

AUDIT REPORT

ADAMS COUNTY
Hettinger, North Dakota

For the Years Ended December 31, 2022 and 2021

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

ADAMS COUNTY
Hettinger, North Dakota

TABLE OF CONTENTS
For the Years Ended December 31, 2022 and 2021

	<u>Page (s)</u>
Officials	1
Independent Auditor's Report	2 - 4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	5, 6
Statement of Activities	7, 8
Balance Sheet – Governmental Funds	9, 10
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	11, 12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13, 14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15, 16
Statement of Fiduciary Net Position – Fiduciary Fund	17, 18
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	19, 20
Notes to the Financial Statements	21 - 37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	38, 39
Farm to Market Roads Fund	40, 41
County Road and Bridge Fund	42, 43
Emergency Fund	44, 45
Notes to the Budgetary Comparison Schedules	46
Schedule of Employer's Share of Net Pension Liability	
ND Public Employees Retirement System	47
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity Arising from Cash Transactions	48- 51
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	52 - 53
Schedule of Findings and Responses	54

ADAMS COUNTY
Hettinger, North Dakota

COUNTY OFFICIALS

Dustin Laufer	Commission Chairman
Kevin Pagel	Commission Vice-Chairman
Anthony Larson	Commissioner
Krista Faller	Auditor/Treasurer
Sherri Uecker	County Recorder/Clerk of Court
Jordan Fisher	Sheriff
Aaron Roseland	States Attorney

Rath & Mehrer, P.C.

Certified Public Accountants

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

Specializing in Governmental Auditing

1003 E. Interstate Ave. Ste. 7
Bismarck, ND 58503-0500
Phone 701-258-4560
rathandmehrer@hotmail.com

INDEPENDENT AUDITOR'S REPORT

Governing Board
Adams County
Hettinger, North Dakota

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Adams County, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the 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 discretely presented component units, each major fund and the aggregate remaining fund information of the county, as of December 31, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the county, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the 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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgeting comparison information and the schedule of employer's share of net pension liability 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the 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 the county's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

June 23, 2023

ADAMS COUNTY
Hettinger, North Dakota

Statement of Net Position
December 31, 2022

	Primary Government	Component Units	
	Governmental Activities	Airport Authority	Water Resource District
<u>ASSETS:</u>			
Cash and Investments	4,999,219.78	66,639.23	460,017.87
Taxes Receivable	36,733.28	2,112.22	1,114.08
Capital Assets (net of accumulated depreciation):			
Land	65,000.00	80,000.00	
Buildings	470,794.00	781,605.00	
Machinery and Vehicles	452,212.00	66,502.00	
Airport Runways/Improvements		2,563,596.00	
Total Capital Assets	988,006.00	3,491,703.00	-
Total Assets	6,023,959.06	3,560,454.45	461,131.95
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Changes in Resources Related to Pensions	668,799.00		
<u>LIABILITIES:</u>			
Long-Term Liabilities:			
Due Within One Year:			
Lease Payable	23,670.00		
Due After One Year:			
Bank Loan Payable		100,000.00	
Compensated Absences Payable	37,646.69		
Net Pension Liability	539,880.00		
Total Liabilities	601,196.69	100,000.00	-
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue	332,682.57		
Changes in Resources Related to Pensions	1,370,882.00		
Total Deferred Inflows of Resources	1,703,564.57		
<u>NET POSITION:</u>			
Net Investment in Capital Assets	964,336.00	3,391,703.00	
Restricted for:			
Special Purposes	2,791,094.20		
Unrestricted	632,566.60	68,751.45	461,131.95
Total Net Position	4,387,996.80	3,460,454.45	461,131.95

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Net Position
December 31, 2021

	Primary Government	Component Units	
	Governmental Activities	Airport Authority	Water Resource District
ASSETS:			
Cash and Investments	4,412,000.89	11,385.88	432,041.25
Taxes Receivable	37,025.24	1,925.94	1,861.66
Capital Assets (net of accumulated depreciation):			
Land	65,000.00	80,000.00	
Buildings	491,974.00	810,754.00	
Machinery and Vehicles	524,382.00	78,288.00	
Airport Runways/Improvements		2,831,395.00	
Total Capital Assets	1,081,356.00	3,800,437.00	-
Total Assets	5,530,382.13	3,813,748.82	433,902.91
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	1,017,151.00		
LIABILITIES:			
Long-Term Liabilities:			
Due Within One Year:			
Lease Payable	23,780.00		
Due After One Year:			
Lease Payable	23,670.00		
Bank Loan Payable		140,000.00	
Compensated Absences Payable	30,539.34		
Net Pension Liability	1,640,115.00		
Total Liabilities	1,718,104.34	140,000.00	-
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	393,032.71		
Changes in Resources Related to Pensions	687,001.00		
Total Deferred Inflows of Resources	1,080,033.71		
NET POSITION:			
Net Investment in Capital Assets	1,033,906.00	3,660,437.00	
Restricted for:			
Special Purposes	1,983,398.02		
Unrestricted	732,091.06	13,311.82	433,902.91
Total Net Position	3,749,395.08	3,673,748.82	433,902.91

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Activities
For the Year Ended December 31, 2022

	Net (Expense) Revenue and Changes in Net Position			
	Program Revenues		Primary Government Governmental Activities	Component Units Airport Authority Water Resource District
	Expenses	Charges for Services Operating Grants and Contributions		
Functions/Programs				
Primary Government:				
Governmental Activities:				
General Government	1,044,952.25	202,114.48	265,216.00	(577,621.77)
Public Safety	575,444.96	194,858.31	90,627.56	(289,959.09)
Highways and Public Improvement	1,345,376.95	235,594.22	972,918.42	(136,864.31)
Health and Welfare	10,000.00			(10,000.00)
Culture and Recreation	105,509.32			(105,509.32)
Conservation and Economic Development	234,464.93			(234,464.93)
Other	75,995.91			(75,995.91)
Interest on Long-Term Debt	679.81			(679.81)
Total Governmental Activities	3,392,424.13	632,567.01	1,328,761.98	(1,431,095.14)
Component Units:				
Airport Authority	494,360.44	6,700.00	157,127.45	(330,532.99)
Water Resource District	1,580.00			(1,580.00)
General Revenues:				
Taxes:				
Property Taxes; levied for general purposes			546,588.56	113,099.06 28,280.43
Property taxes; levied for special purposes			885,255.85	
Homestead tax credit			6,605.74	
Disabled veterans tax credit			3,782.77	
Telecommunications taxes			24,930.11	
State aid not restricted to specific program:				
State aid distribution			443,644.14	
Earnings on investments and other revenue			158,889.69	4,139.56 528.61
Total General Revenues			2,069,696.86	117,238.62 28,809.04
Change in Net Position			638,601.72	(213,294.37) 27,229.04
Net Position - January 1			3,749,395.08	3,673,748.82 433,902.91
Net Position - December 31			4,387,996.80	3,460,454.45 461,131.95

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues		Primary Government	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Airport Authority Water Resource District
Primary Government:					
Governmental Activities:					
General Government	1,115,330.40	277,818.43	277,286.61	(560,225.36)	
Public Safety	616,076.28	83,807.15	11,467.26	(520,801.87)	
Highways and Public Improvement	1,726,114.65	274,617.64	411,192.45	(1,040,304.56)	
Health and Welfare	15,960.00			(15,960.00)	
Culture and Recreation	101,814.49			(101,814.49)	
Conservation and Economic Development	165,683.40			(165,683.40)	
Other	77,794.85			(77,794.85)	
Total Governmental Activities	3,818,774.07	636,243.22	699,946.32	(2,482,584.53)	
Component Units:					
Airport Authority	524,351.59	6,200.00	148,847.00		(369,304.59)
Water Resource District	1,660.00				(1,660.00)
General Revenues:					
Taxes:					
Property Taxes; levied for general purposes				755,557.36	53,777.69 77,149.47
Property taxes; levied for special purposes				838,267.45	
Homestead tax credit				7,254.84	
Disabled veterans tax credit				3,944.37	
Telecommunications taxes				24,930.11	
State aid not restricted to specific program:					
State aid distribution				449,600.92	
Earnings on investments and other revenue				182,934.05	29,523.42 148.42
Total General Revenues				2,262,489.10	83,301.11 77,297.89
Change in Net Position				(220,095.43)	(286,003.48) 75,637.89
Net Position - January 1				3,969,490.51	3,959,752.30 358,265.02
Net Position - December 31				3,749,395.08	3,673,748.82 433,902.91

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

ADAMS COUNTY
Hettinger, North Dakota

Balance Sheet
Governmental Funds
December 31, 2022

	Major Funds					Other	Total
	General	Farm to Market Roads	County Road and Bridge	2021 HB 1505	Emergency	Governmental Funds	Governmental Funds
ASSETS:							
Cash and Investments	1,727,712.15	758,734.07	761,529.48	555,236.00	529,356.42	666,651.66	4,999,219.78
Taxes Receivable	15,981.31	7,984.58	3,874.74			8,892.65	36,733.28
Interfund Receivables	296.33						296.33
Total Assets	1,743,989.79	766,718.65	765,404.22	555,236.00	529,356.42	675,544.31	5,036,249.39
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Interfund Payables						296.33	296.33
Deferred Inflows of Resources:							
Unavailable Revenue	161,896.77	50,969.87	57,152.93			99,396.28	369,415.85
Total Liabilities and Deferred Inflows of Resources	161,896.77	50,969.87	57,152.93			99,692.61	369,712.18
Fund Balances:							
Restricted for:							
General Government						44,420.75	44,420.75
Public Safety						1,480.64	1,480.64
Highways and Public Improvements		715,748.78	708,251.29	555,236.00		36,777.71	2,016,013.78
Culture and Recreation						83,961.20	83,961.20
Conservation and Economic Development						89,412.82	89,412.82
Emergency Services					529,356.42		529,356.42
Other Special Purposes						34,984.08	34,984.08
Assigned to:							
Capital Projects						285,110.83	285,110.83
Unassigned	1,582,093.02					(296.33)	1,581,796.69
Total Fund Balances	1,582,093.02	715,748.78	708,251.29	555,236.00	529,356.42	575,851.70	4,666,537.21
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,743,989.79	766,718.65	765,404.22	555,236.00	529,356.42	675,544.31	5,036,249.39

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

ADAMS COUNTY
Hettinger, North Dakota

Balance Sheet
Governmental Funds
December 31, 2021

	Major Funds				Other	Total
	General	Farm to Market Roads	County Road and Bridge	Emergency	Governmental Funds	Governmental Funds
ASSETS:						
Cash and Investments	1,910,573.11	621,252.98	667,024.71	469,880.39	743,269.70	4,412,000.89
Taxes Receivable	19,052.94	5,711.63	4,599.35		7,661.32	37,025.24
Interfund Receivables	10,036.87					10,036.87
Total Assets	1,939,662.92	626,964.61	671,624.06	469,880.39	750,931.02	4,459,063.00
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Interfund Payables					10,036.87	10,036.87
Deferred Inflows of Resources:						
Unavailable Revenue	175,944.07	98,306.98	41,984.67		113,822.23	430,057.95
Total Liabilities and Deferred Inflows of Resources	175,944.07	98,306.98	41,984.67		123,859.10	440,094.82
Fund Balances:						
Restricted for:						
General Government					45,448.68	45,448.68
Public Safety					21,667.52	21,667.52
Highways and Public Improvements		528,657.63	629,639.39		106,312.36	1,264,609.38
Culture and Recreation					72,274.44	72,274.44
Conservation and Economic Development					104,034.42	104,034.42
Emergency Services				469,880.39		469,880.39
Other Special Purposes					12,446.63	12,446.63
Assigned to:						
Capital Projects					286,405.83	286,405.83
Unassigned	1,763,718.85				(21,517.96)	1,742,200.89
Total Fund Balances	1,763,718.85	528,657.63	629,639.39	469,880.39	627,071.92	4,018,968.18
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,939,662.92	626,964.61	671,624.06	469,880.39	750,931.02	4,459,063.00

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

ADAMS COUNTY
Hettinger, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2022

Total Fund Balances for Governmental Funds	4,666,537.21
--	--------------

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

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

Cost of Capital Assets	4,283,911.00	
Less Accumulated Depreciation	<u>(3,295,905.00)</u>	
Net Capital Assets		988,006.00

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.	36,733.28
---	-----------

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

Total Deferred Outflows of Resources	668,799.00	
Total Deferred Inflows of Resources	<u>(1,370,882.00)</u>	
Net Deferred Outflows/Inflows of Resources		(702,083.00)

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2022 are:

Lease Payable	(23,670.00)	
Compensated Absences Payable	(37,646.69)	
Net Pension Liability	<u>(539,880.00)</u>	
Total Long-Term Liabilities		<u>(601,196.69)</u>

Total Net Position of Governmental Activities	<u><u>4,387,996.80</u></u>
---	----------------------------

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

ADAMS COUNTY
Hettinger, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2021

Total Fund Balances for Governmental Funds		4,018,968.18
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	4,261,161.00	
Less Accumulated Depreciation	<u>(3,179,805.00)</u>	
Net Capital Assets		1,081,356.00
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		37,025.24
The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.		
Total Deferred Outflows of Resources	1,017,151.00	
Total Deferred Inflows of Resources	<u>(687,001.00)</u>	
Net Deferred Outflows/Inflows of Resources		330,150.00
Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2021 are:		
Lease Payable	(47,450.00)	
Compensated Absences Payable	(30,539.34)	
Net Pension Liability	<u>(1,640,115.00)</u>	
Total Long-Term Liabilities		<u>(1,718,104.34)</u>
Total Net Position of Governmental Activities		<u><u>3,749,395.08</u></u>

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	Major Funds					Other	Total
	General	Farm to Market Roads	County Road and Bridge	2021 HB 1505	Emergency	Governmental Funds	Governmental Funds
Revenues:							
Taxes	549,660.19	315,937.56	129,191.67			437,346.95	1,432,136.37
Licenses, Permits and Fees	825.00		2,837.60			54,854.31	58,516.91
Intergovernmental	547,383.49	2,459.03	438,720.00	555,236.00	265,216.00	35,062.99	1,844,077.51
Charges for Services	217,182.31		258,940.52			61,574.50	537,697.33
Miscellaneous	130,400.55		14,464.42			14,024.72	158,889.69
Total Revenues	1,445,451.54	318,396.59	844,154.21	555,236.00	265,216.00	602,863.47	4,031,317.81
Expenditures:							
Current:							
General Government	1,094,535.39					5,711.51	1,100,246.90
Public Safety	488,401.80					76,818.16	565,219.96
Highways and Public Improvement		31.73	996,271.29		205,739.97	24,425.96	1,226,468.95
Culture and Recreation	16,000.00					88,642.32	104,642.32
Conservation and Economic Development	3,829.64					230,635.29	234,464.93
Other	7,028.36					68,967.55	75,995.91
Capital Outlay			52,250.00				52,250.00
Debt Service:							
Principal			23,780.00				23,780.00
Interest			679.81				679.81
Total Expenditures	1,609,795.19	31.73	1,072,981.10	-	205,739.97	495,200.79	3,383,748.78
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,343.65)	318,364.86	(228,826.89)	555,236.00	59,476.03	107,662.68	647,569.03
Other Financing Sources (Uses):							
Transfers In			307,438.79				307,438.79
Transfers Out	(17,282.18)	(131,273.71)				(158,882.90)	(307,438.79)
Total Other Financing Sources (Uses)	(17,282.18)	(131,273.71)	307,438.79	-	-	(158,882.90)	-
Net Change in Fund Balance	(181,625.83)	187,091.15	78,611.90	555,236.00	59,476.03	(51,220.22)	647,569.03
Fund Balance - January 1	1,763,718.85	528,657.63	629,639.39	-	469,880.39	627,071.92	4,018,968.18
Fund Balance - December 31	1,582,093.02	715,748.78	708,251.29	555,236.00	529,356.42	575,851.70	4,666,537.21

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

ADAMS COUNTY
Hettinger, North Dakota

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

	Major Funds				Other	Total
	General	Farm to Market Roads	County Road and Bridge	Emergency	Governmental Funds	Governmental Funds
Revenues:						
Taxes	758,798.24	258,304.35	187,371.77		392,507.97	1,596,982.33
Licenses, Permits and Fees	2,736.25		4,141.00		49,969.90	56,847.15
Intergovernmental	477,317.86	1,940.30	459,120.12	242,548.09	42,820.19	1,223,746.56
Charges for Services	215,930.09		306,379.89		19,016.09	541,326.07
Miscellaneous	130,373.61		45,525.08		7,035.36	182,934.05
Total Revenues	1,585,156.05	260,244.65	1,002,537.86	242,548.09	511,349.51	3,601,836.16
Expenditures:						
Current:						
General Government	972,315.99				5,160.33	977,476.32
Public Safety	543,726.99				62,124.29	605,851.28
Highways and Public Improvement		209.42	1,463,648.98	77,270.00	43,938.25	1,585,066.65
Culture and Recreation	16,000.00				84,947.49	100,947.49
Conservation and Economic Development	5,944.96				159,738.44	165,683.40
Other	2,614.52			8,049.47	67,130.86	77,794.85
Capital Outlay			197,450.00			197,450.00
Total Expenditures	1,540,602.46	209.42	1,661,098.98	85,319.47	423,039.66	3,710,269.99
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,553.59	260,035.23	(658,561.12)	157,228.62	88,309.85	(108,433.83)
Other Financing Sources (Uses):						
Transfers In	425.95		223,330.42			223,756.37
Transfers Out	(15,181.61)	(114,992.29)		(1,003.15)	(92,579.32)	(223,756.37)
Proceeds from Lease Payable			47,450.00			47,450.00
Total Other Financing Sources (Uses)	(14,755.66)	(114,992.29)	270,780.42	(1,003.15)	(92,579.32)	47,450.00
Net Change in Fund Balance	29,797.93	145,042.94	(387,780.70)	156,225.47	(4,269.47)	(60,983.83)
Fund Balance - January 1	1,733,920.92	383,614.69	1,017,420.09	313,654.92	631,341.39	4,079,952.01
Fund Balance - December 31	1,763,718.85	528,657.63	629,639.39	469,880.39	627,071.92	4,018,968.18

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

ADAMS COUNTY
Hettinger, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds	647,569.03
--	------------

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

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

Current Year Capital Outlay	52,250.00	
Current Year Depreciation Expense	<u>(145,600.00)</u>	(93,350.00)

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

Debt Proceeds	-	
Repayment of Debt	<u>23,780.00</u>	23,780.00

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

Net Increase in Compensated Absences	(7,107.35)	
Net Decrease to Pension Expense	<u>68,002.00</u>	60,894.65

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

Net Decrease in Taxes Receivable		<u>(291.96)</u>
----------------------------------	--	-----------------

Change in Net Position of Governmental Activities	<u><u>638,601.72</u></u>
---	--------------------------

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

ADAMS COUNTY
Hettinger, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds	(60,983.83)
--	-------------

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

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

Current Year Capital Outlay	197,450.00	
Current Year Depreciation Expense	<u>(173,700.00)</u>	23,750.00

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

Debt Proceeds	(47,450.00)	
Repayment of Debt	<u>-</u>	(47,450.00)

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

Net Decrease in Compensated Absences	7,054.92	
Net Increase to Pension Expense	<u>(139,309.00)</u>	(132,254.08)

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

Net Decrease in Taxes Receivable	<u>(3,157.52)</u>
----------------------------------	-------------------

Change in Net Position of Governmental Activities	<u><u>(220,095.43)</u></u>
---	----------------------------

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2022

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>878,338.58</u>
<u>Net Position:</u>	
Restricted For:	
Other Governments	<u>878,338.58</u>

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2021

	Custodial Funds
<u>Assets:</u>	
Cash and Investments	<u>918,257.62</u>
 <u>Net Position:</u>	
Restricted For:	
Other Governments	<u>918,257.62</u>

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2022

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	3,016,572.80
State aid collections for other governments	274,364.27
State medical levy collections	19,796.25
Assessments charges to patrons/businesses	475.00
Payments made for the purpose of public service/public safety	15,077.95
Collections on behalf of ND state treasurer	<u>815.00</u>
 Total Additions	 <u>3,327,101.27</u>
 <u>Deductions:</u>	
Payments of property tax to other governments	3,044,838.88
Payments of state aid to other governments	286,340.88
Payments made for the purpose of public service/public safety	15,226.00
State medical levy collections remitted to state treasurer	20,460.65
Collections remitted to ND state treasurer	<u>153.90</u>
 Total Deductions	 <u>3,367,020.31</u>
 Net Change in Net Position	 <u>(39,919.04)</u>
 Net Position - January 1	 <u>918,257.62</u>
 Net Position - December 31	 <u><u>878,338.58</u></u>

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

ADAMS COUNTY
Hettinger, North Dakota

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2021

	<u>Custodial Funds</u>
<u>Additions:</u>	
Property tax collections for other governments	2,890,604.95
State aid collections for other governments	302,500.99
State medical levy collections	20,724.18
Assessments charges to patrons/businesses	237.50
Payments made for the purpose of public service/public safety	12,232.50
Collections on behalf of ND state treasurer	<u>1,315.00</u>
 Total Additions	 <u>3,227,615.12</u>
 <u>Deductions:</u>	
Payments of property tax to other governments	2,745,159.06
Payments of state aid to other governments	306,319.60
Payments made for the purpose of public service/public safety	12,605.97
State medical levy collections remitted to state treasurer	20,187.13
Collections remitted to ND state treasurer	<u>511.10</u>
 Total Deductions	 <u>3,084,782.86</u>
 Net Change in Net Position	 <u>142,832.26</u>
 Net Position - January 1	 <u>775,425.36</u>
 Net Position - December 31	 <u><u>918,257.62</u></u>

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

ADAMS COUNTY
Hettinger, North Dakota

Notes to the Financial Statements
December 31, 2022 and 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Adams County and its component units. These statements include

the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The county reports the following major governmental funds:

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

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

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

Emergency: This fund accounts for a special levy used for the purpose of funding emergency situations in the county. The county has also included monies from the American Rescue Plan Act (ARPA) and Local Assistance and Tribal Consistency Fund (LATCF) as a part of this fund.

2021 HB 1505: This fund is used to account for the Coronavirus State and Local Fiscal Recovery Fund (CARES Act) monies to be used for road projects.

Additionally, the county reports the following type of fiduciary fund:

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

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

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

F. Compensated Absences

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

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

G. Long-Term Obligations

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

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

H. Pension

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

I. Fund Equity

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

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

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

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

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

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

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the county's policy to use restricted amounts first and then unrestricted amounts

as they are needed. For unrestricted amounts of fund balance, it is the county's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

J. Interfund Transactions

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

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

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

K. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2022 the county's carrying amount of deposits was \$5,856,494 and the bank balance was \$6,030,734. Of the bank balance, \$652,628 was covered by Federal Depository Insurance. The remaining balance of \$5,378,106 was collateralized with securities held by the pledging financial institution's agent in the government's name

At December 31, 2021 the county's carrying amount of deposits was \$5,329,242 and the bank balance was \$5,467,202. Of the bank balance, \$649,782 was covered by Federal Depository Insurance. The remaining balance of \$4,817,420 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2022, the county held certificates of deposit in the amount of \$1,093,229, which are all considered deposits.

At December 31, 2021, the county held certificates of deposit in the amount of \$1,085,492, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 TAXES RECEIVABLE

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

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

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

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

Note 4 INTERFUND RECEIVABLE/PAYABLES

The interfund receivable/payables are created by negative cash balances in various funds. The amounts shown as interfund payables represent the amount of negative cash in each fund. The interfund receivable/payables for the years ended December 31, 2022 and 2021 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2022</u>		
General Fund	296.33	
Wireless 911		296.33
<u>December 31, 2021</u>		
General Fund	10,036.87	
Inert Landfill		10,036.87

Note 5 CAPITAL ASSETS

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

	<u>Balance January 1</u>	<u>2022</u>		<u>Balance December 31</u>
		<u>Increases</u>	<u>Decreases</u>	
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	65,000			65,000
<i>Capital assets being depreciated:</i>				
Buildings	1,728,500			1,728,500
Machinery and Vehicles	2,467,661	52,250	29,500	2,490,411
Total	4,196,161	52,250	29,500	4,218,911
<i>Less accumulated depreciation for:</i>				
Buildings	1,236,526	21,180		1,257,706
Machinery and Vehicles	1,943,279	124,420	29,500	2,038,199
Total	3,179,805	145,600	29,500	3,295,905
Total capital assets being depreciated, net	1,016,356	(93,350)	-	923,006
Governmental Activities Capital Assets, Net	<u>1,081,356</u>	<u>(93,350)</u>	<u>-</u>	<u>988,006</u>

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

		2021		
	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	65,000			65,000
<i>Capital assets being depreciated:</i>				
Buildings	1,728,500			1,728,500
Machinery and Vehicles	2,270,211	197,450		2,467,661
Total	3,998,711	197,450	-	4,196,161
<i>Less accumulated depreciation for:</i>				
Buildings	1,215,346	21,180		1,236,526
Machinery and Vehicles	1,790,759	152,520		1,943,279
Total	3,006,105	173,700	-	3,179,805
Total capital assets being depreciated, net	992,606	23,750	-	1,016,356
Governmental Activities Capital Assets, Net	1,057,606	23,750	-	1,081,356

	2022	2021
Governmental Activities:		
General Government	5,600	5,600
Public Safety	10,225	10,225
Highways and Public Improvement	118,908	141,048
Culture and Recreation	10,000	15,960
Health and Welfare	867	867
Total Depreciation Expense	145,600	173,700

Discretely Presented Component Unit

Airport Authority

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

		2022		
	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	80,000			80,000

Capital assets being depreciated:

Buildings	1,185,978			1,185,978
Machinery and Vehicles	117,860			117,860
Airport Runways/Improvements	5,122,608			5,122,608
Total	6,426,446	-	-	6,426,446

Less accumulated depreciation for:

Buildings	375,224	29,149		404,373
Machinery and Vehicles	39,572	11,786		51,358
Airport Runways/Improvements	2,291,213	267,799		2,559,012
Total	2,706,009	308,734	-	3,014,743

Total capital assets being depreciated, net	3,800,437	(308,734)	-	3,411,703
---	-----------	-----------	---	-----------

Governmental Activities Capital Assets, Net	3,880,437	(308,734)	-	3,491,703
--	-----------	-----------	---	-----------

	2021			Balance December 31
	Balance January 1	Increases	Decreases	
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	80,000			80,000
<i>Capital assets being depreciated:</i>				
Buildings	1,185,978			1,185,978
Machinery and Vehicles	117,860			117,860
Airport Runways/Improvements	5,122,608			5,122,608
Total	6,426,446	-	-	6,426,446
<i>Less accumulated depreciation for:</i>				
Buildings	346,075	29,149		375,224
Machinery and Vehicles	27,786	11,786		39,572
Airport Runways/Improvements	2,023,414	267,799		2,291,213
Total	2,397,275	308,734	-	2,706,009
Total capital assets being depreciated, net	4,029,171	(308,734)	-	3,720,437
Governmental Activities Capital Assets, Net	4,109,171	(308,734)	-	3,800,437

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

	<u>2022</u>	<u>2021</u>
Airport	<u>308,734</u>	<u>308,734</u>

Note 6 UNAVAILABLE REVENUE

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

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

Note 7 LEASE PAYABLE

The county has entered into the following lease agreement:

\$47,450 lease-purchase of a 2017 John Deere 772G motor grader,
due in annual payments of \$23,670 through January 15, 2023. Payments
include interest at 3.25%.

23,670.00

This lease agreement qualifies as a lease for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under this lease, and the net present value of the minimum lease payments at December 31, 2022:

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>
2023	24,459.81
Less: Amount representing interest	<u>(789.81)</u>
Present value of future minimum lease payments	<u>23,670.00</u>

Note 8 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2022 and 2021, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

	<u>Balance January 1</u>	<u>Increases</u>	<u>2022 Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Lease Payable	47,450		23,780	23,670	23,670
Compensated Absences *	30,539	7,108		37,647	-
Total	<u>77,989</u>	<u>7,108</u>	<u>23,780</u>	<u>61,317</u>	<u>23,670</u>

	Balance		2021	Balance	Due Within
	January 1	Increases	Decreases	December 31	One Year
Lease Payable		47,450		47,450	23,780
Compensated Absences *	37,594		7,055	30,539	-
Total	37,594	47,450	7,055	77,989	23,780

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

Component Unit Debt

Changes in Long-Term Liabilities. During the years ended December 31, 2022 and 2021, the following changes occurred in liabilities reported in the long-term liabilities – Component Unit:

	Balance		2022	Balance	Due Within
	January 1	Increases	Decreases	December 31	One Year
Bank Loan Payable	140,000		40,000	100,000	-

	Balance		2021	Balance	Due Within
	January 1	Increases	Decreases	December 31	One Year
Bank Loans Payable	165,000		25,000	140,000	-

Bank Loan Payable The Adams County Airport Authority has entered into a loan agreement to provide funds for runway improvements.

\$150,000 Bank Loan Payable with Dakota Western Bank. Interest is at 4.00%. This loan will be repaid as funds become available.

100,000.00

Note 9 TRANSFERS

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

Fund	Transfer In	Transfer Out
<u>December 31, 2022</u>		
County Road and Bridge	307,438.79	
General		17,282.18
Farm to Market Roads		131,273.71
Unorganized Townships		158,882.90
To subsidize expenditures.		

December 31, 2021

County Road and Bridge	223,330.42	
General		14,755.66
Farm to Market Roads		114,992.29
Unorganized Townships		92,579.32
Emergency		1,003.15
To subsidize expenditures.		

Note 10 DEFICIT FUND BALANCES

The following funds had deficit balances as of December 31:

	<u>2022</u>	<u>2021</u>
<u>Special Revenue Funds</u>		
Wireless 911	(296.33)	
Inert Landfill		(10,036.87)
Senior Citizens		(11,481.09)
<u>Custodial Funds</u>		
Domestic Violence Prevention		(161.10)
State Aid	(1,919.22)	

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

Note 11 RELATED ORGANIZATIONS

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

In 2022 and 2021, the county remitted \$55,017.86 and \$54,338.83 to the Senior Citizens, \$15,005.68 and \$15,063.13 to the Historical Society and \$107,612.58 and \$54,150.68 to the Job Development, respectively.

Note 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRF), 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 NDRF for its general liability, automobile and public assets insurance coverage. The coverage by NDRF is limited to losses of \$4,000,000 per occurrence for general liability and automobile; and \$1,370,911 for public assets.

The county also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

Note 13 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At December 31, 2022, Adams County reported a liability of \$539,880 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2021 the county's proportion was .051797 percent, which was a decrease of .000336 from its proportion measured as of June 30, 2020.

For the year ended December 31, 2022, the county recognized pension expense of \$(21,429). At December 31, 2022 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	9,321	55,102
Changes in assumptions	597,543	779,071
Net difference between projected and actual earnings on pension plan investments	-	200,233
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,328	336,476
County contributions subsequent to the measurement date (see below)	43,607	-
Total	668,799	1,370,882

\$43,607 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

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

Year ended June 30:	
2022	(171,050)
2023	(214,273)
2024	(165,379)
2025	(194,988)
2026	0
Thereafter	0

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	3.50% to 17.75% including inflation
Investment rate of return	7.00%, net of investment expenses
Cost-of-living adjustments	None

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

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

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

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

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
The county's proportionate share of the net pension liability	858,591	539,880	274,504

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

Note 14 OTHER POSTEMPLOYMENT BENEFITS

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

Note 15 TAX ABATEMENTS

The county has not entered into any tax abatement agreements that would reduce the county's tax revenues for the years ended December 31, 2022 or 2021.

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	475,658.97	549,660.19	74,001.22
Licenses, Permits and Fees	1,000.00	825.00	(175.00)
Intergovernmental	589,121.00	547,383.49	(41,737.51)
Charges for Services	215,150.00	217,182.31	2,032.31
Miscellaneous	85,000.00	130,400.55	45,400.55
Total Revenues	1,365,929.97	1,445,451.54	79,521.57
<u>Expenditures:</u>			
Current:			
General Government	1,345,394.68	1,094,535.39	250,859.29
Public Safety	672,548.24	488,401.80	184,146.44
Health and Welfare	10,531.20		10,531.20
Culture and Recreation	16,000.00	16,000.00	-
Conservation and Economic Development	8,200.00	3,829.64	4,370.36
Other	4,450.00	7,028.36	(2,578.36)
Total Expenditures	2,057,124.12	1,609,795.19	447,328.93
Excess (Deficiency) of Revenues Over (Under) Expenditures	(691,194.15)	(164,343.65)	526,850.50
<u>Other Financing (Uses):</u>			
Transfers Out		(17,282.18)	(17,282.18)
Net Change in Fund Balances	(691,194.15)	(181,625.83)	509,568.32
Fund Balance - January 1	1,763,718.85	1,763,718.85	
Fund Balance - December 31	1,072,524.70	1,582,093.02	509,568.32

ADAMS COUNTY
Hettinger, North Dakota

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

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	656,747.72	758,798.24	102,050.52
Licenses, Permits and Fees	1,000.00	2,736.25	1,736.25
Intergovernmental	526,481.00	477,317.86	(49,163.14)
Charges for Services	206,050.00	215,930.09	9,880.09
Miscellaneous	94,000.00	130,373.61	36,373.61
Total Revenues	1,484,278.72	1,585,156.05	100,877.33
<u>Expenditures:</u>			
Current:			
General Government	1,280,567.40	972,315.99	308,251.41
Public Safety	637,146.28	543,726.99	93,419.29
Health and Welfare	12,001.08		12,001.08
Culture and Recreation	16,000.00	16,000.00	-
Conservation and Economic Development	11,200.00	5,944.96	5,255.04
Other	3,450.00	2,614.52	835.48
Total Expenditures	1,960,364.76	1,540,602.46	419,762.30
Excess (Deficiency) of Revenues Over (Under) Expenditures	(476,086.04)	44,553.59	520,639.63
<u>Other Financing Sources (Uses):</u>			
Transfers In		425.95	425.95
Transfers Out		(15,181.61)	(15,181.61)
Total Other Financing Sources (Uses):	-	(14,755.66)	(14,755.66)
Net Change in Fund Balances	(476,086.04)	29,797.93	505,883.97
Fund Balance - January 1	1,733,920.92	1,733,920.92	
Fund Balance - December 31	1,257,834.88	1,763,718.85	505,883.97

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
Farm to Market Roads Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	280,711.84	280,711.84	315,937.56	35,225.72
Intergovernmental	950.00	950.00	2,459.03	1,509.03
Total Revenues	281,661.84	281,661.84	318,396.59	36,734.75
<u>Expenditures:</u>				
Highways and Public Improvement		31.73	31.73	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	281,661.84	281,630.11	318,364.86	36,734.75
<u>Other Financing (Uses):</u>				
Transfers Out			(131,273.71)	(131,273.71)
Net Change in Fund Balances	281,661.84	281,630.11	187,091.15	(94,538.96)
Fund Balance - January 1	528,657.63	528,657.63	528,657.63	
Fund Balance - December 31	810,319.47	810,287.74	715,748.78	(94,538.96)

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
Farm to Market Roads Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	229,802.79	258,304.35	28,501.56
Intergovernmental	950.00	1,940.30	990.30
Total Revenues	230,752.79	260,244.65	29,491.86
<u>Expenditures:</u>			
Highways and Public Improvement		209.42	(209.42)
Excess (Deficiency) of Revenues Over (Under) Expenditures	230,752.79	260,035.23	29,282.44
<u>Other Financing (Uses):</u>			
Transfers Out		(114,992.29)	(114,992.29)
Net Change in Fund Balances	230,752.79	145,042.94	(85,709.85)
Fund Balance - January 1	383,614.69	383,614.69	
Fund Balance - December 31	614,367.48	528,657.63	(85,709.85)

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	114,050.75	129,191.67	15,140.92
Licenses, Permits and Fees	1,750.00	2,837.60	1,087.60
Intergovernmental	365,452.00	438,720.00	73,268.00
Charges for Services	185,000.00	258,940.52	73,940.52
Miscellaneous	2,500.00	14,464.42	11,964.42
Total Revenues	668,752.75	844,154.21	175,401.46
<u>Expenditures:</u>			
Current:			
Highways and Public Improvements	1,323,017.00	996,271.29	326,745.71
Capital Outlay	175,000.00	52,250.00	122,750.00
Debt Service:			
Principal		23,780.00	(23,780.00)
Interest		679.81	(679.81)
Total Expenditures	1,498,017.00	1,072,981.10	425,035.90
Excess (Deficiency) of Revenues Over (Under) Expenditures	(829,264.25)	(228,826.89)	600,437.36
<u>Other Financing Sources:</u>			
Transfers In		307,438.79	307,438.79
Net Change in Fund Balances	(829,264.25)	78,611.90	907,876.15
Fund Balance - January 1	629,639.39	629,639.39	
Fund Balance - December 31	(199,624.86)	708,251.29	907,876.15

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>			
Taxes	174,305.21	187,371.77	13,066.56
Licenses, Permits and Fees	1,500.00	4,141.00	2,641.00
Intergovernmental	1,116,767.00	459,120.12	(657,646.88)
Charges for Services	188,000.00	306,379.89	118,379.89
Miscellaneous	18,000.00	45,525.08	27,525.08
Total Revenues	1,498,572.21	1,002,537.86	(496,034.35)
<u>Expenditures:</u>			
Current:			
Highways and Public Improvements	2,262,850.00	1,463,648.98	799,201.02
Capital Outlay	170,000.00	197,450.00	(27,450.00)
Total Expenditures	2,432,850.00	1,661,098.98	771,751.02
Excess (Deficiency) of Revenues Over (Under) Expenditures	(934,277.79)	(658,561.12)	275,716.67
<u>Other Financing Sources:</u>			
Transfers In		223,330.42	223,330.42
Proceeds from Lease Payable		47,450.00	47,450.00
Total Other Financing Sources	-	270,780.42	270,780.42
Net Change in Fund Balances	(934,277.79)	(387,780.70)	546,497.09
Fund Balance - January 1	1,017,420.09	1,017,420.09	
Fund Balance - December 31	83,142.30	629,639.39	546,497.09

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
Emergency Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental			265,216.00	265,216.00
<u>Expenditures:</u>				
Current:				
Highways and Public Improvements	62,000.00	205,739.97	205,739.97	-
Net Change in Fund Balances	(62,000.00)	(205,739.97)	59,476.03	265,216.00
Fund Balance - January 1	469,880.39	469,880.39	469,880.39	
Fund Balance - December 31	407,880.39	264,140.42	529,356.42	265,216.00

ADAMS COUNTY
Hettinger, North Dakota

Budgetary Comparison Schedule
Emergency Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental			242,548.09	242,548.09
<u>Expenditures:</u>				
Current:				
Highways and Public Improvement			77,270.00	(77,270.00)
Other	60,000.00	83,552.37	8,049.47	75,502.90
Total Expenditures	60,000.00	83,552.37	85,319.47	(1,767.10)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000.00)	(83,552.37)	157,228.62	240,780.99
<u>Other Financing (Uses):</u>				
Transfers Out			(1,003.15)	(1,003.15)
Net Change in Fund Balances	(60,000.00)	(83,552.37)	156,225.47	239,777.84
Fund Balance - January 1	313,654.92	313,654.92	313,654.92	
Fund Balance - December 31	253,654.92	230,102.55	469,880.39	239,777.84

ADAMS COUNTY
Hettinger, North Dakota.

Notes to the Budgetary Comparison Schedules
December 31, 2022 and 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Note 2 LEGAL COMPLIANCE

The governing board approved the following amendments to the county's budget for the years ending December 31:

	<u>Original Budget</u>	<u>2022 Amendment</u>	<u>Amended Budget</u>
		<u>Appropriations</u>	
<u>Special Revenue Funds</u>			
Farm to Market Roads	-	31.73	31.73
Emergency	62,000.00	143,739.97	205,739.97
		<u>2021 Appropriations</u>	
<u>Special Revenue Fund</u>			
Emergency	60,000.00	23,552.37	83,552.37

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following fund for the year ended December 31:

	<u>2021</u>
<u>Special Revenue Fund</u>	
Farm to Market Roads	(209.42)
Emergency	(1,767.10)

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

Note 3 A formal budget was not prepared for the 2021 HB 1505 Fund for the year ending December 31, 2022.

ADAMS COUNTY
Hettinger, North Dakota

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

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.051797%	0.052133%	0.085879%	0.101908%	0.095041%	0.091530%	0.092483%	0.087468%
County's proportionate share of the net pension liability	539,880	1,640,115	1,006,564	1,719,809	1,527,621	892,049	628,869	555,178
County's covered employee payroll	591,974	745,469	986,503	989,267	1,000,156	949,568	889,700	876,709
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	91.20%	220.01%	102.03%	173.85%	152.74%	93.94%	70.68%	63.33%
Plan fiduciary net position as a percentage of the total pension liability	78.26%	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%

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

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	43,159	53,153	70,239	70,436	71,211	67,609	63,347	57,989
Contributions in relation to the statutorily required contributions	(43,159)	(53,153)	(70,239)	(70,436)	(71,211)	(67,609)	(63,347)	(57,989)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0
County's covered-employee payroll	591,974	745,469	986,503	989,267	1,000,156	949,568	889,700	876,709
Contributions as a percentage of covered-employee payroll	7.29%	7.13%	7.12%	7.12%	7.12%	7.12%	7.12%	6.61%

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

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

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2022

	Balance 1-1-2022	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2022
<u>Major Governmental Funds</u>						
General Fund	1,920,609.98	1,434,475.87		17,282.18	1,609,795.19	1,728,008.48
Farm to Market Roads	621,252.98	268,786.53		131,273.71	31.73	758,734.07
County Road and Bridge	667,024.71	860,047.08	307,438.79		1,072,981.10	761,529.48
2021 HB 1505		555,236.00				555,236.00
Emergency	469,880.39	265,216.00			205,739.97	529,356.42
Total Major Governmental Funds	3,678,768.06	3,383,761.48	307,438.79	148,555.89	2,888,547.99	4,332,864.45
<u>Non-Major Governmental Funds</u>						
Unorganized Townships	106,312.36	90,723.25		158,882.90	1,375.00	36,777.71
National Opiod		1,480.64				1,480.64
Document Preservation	45,448.68	4,683.58			5,711.51	44,420.75
Veterans Service	13,945.96	11,519.76			12,654.69	12,811.03
County Agent	31,212.97	78,109.97			58,291.83	51,031.11
Extension Education	4,407.45	8,068.00			6,535.80	5,939.65
County Library	91,280.12	87,760.41			73,636.64	105,403.89
Weed Control	74,746.65	45,054.65			58,195.08	61,606.22
Senior Citizens	11,667.98	53,978.79			55,017.86	10,628.91
Job Development	50,230.26	78,747.16			107,612.58	21,364.84
Capital Projects	286,405.83				1,295.00	285,110.83
Wireless 911	21,667.52	54,854.31			76,818.16	(296.33)
County Historical Society	4,375.92	14,655.67			15,005.68	4,025.91
Asset Forfeiture	1,568.00					1,568.00
Inert Landfill	(10,036.87)	57,570.00			23,050.96	24,482.17
Total Non-Major Governmental Funds	733,232.83	587,206.19	-	158,882.90	495,200.79	666,355.33
Total Governmental Funds	4,412,000.89	3,970,967.67	307,438.79	307,438.79	3,383,748.78	4,999,219.78
<u>Fiduciary Fund</u>						
<u>Custodial Funds</u>						
Soil Conservation District	14,940.75	50,568.05			52,047.78	13,461.02
Health District	23,319.11	78,978.93			82,137.90	20,160.14
SW Water Authority	402.91	2,061.95			2,312.62	152.24
State Revenue	6,153.90	19,796.25			20,460.65	5,489.50
Estimate Tax	429.87	23,281.69			22,948.05	763.51
Mobile Home Tax	6,464.74	2,832.66			781.66	8,515.74
Domestic Violence Prevention	(161.10)	315.00			153.90	-
County Victim Witness	6,297.07	500.00				6,797.07
State Aid	10,057.39	274,364.27			286,340.88	(1,919.22)
Hazardous Chemical/SARA	2,150.80	475.00			148.05	2,477.75
Sheriff Trust	1,625.00					1,625.00

(continued)

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2022
(continued)

	Balance 1-1-2022	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2022
<u>Custodial Funds (continued)</u>						
Treasurer Clearing Account	-	15,077.95			15,077.95	-
Regent Ambulance	3,506.98	8,167.19			8,879.07	2,795.10
Water Resource District	8,226.75	36,079.67			29,030.77	15,275.65
Airport Authority	50,230.26	78,407.43			107,379.57	21,258.12
Total Cities	46,924.91	191,002.86			167,612.56	70,315.21
Total Park Districts	28,821.29	113,228.20			100,529.10	41,520.39
Total School Districts	637,349.57	2,163,645.17			2,196,322.78	604,671.96
Total Townships	37,746.74	161,465.26			164,106.70	35,105.30
Total Fire Districts	33,770.68	106,853.74			110,750.32	29,874.10
Total Custodial Funds	918,257.62	3,327,101.27	-	-	3,367,020.31	878,338.58
Total Primary Government	5,330,258.51	7,298,068.94	307,438.79	307,438.79	6,750,769.09	5,877,558.36
<u>Discretely Presented Component Units</u>						
Airport Authority	11,385.88	280,879.79			225,626.44	66,639.23
Water Resource District	432,041.25	29,556.62			1,580.00	460,017.87
Total Discretely Presented Component Units	443,427.13	310,436.41	-	-	227,206.44	526,657.10
Total Reporting Entity	5,773,685.64	7,608,505.35	307,438.79	307,438.79	6,977,975.53	6,404,215.46

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2021

	Balance 1-1-2021	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2021
Major Governmental Funds						
General Fund	1,934,435.73	1,541,532.37	425.95	15,181.61	1,540,602.46	1,920,609.98
Farm to Market Roads	453,398.55	283,056.14		114,992.29	209.42	621,252.98
County Road and Bridge	1,067,615.31	989,727.96	223,330.42		1,613,648.98	667,024.71
Emergency	313,654.92	242,548.09		1,003.15	85,319.47	469,880.39
Total Major Governmental Funds	3,769,104.51	3,056,864.56	223,756.37	131,177.05	3,239,780.33	3,678,768.06
Non-Major Governmental Funds						
Unorganized Townships	100,484.81	98,406.87		92,579.32	-	106,312.36
Document Preservation	42,553.21	8,055.80			5,160.33	45,448.68
Veterans Service	14,681.65	12,056.34			12,792.03	13,945.96
County Agent	(6,755.49)	81,953.59			43,985.13	31,212.97
Extension Education	6,891.26	1,795.86			4,279.67	4,407.45
County Library	105,303.87	55,860.61			69,884.36	91,280.12
Weed Control	72,862.61	59,207.00			57,322.96	74,746.65
Senior Citizens	10,822.03	55,184.78			54,338.83	11,667.98
Job Development	21,856.98	82,523.96			54,150.68	50,230.26
Capital Projects	286,405.83					286,405.83
Wireless 911	33,821.91	49,969.90			62,124.29	21,667.52
County Historical Society	4,097.09	15,341.96			15,063.13	4,375.92
Asset Forfeiture		1,568.00				1,568.00
Inert Landfill	19,543.59	14,357.79			43,938.25	(10,036.87)
Total Non-Major Governmental Funds	712,569.35	536,282.46	-	92,579.32	423,039.66	733,232.83
Total Governmental Funds	4,481,673.86	3,593,147.02	223,756.37	223,756.37	3,662,819.99	4,412,000.89
Fiduciary Fund						
Custodial Funds						
Soil Conservation District	13,464.77	52,424.29			50,948.31	14,940.75
Health District	21,521.06	85,740.66			83,942.61	23,319.11
SW Water Authority	5,481.76	16,468.93			21,547.78	402.91
State Revenue	5,616.85	20,724.18			20,187.13	6,153.90
Estimate Tax	224.98	16,516.35			16,311.46	429.87
Mobile Home Tax	8,517.83	3,208.37			5,261.46	6,464.74
Domestic Violence Prevention	35.00	315.00			511.10	(161.10)
County Victim Witness	5,297.07	1,000.00				6,297.07
State Aid	13,876.00	302,500.99			306,319.60	10,057.39
Hazardous Chemical/SARA	2,286.77	237.50			373.47	2,150.80
Sheriff Trust	1,625.00					1,625.00
Treasurer Clearing Account	-	12,232.50			12,232.50	-
Regent Ambulance	3,257.03	8,506.22			8,256.27	3,506.98

(continued)

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2021
(continued)

	Balance 1-1-2021	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-2021
<u>Custodial Funds (continued)</u>						
Water Resource District	20,952.26	64,625.73			77,351.24	8,226.75
Airport Authority	21,856.98	82,290.95			53,917.67	50,230.26
Total Cities	43,918.11	163,196.74			160,189.94	46,924.91
Total Park Districts	20,682.24	84,085.52			75,946.47	28,821.29
Total School Districts	521,521.30	2,035,683.07			1,919,854.80	637,349.57
Total Townships	34,506.63	164,047.33			160,807.22	37,746.74
Total Fire Districts	30,783.72	113,810.79			110,823.83	33,770.68
Total Custodial Funds	775,425.36	3,227,615.12	-	-	3,084,782.86	918,257.62
Total Primary Government	5,257,099.22	6,820,762.14	223,756.37	223,756.37	6,747,602.85	5,330,258.51
<u>Discretely Presented Component Units</u>						
Airport Authority	13,583.60	238,419.87			240,617.59	11,385.88
Water Resource District	356,267.32	77,433.93			1,660.00	432,041.25
Total Discretely Presented Component Units	369,850.92	315,853.80	-	-	242,277.59	443,427.13
Total Reporting Entity	5,626,950.14	7,136,615.94	223,756.37	223,756.37	6,989,880.44	5,773,685.64

Rath & Mehrer, P.C.

Certified Public Accountants

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

Specializing in Governmental Auditing

1003 E. Interstate Ave. Ste. 7
Bismarck, ND 58503-0500
Phone 701-258-4560
rathandmehrer@hotmail.com

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Adams County
Hettinger, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Adams County, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated June 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the county's internal control over financial reporting (internal control) 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 the county's internal control. Accordingly, we do not express an opinion on the effectiveness of the county's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

County's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the county's response to the findings identified in our audits and described in the accompanying *Schedule of Findings and Responses*. The county's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

June 23, 2023

ADAMS COUNTY
Hettinger, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

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

SECTION II – FINANCIAL STATEMENT FINDINGS:

Significant Deficiency

1. 2022-001- Financial Statement Preparation

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

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

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

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

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

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