,217)

The Net Pension & OPEB Liability and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension Liability and OPEB	\$ (881,508)	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	537,156	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>24,934</u>	<u>(319,418)</u>

Change in *Net Position* of Governmental Activities \$ (575,857)

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

SARGENT COUNTY

Combining Statements of Net Position – All Discretely Presented Component Units
For the Year Ended December 31, 2020

	Water Resource District	Dickey-Sargent Joint Water Resource District	Job Development Authority	Health District	Totals
ASSETS					
Cash, Cash Equivalents and Investments	\$ 2,421,662	\$ 508,936	\$ 482,385	\$ 252,812	\$ 3,665,795
Intergovernmental Receivable	121,594	-	-	-	121,594
Loans Receivable, Net	-	-	308,275	-	308,275
Taxes Receivable	1,453	-	3,103	3,052	7,608
Special Assessments Receivable	7,960	2,476,810	-	-	2,484,770
Capital Assets					
Nondepreciable	1,428,526	536,313	-	-	1,964,839
Depreciable, Net	2,019,083	4,871,912	-	-	6,890,995
Total Assets	\$ 6,000,278	\$ 8,393,971	\$ 793,763	\$ 255,864	\$ 15,443,876
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions and OPEB	\$ -	\$ -	\$ -	\$ 283,334	\$ 283,334
LIABILITIES					
Accounts Payable	\$ 530,358	\$ -	\$ -	\$ -	\$ 530,358
Salaries Payable	2,713	-	-	6,448	9,161
Retainage Payable	35,746	-	-	-	35,746
Interest Payable	1,892	16,355	-	-	18,247
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	220,000	165,000	-	-	385,000
Due After One Year					
Long-Term Debt	720,000	2,880,000	-	-	3,600,000
Compensated Absences Payable	-	-	-	9,252	9,252
Net Pension & OPEB Liability	-	-	-	452,484	452,484
Total Liabilities	\$ 1,510,709	\$ 3,061,355	\$ -	\$ 468,184	\$ 5,040,248
DEFERRED INFLOWS OF RESOURCES					
Pension & OPEB	\$ -	\$ -	\$ -	\$ 22,653	\$ 22,653
NET POSITION					
Net Investment in Capital Assets	\$ 2,469,971	\$ 4,823,680	\$ -	\$ -	\$ 7,293,651
Restricted					
Health and Welfare	-	-	-	48,361	48,361
Conservation of Natural Resources	2,019,598	508,936	-	-	2,528,534
Economic Development	-	-	793,763	-	793,763
Total Net Position	\$ 4,489,569	\$ 5,332,616	\$ 793,763	\$ 48,361	\$ 10,664,309

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

SARGENT COUNTY

Combining Statements of Activities – All Discretely Presented Component Units For the Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Water Resource District	Dickey-Sargent Joint Water Resource District	Job Develop. Authority	Health District	
Component Units									
Water Resource District	\$ 468,065	\$ 550,079	\$ 103,661	\$ 204,050	\$ 389,725	\$ -	\$ -	\$ -	\$ 389,725
Dickey-Sargent Joint Water Resource District	274,476	-	-	31,466	-	(243,010)	-	-	(243,010)
Job Development Authority	72,742	-	823	-	-	-	(71,919)	-	(71,919)
Health District	454,692	45,756	290,150	-	-	-	-	(118,786)	(118,786)
Total Component Units	\$ 1,269,975	\$ 595,835	\$ 394,634	\$ 235,516	\$ 389,725	\$ (243,010)	\$ (71,919)	\$ (118,786)	\$ (43,990)
General Revenues									
Property Taxes					\$ 66,706	\$ -	\$ 142,430	\$ 165,697	\$ 374,833
Unrestricted Investment Earnings					6,052	773	687	6,822	14,334
Gain on Sale of Capital Asset					-	-	6,883	-	6,883
Miscellaneous Revenue					48,018	960	21,252	-	70,230
Total General Revenues					\$ 120,776	\$ 1,733	\$ 171,252	\$ 172,519	\$ 466,280
Change in Net Position					\$ 510,501	\$ (241,277)	\$ 99,333	\$ 53,733	\$ 422,290
Net Position - January 1					\$ -	\$ -	\$ -	\$ -	\$ -
Prior Period Adjustments					\$ 3,979,068	\$ 5,573,893	\$ 694,430	\$ (5,372)	\$ 10,242,019
Net Position - January 1, as restated					\$ 3,979,068	\$ 5,573,893	\$ 694,430	\$ (5,372)	\$ 10,242,019
Net Position - December 31					\$ 4,489,569	\$ 5,332,616	\$ 793,763	\$ 48,361	\$ 10,664,309

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

SARGENT COUNTYStatement of Fiduciary Net Position– Fiduciary Funds
December 31, 2021 and 2020

	Custodial Funds	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 2,266,569	\$ 1,902,353
LIABILITIES		
Funds Held for Other Governmental Units	\$ 44,017	\$ 38,906
Deferred Inflows of Resources		
Taxes Received in Advance	\$ 2,222,552	\$ 1,863,447
Total Liabilities and Deferred Inflows of Resources	\$ 2,266,569	\$ 1,863,447
Total Net Position	\$ -	\$ -

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

SARGENT COUNTYStatement of Changes in Fiduciary Net Position– Fiduciary Funds
December 31, 2021 and 2020

	Custodial Funds	
	2021	2020
ADDITIONS		
Tax Collections for Other Governments	\$ 10,431,162	9,559,150
Grant Collections for Other Governments	704,471	362,733
Total Additions	<u>\$ 11,135,633</u>	<u>\$ 9,921,883</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ 10,431,162	\$ 9,559,150
Grant Disbursements to Other Governments	704,471	\$ 362,733
Total Deductions	<u>\$ 11,135,633</u>	<u>\$ 9,921,883</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>	<u>\$ -</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>

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

SARGENT COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Component Units

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

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

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

Dickey-Sargent Joint Water Resource District ("Joint Water Resource District") - The Joint Water Resource District was formed by the Sargent County Water Resource District and the Dickey County Water Resource District under the provisions of North Dakota Century Code section 61-16.1-11. Each County's water district board appoints 3 member to the joint board. Administration and record keeping for the joint board are maintained at the Sargent County Water Resource District office.

Sargent County Job Development Authority ("Job Development Authority") - The County's governing board appoints a voting majority of the members of the Water Resource District's board. The County has the authority to approve or modify the Job Development Authority's operational and capital budgets. The County also must approve the tax levy established by the Job Development Authority.

Sargent County Health District ("Health District") - The County's governing board appoints a voting majority of the members of the Health District's board. The County has the authority to approve or modify the Health District authority's operational and capital budgets. The County also must approve the tax levy established by the Health District.

Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal

SARGENT COUNTY

Notes to the Financial Statements – Continued

activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

The County reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

Additionally, the County reports the following fiduciary fund type:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits and money market accounts.

SARGENT COUNTY

Notes to the Financial Statements – Continued

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

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

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

Assets	Years
Buildings	30-50
Machinery and Equipment	5-15
Vehicles	5-10

Compensated Absences

Vacation leave is earned at the rate of 10 to 20 days per year depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end. Upon termination vacation benefits that have accrued through the last day of work will be paid. Employees accrue sick leave benefits at the rate of 12 days per year. Unused sick leave benefits will be allowed to accumulate to a limit of 60 days.

Long-Term Obligations

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

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

Pension

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

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

Fund Balances

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

SARGENT COUNTY

Notes to the Financial Statements – Continued

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

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

NOTE 2: PROPERTY TAXES

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

NOTE 3: LOAN RECEIVABLE

The Job Development Authority provides loans to businesses for either startup costs or expansion costs. The Development Authority receives applications from various businesses within the community and either approves or denies the applications based on majority board decision. The Job Development Authority had the following activity in loans outstanding for the years ended December 31, 2021 and 2020:

2021	Balance January 1	Increases	Decreases	Balance December 31
Loan Receivable Total	\$ 308,275	\$ -	\$ 19,604	\$ 288,671

2020	Balance January 1	Increases	Decreases	Balance December 31
Loan Receivable Total	\$ 326,190	\$ -	\$ 17,915	\$ 308,275

SARGENT COUNTY

Notes to the Financial Statements – Continued

NOTE 4: PRIOR PERIOD ADJUSTMENTS

Net position of the County and its discretely presented component units as of January 1, 2020 has been restated for error corrections surrounding capital assets and special assessment receivables and from a change in reporting entity. The Water Resource District, Job Development Authority, and Public Health District were previously reported as special revenue funds of the County but are now being reported as discretely presented component units. The Dickey-Sargent Joint Water Resource District had previously been reported as a discretely presented component unit in Dickey County’s financial statements, but operational responsibility transferred to Sargent County on January 1, 2020 and thus, the Dickey-Sargent Joint Water Resource District is now being reported as a discretely presented component unit of Sargent County. The result of the adjustments had the following effects on each entity.

	Primary Government				Component Units			
	General Fund	Special Revenue Fund	Water Resource District	Gov't Wide	Water Resource District	Dickey-Sargent Joint Water Resource District	Job Development Authority	Public Health District
Beginning Net Position/Fund Balance, as previously reported	\$ 571,556	\$ 3,523,782	\$ 1,862,829	\$ 6,085,157	\$ -	\$ -	\$ -	\$ -
Adjustment to restate the January 1, 2019 Net Position/Fund Balance								
Cash	-	(250,752)	(1,862,829)	(2,113,581)	1,861,923	614,098	126,581	114,077
Road Receivables	-	-	-	508	-	-	-	-
Loans Receivable	-	(326,190)	-	(326,190)	-	-	326,190	-
Taxes Receivable	-	-	-	-	1,518	-	3,243	2,034
Accounts Receivable	-	-	-	-	-	224	-	-
Intergovernmental Receivable	45,978	137,628	-	183,606	112,223	-	-	-
Special Assessments Receivable	-	-	-	-	-	2,471,604	-	-
Special Assessments Receivable Error Correction	-	-	-	-	5,034	247,712	-	-
Capital Assets, Net	-	-	-	7,231,783	2,449,643	5,514,137	238,416	-
Accounts Payable	-	(338,061)	-	(338,061)	(39,092)	-	-	-
Salaries Payable	(1,221)	(8,174)	-	(9,395)	(1,163)	-	-	-
Grants Received in Advance	-	(117,126)	-	(117,126)	-	-	-	-
Taxes Received in Advance	-	-	-	-	-	(51,969)	-	-
Bonds Payable	-	-	-	410,000	(410,000)	(3,205,000)	-	-
Interest Payable	-	-	-	1,019	(1,018)	(16,913)	-	-
Compensated Absences Payable	-	-	-	22,866	-	-	-	(22,866)
Net Pension & OPEB Liability	-	-	-	(701,054)	-	-	-	(176,392)
Deferred Outflows	-	-	-	884,218	-	-	-	108,234
Deferred Inflows	-	-	-	(389,475)	-	-	-	(30,459)
Net Position/Fund Balance January 1, as restated	\$ 616,313	\$ 2,621,107	\$ -	\$ 10,824,275	\$ 3,979,068	\$ 5,573,893	\$ 694,430	\$ (5,372)

NOTE 5: DEPOSITS

Custodial Credit Risk

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

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

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

SARGENT COUNTY

Notes to the Financial Statements – Continued

banking board.

At year ended December 31, 2021, the County’s carrying amount of deposits totaled \$9,014,624, and the bank balances totaled \$9,529,873. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

At year ended December 31, 2020, the County’s carrying amount of deposits totaled \$9,672,901, and the bank balances totaled \$9,743,679. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

NOTE 6: CAPITAL ASSETS

Primary Government

The following is a summary of changes in capital assets for the year ended December 31, 2021 and 2020:

Primary Government - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 47,051	\$ -	\$ -	\$ -	\$ 47,051
<i>Capital assets, being depreciated</i>					
Buildings	\$ 2,587,291	\$ -	\$ -	\$ -	\$ 2,587,291
Vehicles	412,376	25,500	(24,900)	-	412,976
Infrastructure	9,205,944	-	-	-	9,205,944
Machinery & Equipment	543,041	668,102	(76,996)	-	1,134,147
Total capital assets, being depreciated	\$ 12,748,652	\$ 693,602	\$ (101,896)	\$ -	\$ 13,340,358
<i>Less accumulated depreciation for</i>					
Buildings	\$ 2,334,980	\$ 23,575	\$ -	\$ -	\$ 2,358,555
Vehicles	310,990	37,700	(23,400)	-	325,290
Infrastructure	2,289,618	315,458	-	-	2,605,076
Machinery & Equipment	424,095	75,523	(64,996)	-	434,622
Total accumulated depreciation	\$ 5,359,683	\$ 452,256	\$ (88,396)	\$ -	\$ 5,723,543
Total capital assets being depreciated, net	\$ 7,388,969	\$ 241,346	\$ (13,500)	\$ -	\$ 7,616,815
Total capital assets, net	\$ 7,436,020	\$ 241,346	\$ (13,500)	\$ -	\$ 7,663,866

Primary Government - 2020	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 47,051	\$ -	\$ -	\$ -	\$ 47,051
<i>Capital assets, being depreciated</i>					
Buildings	\$ 2,587,291	\$ -	\$ -	\$ -	\$ 2,587,291
Vehicles	412,376	-	-	-	412,376
Infrastructure	9,205,944	-	-	-	9,205,944
Machinery & Equipment	493,201	67,940	(18,100)	-	543,041
Total capital assets, being depreciated	\$ 12,698,812	\$ 67,940	\$ (18,100)	\$ -	\$ 12,748,652
<i>Less accumulated depreciation for</i>					
Buildings	\$ 2,311,405	\$ 23,575	\$ -	\$ -	\$ 2,334,980
Vehicles	266,746	44,244	-	-	310,990
Infrastructure	1,974,161	315,457	-	-	2,289,618
Machinery & Equipment	416,410	14,925	(7,240)	-	424,095
Total accumulated depreciation	\$ 4,968,722	\$ 398,201	\$ (7,240)	\$ -	\$ 5,359,683
Total capital assets being depreciated, net	\$ 7,730,090	\$ (330,261)	\$ (10,860)	\$ -	\$ 7,388,969
Total capital assets, net	\$ 7,777,141	\$ (330,261)	\$ (10,860)	\$ -	\$ 7,436,020

SARGENT COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	2021	2020
General Government	\$ 28,444	\$ 1,976
Public Safety	23,997	29,717
Highways	379,816	340,584
Culture and Recreation	18,199	18,199
Conservation of Natural Resources	1,800	7,725
Total Depreciation Expense	\$ 452,256	\$ 398,201

Discretely Presented Component Units

The following is a summary of changes in capital assets of the Water Resource District for the year ended December 31, 2021 and 2020:

Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Construction in Progress	\$ 1,234,283	\$ 156,450	\$ -	\$ (904,988)	\$ 485,745
Easements	194,244	341,032	-	-	535,276
Total capital assets not being depreciated	\$ 1,428,527	\$ 497,482	\$ -	\$ (904,988)	\$ 1,021,021
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 2,271,733	\$ -	\$ -	\$ 904,988	\$ 3,176,721
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 252,650	\$ 63,535	\$ -	\$ -	\$ 316,185
Total capital assets being depreciated, net	\$ 2,019,083	\$ (63,535)	\$ -	\$ 904,988	\$ 2,860,536
Total capital assets, net	\$ 3,447,610	\$ 433,947	\$ -	\$ -	\$ 3,881,557

Water Resource District - 2020	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Construction in Progress	\$ 228,811	\$ 1,005,472	\$ -	\$ -	\$ 1,234,283
Easements	156,316	37,927	-	-	194,243
Total capital assets not being depreciated	\$ 385,127	\$ 1,043,399	\$ -	\$ -	\$ 1,428,526
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 2,271,733	\$ -	\$ -	\$ -	\$ 2,271,733
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 207,216	\$ 45,434	\$ -	\$ -	\$ 252,650
Total capital assets being depreciated, net	\$ 2,064,517	\$ (45,434)	\$ -	\$ -	\$ 2,019,083
Total capital assets, net	\$ 2,449,644	\$ 997,965	\$ -	\$ -	\$ 3,447,609

Depreciation expense was charged to the conservation of natural resources function.

The following is a summary of changes in capital assets of the Joint Water Resource District for the year ended December 31, 2021 and 2020:

SARGENT COUNTY

Notes to the Financial Statements – Continued

Joint Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 442,574	\$ -	\$ -	\$ -	\$ 442,574
Intangible Asset	93,739	-	-	-	93,739
Total capital assets not being depreciated	\$ 536,313	\$ -	\$ -	\$ -	\$ 536,313
<i>Capital assets, being depreciated</i>					
Infrastructure	5,295,557	-	-	-	5,295,557
<i>Less accumulated depreciation for</i>					
Infrastructure	423,645	105,911	-	-	529,556
Total capital assets being depreciated, net	\$ 4,871,912	\$ (105,911)	\$ -	\$ -	\$ 4,766,001
Total capital assets, net	\$ 5,408,225	\$ (105,911)	\$ -	\$ -	\$ 5,302,314

Joint Water Resource District - 2020	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 442,574	\$ -	\$ -	\$ -	\$ 442,574
Intangible Asset	93,739	-	-	-	93,739
Total capital assets not being depreciated	\$ 536,313	\$ -	\$ -	\$ -	\$ 536,313
<i>Capital assets, being depreciated</i>					
Infrastructure	5,295,557	-	-	-	5,295,557
<i>Less accumulated depreciation for</i>					
Infrastructure	317,733	105,912	-	-	423,645
Total capital assets being depreciated, net	\$ 4,977,824	\$ (105,912)	\$ -	\$ -	\$ 4,871,912
Total capital assets, net	\$ 5,514,137	\$ (105,912)	\$ -	\$ -	\$ 5,408,225

Depreciation expense was charged to the conservation of natural resources function.

The following is a summary of changes in capital assets of the Job Development Authority for the year ended December 31, 2020:

Job Development Authority - 2020	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Construction in Progress	\$ 238,416	\$ 59,331	\$ -	\$ (297,747)	\$ -
<i>Capital assets, being depreciated</i>					
Buildings	\$ -	\$ -	\$ (297,747)	\$ 297,747	\$ -
Total capital assets, net	\$ 238,416	\$ 59,331	\$ (297,747)	\$ -	\$ -

NOTE 7: LONG-TERM LIABILITIES

Primary Government

During the year ended December 31, 2021 and 2020, the following changes occurred in governmental activities long-term liabilities:

Primary Government - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ 23,500	\$ 340,272	\$ 54,415	\$ 309,357	\$ 54,188
Compensated Absences	\$ 86,135	\$ 60,672	\$ 84,340	\$ 62,467	\$ -
Net Pension & OPEB Liability *	1,582,562	-	995,514	587,048	-
Total Primary Government	\$ 1,692,197	\$ 400,944	\$ 1,134,269	\$ 958,872	\$ 54,188

SARGENT COUNTY

Notes to the Financial Statements – Continued

Primary Government - 2020	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ -	\$ 23,500	\$ -	\$ 23,500	\$ 11,619
Compensated Absences	\$ 51,478	\$ 104,665	\$ 70,008	\$ 86,135	\$ -
Net Pension & OPEB Liability *	701,054	881,508	-	1,582,562	-
Total Primary Government	\$ 752,532	\$ 1,009,673	\$ 70,008	\$ 1,692,197	\$ 11,619

*The change in Net Pension & OPEB Liability is shown as a net change.

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

Year Ending Dec 31	Loans Payable	
	Principal	Interest
2022	\$ 54,188	\$ 3,360
2023	40,552	4,848
2024	41,323	4,078
2025	42,108	3,293
2026	42,908	2,493
2027-2031	88,278	2,524
Total	\$ 309,357	\$ 20,596

During the year ended December 31, 2021 and 2020, the following changes occurred in governmental long-term liabilities of the Water Resource District:

Discretely Presented Component Units

Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 940,000	\$ -	\$ 220,000	\$ 720,000	\$ 225,000

Water Resource District - 2020	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 410,000	\$ 725,000	\$ 195,000	\$ 940,000	\$ 220,000

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

Year Ending Dec 31	Bonds Payable	
	Principal	Interest
2022	\$ 225,000	\$ 5,354
2023	120,000	3,765
2024	125,000	2,813
2025	125,000	1,688
2026	125,000	563
Total	\$ 720,000	\$ 14,183

SARGENT COUNTY

Notes to the Financial Statements – Continued

During the year ended December 31, 2021 and 2020, the following changes occurred in governmental long-term liabilities of the Joint Water Resource District:

Joint Water Resource District - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 3,045,000	\$ 2,400,000	\$ 3,045,000	\$ 2,400,000	\$ 165,000
Bond Premium	-	41,438	-	41,438	2,960
Total Long-Term Debt	\$ 3,045,000	\$ 2,441,438	\$ 3,045,000	\$ 2,441,438	\$ 167,960

Joint Water Resource District - 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Bonds Payable	\$ 3,205,000	\$ -	\$ 160,000	\$ 3,045,000	\$ 165,000

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

Year Ending Dec 31	Bonds Payable		Bond Premium
	Principal	Interest	
2022	\$ 165,000	\$ 35,284	\$ 2,960
2023	160,000	34,715	2,960
2024	160,000	33,955	2,960
2025	160,000	32,995	2,960
2026	160,000	30,915	2,960
2027-2031	855,000	104,625	14,800
2032-2036	740,000	25,048	11,838
Total	\$ 2,400,000	\$ 297,537	\$ 41,438

During the year ended December 31, 2021 and 2020, the following changes occurred in governmental long-term liabilities of the Public Health District:

Health Unit - 2021	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences	\$ 9,252	\$ 10,320	\$ 6,489	\$ 13,083	\$ -
Net Pension & OPEB Liability *	452,484	-	333,666	118,818	-
Total Health Unit	\$ 461,736	\$ 10,320	\$ 340,155	\$ 131,901	\$ -

Health Unit - 2020	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences	\$ 22,866	\$ 324	\$ 13,938	\$ 9,252	\$ -
Net Pension & OPEB Liability *	176,392	276,092	-	452,484	-
Total Health Unit	\$ 199,258	\$ 276,416	\$ 13,938	\$ 461,736	\$ -

*The change in Net Pension & OPEB Liability is shown as a net change.

During the year ended December 31, 2020, the following changes occurred in governmental long-term liabilities of the Job Development Authority:

SARGENT COUNTY

Notes to the Financial Statements – Continued

Job Development Authority - 2020	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt Loans Payable	\$ -	\$ 179,797	\$ 179,797	\$ -	\$ -

NOTE 8: OPERATING LEASES

The County is engaged in various operating leases. Total lease payments made during 2021 and 2020 totaled \$246,448 and \$90,000 respectively. Future lease payments are as follows:

2022	\$	110,000
2023		80,000
2024		80,000
2025		80,000
2026		40,000
Total	\$	390,000

NOTE 9: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Law Enforcement System (With prior main system service)

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad

SARGENT COUNTY

Notes to the Financial Statements – Continued

hoc post-retirement benefit increases. Members of the Law Enforcement 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 (55) with three or more years of service. 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 first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 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 (Main and Law Enforcement Systems)

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

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

Refunds of Member Account Balance

Main System

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.

Law Enforcement System

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Main System

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

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

SARGENT COUNTY

Notes to the Financial Statements – Continued

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

Law Enforcement System

Member and employer contributions paid to NDPERS are established as a percent of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

Plan	Member contribution rate	Employer contribution rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	9.81%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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 25 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

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

At December 31, 2021 and 2020, the following net pension liabilities were reported:

	2021	2020
Main System	\$ 608,724	1,388,559.00
Law Enforcement System	(59,168)	142,817.00
Health District	112,579	441,072.00

The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021 and 2020, the entities had the following proportions, change in proportions, and pension expense:

SARGENT COUNTY

Notes to the Financial Statements – Continued

	Proportion	Increase (Decrease) In Proportion from June 30, 2020 and 2019 Measurement	Pension Expense
Main System			
2021	0.058402%	0.014265%	\$ 238,865
2020	0.044137%	-0.011662%	335,704
Law Enforcement System			
2021	2.665722%	0.428823%	43,160
2020	2.236899%	0.081146%	38,384
Health District			
2021	0.010801%	-0.003219%	14,134
2020	0.014020%	-0.000126%	90,459

At December 31, 2021 and 2020, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

Main System - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 10,510	\$ 62,129
Changes of Assumptions	673,740	878,416
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	225,766
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	465,489	86,553
Employer Contributions Subsequent to the Measurement Date	24,387	-
Total	\$ 1,174,126	\$ 1,252,864

Law Enforcement System - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,369	\$ 18,346
Changes of Assumptions	122,888	163,199
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	37,715
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	17,988
Employer Contributions Subsequent to the Measurement Date	11,930	-
Total	\$ 139,187	\$ 237,248

Health District - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,944	\$ -
Changes of Assumptions	124,603	11,490
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	162,456
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	12,105	41,754
Employer Contributions Subsequent to the Measurement Date	4,876	45,345
Total	\$ 143,528	\$ 261,045

SARGENT COUNTY

Notes to the Financial Statements – Continued

Main System - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,403	\$ 70,360
Changes of Assumptions	744,356	123,060
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	44,816	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	386,486	116,426
Employer Contributions Subsequent to the Measurement Date	20,727	-
Total	\$ 1,201,788	\$ 309,846

Law Enforcement System - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,385	\$ 9,626
Changes of Assumptions	146,490	13,935
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	9,132	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	24,818
Employer Contributions Subsequent to the Measurement Date	11,091	-
Total	\$ 172,098	\$ 48,379

Health District - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,716	\$ 22,350
Changes of Assumptions	236,443	39,090
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	14,236	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	20,943	1,806
Employer Contributions Subsequent to the Measurement Date	5,346	-
Total	\$ 278,684	\$ 63,246

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022:

Main System	\$ 24,387
Law Enforcement System	11,930
Health District	4,876

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

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Notes to the Financial Statements – Continued

	Main System	Law Enforcement System	Health District
2022	\$ 72,172	\$ (23,834)	\$ (17,068)
2023	33,887	(24,839)	(28,294)
2024	(28,498)	(17,250)	(27,723)
2025	(180,686)	(26,261)	(49,308)
2026	-	(17,807)	-

Actuarial Assumptions

Main and Law Enforcement Systems

The total pension liability in the July 1, 2021 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

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	30%	6.00%
International Equities	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	0.00%

Discount Rate (Main and Law Enforcement Systems)

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

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

SARGENT COUNTY

Notes to the Financial Statements – Continued

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Proportionate Share of the Net Pension Liability	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Main System	\$ 698,076	\$ 608,724	\$ 309,507
Law Enforcement System	7,316	(59,168)	(110,098)
Health District	179,038	112,579	57,241

Pension Plan Fiduciary Net Position

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

NOTE 10: OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

SARGENT COUNTY

Notes to the Financial Statements – Continued

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

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

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

At December 31, 2021 and 2020, the following net OPEB liabilities were reported:

	2021	2020
Primary Government	\$ 37,492	\$ 51,186
Health District	6,239	11,412

The net OPEB liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2021 and 2020, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) In Proportion from June 30, 2020 and 2019 Measurement	OPEB Expense
Primary Government			
2021	0.067410%	0.006561%	\$ 11,122
2020	0.060849%	-0.010078%	12,801
Health District			
2021	0.011218%	-0.002348%	900
2020	0.013566%	0.000380%	2,024

At December 31, 2021 and 2020, the following deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were reported:

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Notes to the Financial Statements – Continued

Primary Government - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,154	\$ 1,028
Changes of Assumptions	5,806	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	12,846
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	30,551	3,995
Employer Contributions Subsequent to the Measurement Date	4,097	-
Total	\$ 42,608	\$ 17,869

Health District - 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 359	\$ 171
Changes of Assumptions	966	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	2,138
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	1,257	1,231
Employer Contributions Subsequent to the Measurement Date	710	-
Total	\$ 3,292	\$ 3,540

Primary Government - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,138	\$ 1,227
Changes of Assumptions	6,863	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	1,760	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	33,460	5,089
Employer Contributions Subsequent to the Measurement Date	4,266	-
Total	\$ 47,487	\$ 6,316

Health District - 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 254	\$ 274
Changes of Assumptions	1,530	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	392	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	1,618	29
Employer Contributions Subsequent to the Measurement Date	856	-
Total	\$ 4,650	\$ 303

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

Primary Government	\$ 4,097
Health District	710

SARGENT COUNTY

Notes to the Financial Statements – Continued

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

	Primary Government	Health District
2022	\$ 5,221	\$ (81)
2023	5,129	(96)
2024	4,561	(184)
2025	3,915	(552)
2026	1,816	(45)

Actuarial Assumptions

The total pension liability in the July 1, 2021 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 MortalityPub-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.

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
International Equities	21%	6.25%
Domestic Fixed Income	40%	0.50%

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 rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

SARGENT COUNTY

Notes to the Financial Statements – Continued

The following presents the net OPEB liability of the Plans as of June 30, 2021, 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:

Proportionate Share of the OPEB Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Primary Government	\$ 55,605	\$ 37,492	\$ 22,165
Health District	9,253	6,239	3,689

NOTE 11: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of five million dollars per occurrence for general liability, five million for automobile, and \$2,287,339 for public assets/mobile equipment and portable property.

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

NOTE 12: TRANSFERS

The following is reconciliation between cash transfers in and transfers out as reported in the basic financial statements for the years ended December 31, 2021 and 2020:

	2021		2020	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Major Funds				
General Fund	\$ 4,300	\$ 157,203	\$ 7,500	\$ 32,631
Special Revenue Fund	696,485	543,582	381,434	356,303
Total Transfers	\$ 700,785	\$ 700,785	\$ 388,934	\$ 388,934

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs.

NOTE 13: JOINT VENTURES

Under authorization of state statutes, the water resource districts of Richland County, Grand Forks County, Pembina County, Traill County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County, and the Southeast Cass Water Resource District, North Cass Water Resource District, Maple River Water Resource District, Rush River Water Resource District joined together to establish and operate a joint exercise of powers agreement for the water management districts located within the Red River Valley. Known as the Red River Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one

SARGENT COUNTY

Notes to the Financial Statements – Continued

member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2023:

	Red River Joint Water Resource District
Total Assets & Deferred Outflows	\$ 20,817,974
Total Liabilities & Deferred Inflows	79,012
Net Position	\$ 20,738,962
Revenues	\$ 3,296,645
Expenses	1,177,517
Change in Net Position	\$ 2,119,128

Complete financial statements for the Red River Joint Water Resource District may be obtained from the Treasurer's office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

NOTE 14: CONSTRUCTION COMMITMENTS

Primary Government:

The County had the following open construction commitments with balances owing as of December 31, 2021:

Project	Total Contract With Change Orders	Total Completed	Retainage	Remaining Balance
SC-CVD-4100(021)	\$ 192,645	\$ 189,191	\$ 4,054	\$ 7,508

NOTE 15: CONTINGENT LIABILITIES

The Water Resource District is involved in litigation pertaining to the construction of Drain 11. To date, the Water Resource District has paid the defendants their legal fees of \$141,251 and the defendants have submitted a motion requesting \$118,909 in additional legal fees related to appeals. The motion is still pending. The Water Resource District will have to pay reasonable fees for the appeal and the District Court will rule on the final amount.

NOTE 16: SUBSEQUENT EVENT

Subsequent to December 31, 2021, the Water Resource District issued maintenance levy improvement bonds in the amount of \$2,925,000 for the purpose of financing Drain 11 Improvements. Future bond principal payments are due annually and range from \$460,000 to \$525,000, with interest between 2.128% to 2.808%. The bonds mature in FY2028.

Subsequent to December 31, 2021, the Water Resource District issued maintenance levy improvement bonds in the amount of \$1,020,000 for the purpose of financing Drain 7 Improvements. Future bond principal payments are due annually and range from \$155,000 to \$185,000, with interest between 3.858% to 4.000%. The bonds mature in FY2028.

SARGENT COUNTY

Budgetary Comparison Schedule – General Fund For the Year Ended December 31, 2021 and 2020

	2021				2020			
	Original Budget	Amended Budget	Actual	Variance with Final Budget	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES								
Taxes	\$ 1,964,377	\$ 1,964,377	\$ 1,883,174	\$ (81,203)	\$ 1,581,589	\$ 1,581,589	\$ 1,558,749	\$ (22,840)
Intergovernmental	297,280	297,280	392,481	95,201	251,816	251,816	579,388	327,572
Charges for Services	177,250	177,250	240,241	62,991	202,150	202,150	249,765	47,615
Licenses, Permits and Fees	16,515	16,515	10,693	(5,822)	17,940	17,940	7,983	(9,957)
Interest Income	30,000	30,000	10,490	(19,510)	15,000	15,000	29,833	14,833
Miscellaneous	42,300	42,300	63,807	21,507	27,400	27,400	45,208	17,808
Total Revenues	\$ 2,527,722	\$ 2,527,722	\$ 2,600,886	\$ 73,164	\$ 2,095,895	\$ 2,095,895	\$ 2,470,926	\$ 375,031
EXPENDITURES								
Current								
General Government	\$ 1,776,465	\$ 1,829,924	\$ 1,726,688	\$ 103,236	\$ 1,652,011	\$ 1,785,543	\$ 1,710,837	\$ 74,706
Public Safety	534,528	547,769	530,566	17,203	513,247	551,282	532,269	19,013
Economic Development	-	-	-	-	1,000	1,000	-	1,000
Health and Welfare	6,000	6,658	6,658	-	-	-	8,038	(8,038)
Culture and Recreation	154,965	172,974	164,174	8,800	109,586	126,486	126,486	-
Total Expenditures	\$ 2,471,958	\$ 2,557,325	\$ 2,428,086	\$ 129,239	\$ 2,275,844	\$ 2,464,311	\$ 2,377,630	\$ 86,681
Excess (Deficiency) of Revenues Over Expenditures	\$ 55,764	\$ (29,603)	\$ 172,800	\$ 202,403	\$ (179,949)	\$ (368,416)	\$ 93,296	\$ 461,712
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ 4,000	\$ 4,000	\$ 4,300	\$ 300	\$ 103,450	\$ 103,450	\$ 7,500	\$ (95,950)
Transfers Out	(34,100)	(34,100)	(157,203)	(123,103)	(42,100)	(42,100)	(32,631)	9,469
Total Other Financing Sources and Uses	\$ (30,100)	\$ (30,100)	\$ (152,903)	\$ (122,803)	\$ 61,350	\$ 61,350	\$ (25,131)	\$ (86,481)
Net Change in Fund Balance	\$ 25,664	\$ (59,703)	\$ 19,897	\$ 79,600	\$ (118,599)	\$ (307,066)	\$ 68,165	\$ 375,231
Fund Balance - January 1	\$ 684,478	\$ 684,478	\$ 684,478	\$ -	\$ 571,556	\$ 571,556	\$ 571,556	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,757	\$ (44,757)
Fund Balance - January 1 Restated	\$ 684,478	\$ 684,478	\$ 684,478	\$ -	\$ 616,313	\$ 616,313	\$ 616,313	\$ -
Fund Balance - December 31	\$ 710,142	\$ 624,775	\$ 704,375	\$ 79,600	\$ 497,714	\$ 309,247	\$ 684,478	\$ 375,231

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

SARGENT COUNTY

Budgetary Comparison Schedule – Special Revenue Fund For the Year Ended December 31, 2021 and 2020

	2021				2020			
	Original Budget	Amended Budget	Actual	Variance with Final Budget	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES								
Taxes	\$ 1,443,390	\$ 1,443,390	\$ 1,400,866	\$ (42,524)	\$ 1,420,492	\$ 1,420,492	\$ 1,359,895	\$ (60,597)
Intergovernmental	775,741	775,741	1,011,775	236,034	680,560	680,560	1,148,965	468,405
Charges for Services	108,000	108,000	149,839	41,839	100,000	100,000	133,871	33,871
Licenses, Permits and Fees	5,000	5,000	9,445	4,445	-	-	10,584	10,584
Interest Income	6,382	6,382	2,869	(3,513)	2,005	2,005	4,780	2,775
Miscellaneous	13,390	13,390	18,564	5,174	8,900	8,900	13,678	4,778
Total Revenues	\$ 2,351,903	\$ 2,351,903	\$ 2,593,358	\$ 241,455	\$ 2,211,957	\$ 2,211,957	\$ 2,671,773	\$ 459,816
EXPENDITURES								
Current								
General Government	\$ 50,000	\$ 50,000	\$ 178,847	\$ (128,847)	\$ -	\$ -	\$ 58,173	\$ (58,173)
Public Safety	443,999	451,729	428,251	23,478	428,084	428,084	389,683	38,401
Highways	1,990,451	3,081,376	1,969,221	1,112,155	2,072,962	2,105,301	1,575,231	530,070
Flood Repair	-	181,019	65,737	115,282	320,453	320,453	219,457	100,996
Health and Welfare	28,325	28,325	21,836	6,489	53,619	53,619	232,852	(179,233)
Conser. of Natural Resources	246,635	246,635	134,474	112,161	291,523	291,523	166,874	124,649
Emergency	-	-	-	-	32,000	32,000	-	32,000
Debt Service								
Principal	54,416	54,416	54,416	-	-	-	-	-
Interest	3,133	3,133	3,133	-	-	-	-	-
Total Expenditures	\$ 2,816,959	\$ 4,096,633	\$ 2,855,915	\$ 1,240,718	\$ 3,198,641	\$ 3,230,980	\$ 2,642,270	\$ 588,710
Excess (Deficiency) of Revenues Over Expenditures	\$ (465,056)	\$ (1,744,730)	\$ (262,557)	\$ 1,482,173	\$ (986,684)	\$ (1,019,023)	\$ 29,503	\$ 1,048,526
OTHER FINANCING SOURCES (USES)								
Sale of Capital Asset	\$ -	\$ -	\$ 23,500	23,500	\$ -	\$ -	\$ 23,500	23,500
Loan Proceeds	-	-	340,272	340,272	-	-	-	-
Transfers In	338,100	338,100	696,485	358,385	219,500	219,500	381,434	161,934
Transfers Out	(308,000)	(308,000)	(543,582)	(235,582)	(204,000)	(204,000)	(356,303)	(152,303)
Total Other Financing Sources and Uses	\$ 30,100	\$ 30,100	\$ 516,675	\$ 486,575	\$ 15,500	\$ 15,500	\$ 48,631	\$ 33,131
Net Change in Fund Balances	\$ (434,956)	\$ (1,714,630)	\$ 254,118	\$ 1,968,748	\$ (971,184)	\$ (1,003,523)	\$ 78,134	\$ 1,081,657
Fund Balance - January 1	\$ 2,699,241	\$ 2,699,241	\$ 2,699,241	\$ -	\$ 3,523,782	\$ 3,523,782	\$ 3,523,782	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (902,675)	\$ 902,675
Fund Balance - January 1 Restated	\$ -	\$ -	\$ -	\$ -	\$ 3,523,782	\$ 3,523,782	\$ 2,621,107	\$ 902,675
Fund Balance - December 31	\$ 2,264,285	\$ 984,611	\$ 2,953,359	\$ 1,968,748	\$ 2,552,598	\$ 2,520,259	\$ 2,699,241	\$ 1,984,332

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

SARGENT COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions
 For the Year Ended December 31, 2021 and 2020

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

Main System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.058402%	\$ 608,724	\$ 661,336	92.04%	78.26%
2020	0.044137%	1,388,559	486,889	285.19%	48.91%
2019	0.055799%	654,005	580,407	112.68%	71.66%

Law Enforcement System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	2.665722%	\$ (59,168)	\$ 295,816	-20.00%	78.26%
2020	2.236899%	142,817	242,138	58.98%	48.91%
2019	2.155753%	(9,919)	211,042	-4.70%	71.66%

Health District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.010801%	\$ 112,579	\$ 122,310	92.04%	78.26%
2020	0.014020%	441,072	154,654	285.20%	48.91%
2019	0.014146%	165,801	147,138	112.68%	71.66%
2018	0.013410%	226,308	137,768	164.27%	62.80%
2017	0.010162%	163,337	103,736	157.45%	61.98%
2016	0.008797%	85,735	88,652	96.71%	70.46%
2015	0.009287%	63,150	82,740	76.32%	77.15%
2014	0.005912%	37,525	49,803	75.35%	77.70%

SARGENT COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions – Continued
 For the Year Ended December 31, 2021 and 2020

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

Main System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 50,523	\$ 49,218	1,305	\$ 709,594	6.94%
2020	37,100	39,985	(2,885)	521,074	7.67%
2019	42,257	15,915	26,342	580,407	2.74%

Law Enforcement System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 17,561	\$ 23,798	(6,237)	\$ 246,645	9.65%
2020	18,481	20,583	(2,102)	259,558	7.93%
2019	14,450	6,783	7,667	211,042	3.21%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 9,377	\$ 9,438	(61)	\$ 131,693	7.17%
2020	11,018	11,018	0	154,746	7.12%
2019	10,713	10,398	315	147,138	7.07%
2018	10,147	8,049	2,098	137,768	5.84%
2017	7,522	7,127	395	103,736	6.87%
2016	6,418	6,281	137	88,652	7.09%
2015	6,284	5,891	393	82,740	7.12%
2014	-	-	-	49,803	0.00%

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

SARGENT COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
 For the Year Ended December 31, 2021 and 2020

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

County	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.067410%	\$ 37,492	\$ 734,938	5.10%	76.63%
2020	0.060849%	51,186	693,666	7.38%	63.38%
2019	0.070927%	56,968	791,449	7.20%	63.13%

Health District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.011218%	\$ 6,239	\$ 122,310	5.10%	76.63%
2020	0.013566%	11,412	154,654	7.38%	63.38%
2019	0.013186%	10,591	147,138	7.20%	63.13%
2018	0.012591%	9,916	137,768	7.20%	61.89%
2017	0.009589%	7,585	103,736	7.31%	59.78%

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 10,901	\$ 8,400	2,501	\$ 956,239	0.88%
2020	8,899	8,341	558	780,632	1.07%
2019	9,205	3,523	5,682	791,449	0.45%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	\$ 1,501	\$ 1,440	61	\$ 131,693	1.09%
2020	1,764	1,764	(0)	154,746	1.14%
2019	1,711	1,665	46	147,138	1.13%
2018	1,616	1,289	327	137,768	0.94%
2017	1,206	1,141	65	103,736	1.10%

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

SARGENT COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2021 and 2020

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

NOTE 2: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

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, 2020.

OPEB

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

SARGENT COUNTY

Notes to the Required Supplementary Information – Continued
 For the Year Ended December 31, 2021 and 2020

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB**Pension**

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

OPEB

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

NOTE 5: LEGAL COMPLIANCE - BUDGETS**Budget Amendments**

The board of County commissioners amended the 2021 and 2020 County expenditures budget for various funds as follows:

2021	Original Budget	Amendment	Amended Budget
EXPENDITURES			
General Fund	\$ 2,471,958	\$ 85,367	\$ 2,557,325
Special Revenue Fund	2,816,959	1,279,674	4,096,633

2020	Original Budget	Amendment	Amended Budget
EXPENDITURES			
General Fund	\$ 2,275,844	\$ 188,467	\$ 2,464,311
Special Revenue Fund	3,198,641	236,339	3,230,980

SARGENT COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021 and 2020

ALN Number	Program Title	Pass-Through			Total Expenditures
		Grantor's Number	County Expenditures	Health District Expenditures	
U.S. DEPARTMENT OF TREASURY:					
Passed through the State Treasurer Department:					
21.019	Coronavirus Relief Fund	N/A	\$ 297,882	\$ 93,320	\$ 391,202
Total U.S Department of Treasury			\$ 297,882	\$ 93,320	\$ 391,202
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passed Through the State Department of Human Services:					
93.788	Opioid STR	N/A	\$ 40,909	\$ -	\$ 40,909
93.563	Child Support Enforcement	N/A	28	-	27.95
93.959	Block Grants for Prevention and Treatment of Substance Abuse	N/A	55,600.00	-	55,600.00
93.069	Public Health Emergency Preparedness	N/A	-	7,980	7,980.42
93.247	Advanced Nursing Education Workforce Grant	N/A	-	1,439	1,439.00
Total U.S. Department of Health and Human Services			\$ 96,537	\$ 9,419	\$ 105,956
U.S. DEPARTMENT OF HOMELAND SECURITY:					
Passed Through the State Department of Emergency Services:					
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	\$ 294,935	\$ -	\$ 294,935
97.042	Long Term Prevention and Health Promotion Services	N/A	10,654	-	10,653.90
Total U.S. Department of Transportation			\$ 305,589	\$ -	\$ 305,589
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 700,009	\$ 102,740	\$ 802,748

*Note: The Sargent County Health District is a discretely presented component unit of Sargent County

See notes to the Schedule of Expenditures of Federal Awards

SARGENT COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021 and 2020

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2020. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Governmental fund types account for the County's federal grant activity. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

NOTE 3 PASS-THROUGH GRANT NUMBER

For federal programs marked "N/A", the County was unable to obtain a pass-through grant number.

NOTE 4 INDIRECT COST RATE

The County does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate

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

Independent Auditor's Report

Board of County Commissioners
Sargent County
Forman, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sargent County as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Sargent County's basic financial statements, and have issued our report thereon dated October 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sargent County's internal control over financial reporting (internal control) as a basis for designing 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 Sargent County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sargent County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying *Schedule of Audit Findings and Questioned Costs* as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sargent County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

SARGENT COUNTY

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

Sargent County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Sargent County's response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Sargent County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
October 15, 2024

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

Independent Auditor's Report

Board of County Commissioners
Sargent County
Forman, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sargent County's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Sargent County's major federal programs for the year ended December 31, 2021 and 2020. Sargent County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sargent County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021 and 2020.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sargent County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sargent County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sargent County's federal programs.

SARGNET COUNTY

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance - Continued

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sargent County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sargent County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sargent County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Sargent County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Sargent County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
October 15, 2024

SARGENT COUNTY

Summary of Auditor's Results
For the Years Ended December 31, 2021 and 2020

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting

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

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None	noted
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None	noted
Type of auditor's report issued on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	<u> </u> Yes	<u> X </u> None	noted

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

SARGENT COUNTY

Schedule of Audit Findings and Questioned Costs
For the Years Ended December 31, 2021 and 2020

SECTION I – FINANCIAL STATEMENT FINDINGS

2021-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

During the audit of Sargent County, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Effect

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

Cause

Sargent County may not have had procedures in place to ensure the financial statements are complete and accurate.

Criteria

Sargent County is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

Repeat Finding

No.

Recommendation

We recommend Sargent County review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

Sargent County's Response

See Corrective Action Plan

SARGENT COUNTY

Schedule of Audit Findings and Questioned Costs – Continued
For the Year Ended December 31, 2021 and 2020

2021-002 AUDIT ADJUSTMENTS – COMPONENT UNTIS – MATERIAL WEAKNESS

Condition

During the audit of Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District , we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Effect

There is an increased risk of material misstatement to Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District 's financial statements.

Cause

Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District may not have had procedures in place to ensure the financial statements are complete and accurate.

Criteria

Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District are responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

Repeat Finding

No.

Recommendation

We recommend Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District's Response

See Corrective Action Plan

SARGENT COUNTY

Schedule of Audit Findings and Questioned Costs – Continued
For the Year Ended December 31, 2021 and 2020

2021-003 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNITS – MATERIAL WEAKNESS

Condition

The Sargent County Water Resource District and Dickey-Sargent Joint Water Resource Districts have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations.

Effect

The lack of segregation of duties increases the risk of material misstatement to the Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District's financial condition, whether due to error or fraud.

Cause

Management has chosen to allocate economic resources to other functions of the Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District's.

Criteria

According to the COSO framework, proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel so duties of employees are properly segregated. The segregation of duties would provide better control over the assets of the districts.

Repeat Finding

No.

Recommendation

To mitigate the risk associated with this lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District's Response

See Corrective Action Plan

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



SARGENT COUNTY AUDITOR

355 Main Street South, Suite 1

Forman ND 58032-4149

Phone: (701) 724-6241 Ext. 1

FAX: (701) 724-6244

TDD: (701) 724-3302

Tia Bopp, Auditor, Ext 108

Sharon Halmrast, Chief Deputy, Ext 110

Lindsay Bosse, Deputy Auditor, Ext 109

Date: October 14, 2024
To: Joshua C. Gallion, ND State Auditor
From: Tia Bopp, County Auditor
RE: Sargent County – FY2021 Management's Response

Contact Person Responsible for Corrective Acton Plan: Tia Bopp, County Auditor

Section I – Financial Statement Findings:

2021-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

During the audit of Sargent County, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Management's Response:

We Agree, we will ensure appropriate entries are included or made to the financial statements in the future.

Anticipated Completion Date:

FY 2023

SARGENT COUNTY

Management's Corrective Action Plan
For the Year Ended December 31, 2021 and 2020



Sargent County Water Resource District

355 Main Street S, Suite 1
Forman ND 58032-0177
Phone: (701) 724-6241 Ext 113
FAX: (701) 724-6244

Lucas Siemieniewski, Geneseo
Bruce Speich, Milnor
Michael Wyum, Rutland
Todd Stein, Cogswell
Roger Zetocha, Stirum

October 10th, 2024

Date: October 9, 2024
To: Joshua C. Gallion, ND State Auditor
From: Wendy Willprecht, Secretary-Treasurer
RE: Sargent County – FY2021 Management's Response

Contact Person Responsible for Corrective Acton Plan: Wendy Willprecht, Secretary-Treasurer

Section I – Financial Statement Findings:

2021-002 AUDIT ADJUSTMENTS – COMPONENT UNTIS – MATERIAL WEAKNESS

Condition:

During the audit of Sargent County Water Resource District and Dickey-Sargent Joint Water Resource District, we proposed material adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Management's Response:

We Agree, we will ensure entries and adjustments are made to the financial statements in the future.

Anticipated Completion Date:

FY 2023

SARGENT COUNTY

Management's Corrective Action Plan
For the Year Ended December 31, 2021 and 2020

2021-003 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNITS – MATERIAL WEAKNESS

Condition:

The Sargent County Water Resource District and Dickey-Sargent Joint Water Resource Districts have limited personnel responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, create credit memos, and perform bank reconciliations

Management's Response:

We Agree, we will segregate duties further when it becomes more economically feasible.

Anticipated Completion Date:

FY 2023

Wendy Willprecht

Wendy Willprecht
Secretary/Treasurer



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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