



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Bottineau County

Bottineau, North Dakota

Audit Report for the Year Ended December 31, 2023

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Office of the
State Auditor

BOTTINEAU COUNTY

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BOTTINEAU COUNTY

County Officials
December 31, 2023

COUNTY OFFICIALS

Nathaniel Buynak	Chairman
Rodney Hiatt	Vice-Chairman
Benjamin Tonneson	Commissioner
Jeff Beyer	Commissioner
Lance Kjelshus	Commissioner
Emily Deschamp	Auditor
Ann Monson	Treasurer
Jeremy Toftelland	Sheriff
Bobbi Milbrath	Recorder
Tammy Knudson	Clerk of Court
Seymour Jordan	State's Attorney
Ashley Pedie	Tax Director
Ritchie Gimbel	Road Supervisor
Kelly Jensen	Social Services Director

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Bottineau County
Bottineau, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bottineau County, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Bottineau County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bottineau County, North Dakota, as of December 31, 2023, and the respective changes in financial position, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Bottineau County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Bottineau County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bottineau County's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bottineau County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

BOTTINEAU COUNTY

Independent Auditor's Report – Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024 on our consideration of Bottineau 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 Bottineau 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 Bottineau County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
October 1, 2024

BOTTINEAU COUNTY

Statement of Net Position

December 31, 2023

	Governmental Activities	
	Primary Government	Component Units
ASSETS		
Cash and Investments	\$ 8,789,720	\$ 377,287
Intergovernmental Receivable	392,368	-
Accounts Receivable	56,640	-
Interest Receivable	22,216	-
Taxes Receivable	121,271	6,389
Road Receivables	219,541	-
Special Assessments Receivable	-	767,466
Capital Assets		
Nondepreciable	1,357,868	2,314,215
Depreciable, Net	61,348,579	6,339,806
Total Assets	\$ 72,308,203	\$ 9,805,163
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB	\$ 4,397,326	\$ -
Total Assets and Deferred Outflows of Resources	\$ 76,705,529	\$ 9,805,163
LIABILITIES		
Accounts Payable	\$ 133,581	\$ 570,203
Salaries Payable	68,410	-
Payroll Liability	-	1,573
Grants Received in Advance	243,927	-
Retainage Payable	12,452	69,862
Interest Payable	42,623	13,842
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	962,323	1,590,684
Compensated Absences Payable	34,470	-
Due After One Year		
Long Term Debt	3,228,418	1,926,846
Compensated Absences Payable	310,231	-
Net Pension and OPEB Liability	6,274,548	-
Total Liabilities	\$ 11,310,983	\$ 4,173,010
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	\$ 5,099,232	\$ -
Prepaid Taxes	\$ 1,345,869	-
Total Liabilities and Deferred Intflows of Resources	\$ 17,756,084	\$ 4,173,010
NET POSITION		
Net Investment in Capital Assets	\$ 58,473,083	\$ -
Restricted for		
Debt Service	450,240	-
Highways	1,343,632	-
Culture and Recreation	335,437	-
Conservation of Natural Resources	277,592	5,632,153
Emergencies	701,433	-
Unrestricted	(2,632,164)	-
Total Net Position	\$ 58,949,445	\$ 5,632,153

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

BOTTINEAU COUNTY

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Primary Government	Component Units
Primary Government						
General Government	\$ 2,889,434	\$ 213,125	\$ 501,607	\$ 76,616	\$ (2,098,086)	\$ -
Public Safety	3,089,408	666,500	77,278	-	(2,345,630)	-
Highways	5,405,182	976,527	4,339,159	768,474	678,978	-
Health and Welfare	1,772,173	-	1,815,145	-	42,972	-
Culture and Recreation	442,234	-	-	-	(442,234)	-
Conserv. of Natural Resources	237,672	-	-	-	(237,672)	-
Emergency	18,656	-	-	-	(18,656)	-
Other	113,363	-	-	-	(113,363)	-
Interest on Long-Term Debt	220,356	-	-	-	(220,356)	-
Total Primary Government	\$ 14,188,478	\$ 1,856,152	\$ 6,733,189	\$ 845,090	\$ (4,754,047)	\$ -
Component Units	\$ 552,830	\$ -	\$ -	\$ 560,633	\$ -	\$ 7,803
General Revenues						
Property Taxes					\$ 4,172,673	\$ 81,755
Non Restricted Grants and Contributions					2,979,783	-
Gain on Sale of Capital Assets					250,592	-
Earnings on Investments					157,299	7,024
Miscellaneous Revenue					239,206	103
Total General Revenues					\$ 7,799,553	\$ 88,882
Change in Net Position					\$ 3,045,506	\$ 96,685
Net Position - January 1					\$ 55,683,578	\$ 5,549,058
Prior Period Adjustment					\$ 220,361	\$ (13,590)
Net Position - January 1, as Restated					\$ 55,903,939	\$ 5,535,468
Net Position - December 31					\$ 58,949,445	\$ 5,632,153

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

BOTTINEAU COUNTY

Balance Sheet – Governmental Funds
December 31, 2023

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,060,045	\$ 5,279,435	\$ 450,240	\$ 8,789,720
Intergovernmental Receivable	49,960	342,408	-	392,368
Accounts Receivable	5,093	51,547	-	56,640
Interest Receivable	-	22,216	-	22,216
Taxes Receivable	78,011	43,260	-	121,271
Road Receivables	-	219,541	-	219,541
Total Assets	\$ 3,193,109	\$ 5,958,407	\$ 450,240	\$ 9,601,756
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 98,697	\$ 34,884	\$ -	\$ 133,581
Salaries Payable	62,500	5,910	-	68,410
Retainage Payable	-	12,452	-	12,452
Grants Received in Advance	167,216	76,711	-	243,927
Total Liabilities	\$ 328,413	\$ 129,957	\$ -	\$ 458,370
Deferred Inflows of Resources				
Taxes Receivable	\$ 78,011	\$ 43,260	\$ -	\$ 121,271
Prepaid Taxes	846,333	499,536	-	1,345,869
Road Receivables	-	219,541	-	219,541
Total Deferred Inflows of Resources	\$ 924,344	\$ 762,337	\$ -	\$ 1,686,681
Total Liabilities and Deferred Inflows of Resources	\$ 1,252,757	\$ 892,294	\$ -	\$ 2,145,051
Fund Balances				
Restricted				
Public Safety	\$ -	\$ 96,560	\$ -	\$ 96,560
Highways	-	2,881,787	-	2,881,787
Health and Welfare	-	414,838	-	414,838
Culture and Recreation	-	466,936	-	466,936
Conservation of Natural Resources	-	351,123	-	351,123
Emergency	-	699,818	-	699,818
General Government	-	155,051	-	155,051
Debt Service	-	-	450,240	450,240
Unassigned	1,940,352	-	-	1,940,352
Total Fund Balances	\$ 1,940,352	\$ 5,066,113	\$ 450,240	\$ 7,456,705
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,193,109	\$ 5,958,407	\$ 450,240	\$ 9,601,756

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

BOTTINEAU COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2023

Total Fund Balances of Governmental Funds		\$ 7,456,705
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		62,706,447
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		
Property Taxes Receivable	\$ 121,271	
Road Receivables	<u>219,541</u>	340,812
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions and OPEB	\$ 4,397,326	
Deferred Inflows Related to Pensions and OPEB	<u>(5,099,232)</u>	(701,906)
Long-Term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position		
Long-Term Debt	\$ (4,190,741)	
Interest Payable	(42,623)	
Compensated Absences Payable	(344,701)	
Net Pension and OPEB Liability	<u>(6,274,548)</u>	<u>(10,852,613)</u>
Total Net Position of Governmental Activities		<u>\$ 58,949,445</u>

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

BOTTINEAU COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended December 31, 2023

	General	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,662,297	\$ 1,535,231	\$ -	\$ 4,197,528
Intergovernmental	1,920,515	7,838,562	264,880	10,023,957
Charges for Services	870,818	1,077,605	-	1,948,423
Licenses, Permits and Fees	7,413	-	-	7,413
Interest Income	-	157,299	-	157,299
Miscellaneous	132,208	107,000	-	239,208
Total Revenues	\$ 5,593,251	\$ 10,715,697	\$ 264,880	\$ 16,573,828
EXPENDITURES				
Current				
General Government	\$ 2,822,619	\$ 73,131	\$ -	\$ 2,895,750
Public Safety	2,482,100	372,695	-	2,854,795
Highways and Bridges	-	6,891,001	-	6,891,001
Health and Welfare	-	1,750,577	-	1,750,577
Culture and Recreation	232,914	158,271	-	391,185
Conserv. of Natural Resources	7,312	222,940	-	230,252
Emergency	-	18,656	-	18,656
Other	113,363	-	-	113,363
Debt Service				
Principal	321,682	1,098,760	409,584	1,830,026
Interest & Service Charges	30,049	130,639	49,296	209,984
Total Expenditures	\$ 6,010,039	\$ 10,716,670	\$ 458,880	\$ 17,185,589
Excess (Deficiency) of Revenues Over Expenditures	\$ (416,788)	\$ (973)	\$ (194,000)	\$ (611,761)
OTHER FINANCING SOURCES (USES)				
Notes Payable Proceeds	\$ -	\$ 835,250	\$ -	\$ 835,250
Sale of Capital Assets	69,134	400,000	-	469,134
Transfers In	-	78,000	-	78,000
Transfers Out	(50,000)	(28,000)	-	(78,000)
Total Other Financing Sources and Uses	\$ 19,134	\$ 1,285,250	\$ -	\$ 1,304,384
Net Change in Fund Balances	\$ (397,654)	\$ 1,284,277	\$ (194,000)	\$ 692,623
Fund Balance - January 1	\$ 2,338,006	\$ 3,781,836	\$ 644,240	\$ 6,764,082
Fund Balance - December 31	\$ 1,940,352	\$ 5,066,113	\$ 450,240	\$ 7,456,705

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

BOTTINEAU COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 692,623

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.

Capital Outlay	\$ 4,509,376	
Capital contribution	534,103	
Depreciation Expense	<u>(3,168,269)</u>	1,875,210

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sales of Capital Assets	\$ 250,592	
Proceeds from Sales of Capital Assets	<u>(469,134)</u>	(218,542)

The proceeds of debt issuances are reporting 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.

Debt Repayment	\$ 1,830,026	
Capital Lease Financing	<u>(835,250)</u>	994,776

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

Net Change in Compensated Absences	\$ 9,168	
Net Change in Interest Payable	<u>(10,372)</u>	(1,204)

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 Change in Taxes Receivable	\$ (24,855)	
Net Change in Road Receivables	<u>(99,684)</u>	(124,539)

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

Net Change in Net Pension and OPEB Liability	\$ 2,569,820	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(1,651,809)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(1,090,829)</u>	<u>(172,818)</u>

Change in Net Position of Governmental Activities \$ 3,045,506

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

BOTTINEAU COUNTYStatement of Fiduciary Net Position – Fiduciary Funds
For the Year Ended December 31, 2023

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 15,405	\$ 3,900,802
LIABILITIES & DERRERED INFLOWS OF RESOURCES		
Liabilities		
Funds Held for Other Governments	\$ -	\$ 98,743
Funds Held for Payroll Withholding	-	41,058
Funds Held for Tax Collections	-	570,376
Funds Held for Private Purpose Trust	15,405	-
Funds Held for Other Purposes	-	64,374
Total Liabilities	\$ 15,405	\$ 774,551
Deferred Inflows of Resources		
Taxes Received in Advance	\$ -	\$ 3,126,251
Total Liabilities and Deferred Inflows of Resources	\$ 15,405	\$ 3,900,802
Total Net Position	\$ -	\$ -

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

BOTTINEAU COUNTY

Statement of Changes in Fiduciary Net Position – Fiduciary Funds
 December 31, 2023

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Tax Collections for Other Governments	\$ -	\$ 15,682,421
Clerk of Court Collections	-	180,682
Turnkey Collections	94,962	-
Payroll Withholding Collections	-	52,585
Grant Collections for Other Governments	-	1,459,031
Miscellaneous Collections	-	26
	<hr/>	<hr/>
Total Additions	<u>\$ 94,962</u>	<u>\$ 17,374,745</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ -	\$ 15,682,421
Clerk of Court Disbursements	-	180,682
Turnkey Disbursement	94,962	-
Payroll Withholding Disbursements	-	52,585
Grant Disbursements to Other Governments	-	1,459,031
Miscellaneous Disbursements	-	26
	<hr/>	<hr/>
Total Deductions	<u>\$ 94,962</u>	<u>\$ 17,374,745</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>	<u>\$ -</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>

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

BOTTINEAU COUNTY

Combining Statement of Net Position – All Discretely Presented Component Units
 December 31, 2023

	Bottineau County WRD	Boundary Creek WRD	Oak Creek WRD	Total
ASSETS				
Cash and Investments	\$ 156,930	\$ 49,422	\$ 170,935	\$ 377,287
Taxes Receivable	3,822	755	1,812	6,389
Special Assessments Receivable	767,466	-	-	767,466
Capital Assets				
Nondepreciable	2,314,215	-	-	2,314,215
Depreciable, Net	6,339,806	-	-	6,339,806
Total Assets	<u>\$ 9,582,239</u>	<u>\$ 50,177</u>	<u>\$ 172,747</u>	<u>\$ 9,805,163</u>
LIABILITIES				
Accounts Payable	\$ 570,203	\$ -	\$ -	\$ 570,203
Payroll Liability	1,573	-	-	1,573
Interest Payable	13,842	-	-	13,842
Retainage Payable	69,862	-	-	69,862
Long-Term Liabilities				
Due Within One Year				
Long Term Debt	601,828	-	-	601,828
Due After One Year				
Long Term Debt	2,915,702	-	-	2,915,702
Total Liabilities	<u>\$ 4,173,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,173,010</u>
NET POSITION				
Restricted				
Conservation of Natural Resources	\$ 5,409,229	\$ 50,177	\$ 172,747	\$ 5,632,153
Total Net Position	<u>\$ 5,409,229</u>	<u>\$ 50,177</u>	<u>\$ 172,747</u>	<u>\$ 5,632,153</u>

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

BOTTINEAU COUNTY

Combining Statement of Activities – All Discretely Presented Component Units
 December 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Total
		Capital Grants and Contributions	Bottineau County WRD	Boundary Creek WRD	Oak Creek WRD		
Component Units							
Bottineau County WRD	\$ 506,631	\$ 560,633	\$ 54,002	\$ -	\$ -	\$ 54,002	
Boundary Creek WRD	8,925	-	-	(8,925)	-	(8,925)	
Oak Creek WRD	37,274	-	-	-	(37,274)	(37,274)	
Total Component Units	\$ 552,830	\$ 560,633	\$ 54,002	\$ (8,925)	\$ (37,274)	\$ 7,803	
General Revenues							
Property Taxes			\$ (1,537)	\$ 17,328	\$ 65,964	\$ 81,755	
Earnings on Investments			2,965	687	3,372	7,024	
Miscellaneous Revenue			102	1	-	103	
Total General Revenues			\$ 1,530	\$ 18,016	\$ 69,336	\$ 88,882	
Change in Net Position			\$ 55,532	\$ 9,091	\$ 32,062	\$ 96,685	
Net Position - January 1			\$ 5,367,287	\$ 41,086	\$ 140,685	\$ 5,549,058	
Prior Period Adjustment			\$ (13,590)	\$ -	\$ -	\$ (13,590)	
Net Position - January 1, as Restated			\$ 5,353,697	\$ 41,086	\$ 140,685	\$ 5,535,468	
Net Position - December 31			\$ 5,409,229	\$ 50,177	\$ 172,747	\$ 5,632,153	

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

BOTTINEAU COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Component Units

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

Discretely Presented Component Units: The component unit columns in the government wide financial statements include the financial data of the County’s one component unit. This component unit is reported in a separate column to emphasize that it is legally separate from the County.

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

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

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

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor/Treasurer Bottineau County, PO Box 215, Bottineau, ND 58436-0215

Basis of Presentation

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

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

Private-Purpose Trust Fund - This fund account for commissary assets held by the County in a trust on behalf of the County Jail inmates. The private-purpose trust fund is mostly used to account for commissary activity on behalf of the inmates.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months as well as municipal bonds that are recorded at fair market value.

Capital Assets

Capital assets for the County and Water Resource District are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased 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. 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 (amounts in years):

Assets	County	Water Resource District
Buildings	30-50	-
Infrastructure	10-50	40
Furniture and Equipment	5-10	-
Vehicles and Machinery	5-10	8

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 30 days of vacation leave may be carried over at each year-end. Upon termination of employment, vacation benefits that have accrued through the last day of work will be paid. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Upon termination of employment, unused sick leave will be paid to employees at a rate of 15% of unused days up to a maximum of 120 days. Severance pays will be provided to employees who have completed ten consecutive years of service with the County. The employee will receive ten days severance pay at their current salary level. A liability for the vested or accumulated vacation leave, sick leave, and severance pay is reported in the statement of net position

Long-Term Obligations

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

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

Pension

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Other Post-Employment Benefits (OPEB)

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

Fund Balances

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

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

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Net position of the County as of January 1, 2023 has been restated for net capital asset adjustments as shown below. The results of the adjustment increased the beginning net position of the County.

Net position of the Water Resource District as of January 1, 2023 has been restated for net fund balance adjustments as shown below. The results of the adjustments decreased the beginning net position of the Water Resource District.

Bottineau County	Amounts
Beginning Net Position, as Previously Reported	\$ 55,683,578
Prior Period Adjustments	
Capital Assets, Net	220,361
Net Position January 1, as Restated	\$ 55,903,939

Water Resource District	Amounts
Beginning Net Position, as Previously Reported	\$ 5,367,287
Prior Period Adjustments	
Fund Balance, January 1, 2023	(13,590)
Net Position January 1, as Restated	\$ 5,353,697

NOTE 3 DEPOSITS

Custodial Credit Risk

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

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

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

At December 31, 2023, the County’s carrying amount of deposits totaled \$11,338,016 and the bank balances totaled \$12,038,882. Of the bank balances, \$1,250,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

At December 31, 2023, the Water Resource District’s carrying amount of deposits totaled \$156,930, and the bank balances totaled \$172,678, all of which were covered by Federal Depository Insurance.

At December 31, 2023, Boundary Creek’s carrying amount of deposits totaled \$49,427, and the bank balances totaled \$52,780, all of which were covered by Federal Depository Insurance.

At December 31, 2023, Oak Creek’s carrying amount of deposits totaled \$170,935, and the bank balances totaled \$178,259, all of which were covered by Federal Depository Insurance.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

NOTE 4 PROPERTY TAXES

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

NOTE 5 CAPITAL ASSETS

Primary Government

The following is a summary of changes in capital assets for the year ended December 31, 2023 for the County:

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Primary Government - 2023					
Capital Assets Not Being Depreciated					
Land	\$ 155,004	\$ -	\$ -	\$ -	\$ 155,004
Intangibles	174,434	-	-	-	174,434
Construction Progress	6,446,993	3,851,202	-	(9,269,765)	1,028,430
Total Capital Assets, Not Being Depreciated	\$ 6,776,431	\$ 3,851,202	\$ -	\$ (9,269,765)	\$ 1,357,868
Capital Assets Being Depreciated					
Furniture and Equipment	\$ 654,205	\$ 31,005		\$ -	\$ 685,210
Vehicles and Machinery	9,599,079	1,177,774	749,263	-	10,027,590
Buildings	9,265,946	-	-	-	9,265,946
Infrastructure	69,304,272	-	-	9,269,765	78,574,037
Total Capital Assets, Being Depreciated	\$ 88,823,502	\$ 1,208,779	\$ 749,263	\$ 9,269,765	\$ 98,552,783
Less Accumulated Depreciation					
Furniture and Equipment	\$ 589,908	\$ 16,120	\$ -	\$ -	\$ 606,028
Vehicles and Machinery	6,308,526	974,966	514,221	-	6,769,271
Buildings	3,813,317	267,296	-	-	4,080,613
Infrastructure	23,838,403	1,909,889	-	-	25,748,292
Total Accumulated Depreciation	\$ 34,550,154	\$ 3,168,271	\$ 514,221	\$ -	\$ 37,204,204
Total Capital Assets Being Depreciated, Net	\$ 54,273,348	\$ (1,959,492)	\$ 235,042	\$ 9,269,765	\$ 61,348,579
Governmental Capital Assets, Net	\$ 61,049,779	\$ 1,891,710	\$ 235,042	\$ -	\$ 62,706,447

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

Governmental Activities	Amounts
General Government	\$ 69,886
Public Safety	386,456
Highways & Bridges	2,688,684
Health & Welfare	9,798
Culture & Recreation	11,185
Conservation of Natural Resources	2,262
Total Depreciation Expense-Governmental Activities	\$ 3,168,271

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Unit

The following is a summary of changes in capital assets for the year ended December 31, 2023 for the Water Resource District:

WRD - Bottineau:

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Water Resource District - 2023					
Capital Assets Not Being Depreciated					
Construction Progress	\$ 900,649	\$ 1,743,232	\$ -	\$ (329,666)	\$ 2,314,215
Capital Assets Being Depreciated					
Vehicles and Machinery	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Infrastructure	7,157,395	-	-	329,666	7,487,061
Total Capital Assets, Being Depreciated	\$ 7,173,395	\$ -	\$ -	\$ 329,666	\$ 7,503,061
Less Accumulated Depreciation					
Vehicles and Machinery	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Infrastructure	960,079	187,176	-	-	1,147,255
Total Accumulated Depreciation	\$ 976,079	\$ 187,176	\$ -	\$ -	\$ 1,163,255
Total Capital Assets Being Depreciated, Net	\$ 6,197,316	\$ (187,176)	\$ -	\$ 329,666	\$ 6,339,806
Governmental Capital Assets, Net	\$ 7,097,965	\$ 1,556,056	\$ -	\$ -	\$ 8,654,021

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

NOTE 6 LONG-TERM LIABILITIES

Primary Government

During the year ended December 31, 2023, the following changes occurred in governmental activities long-term liabilities:

	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Primary Government - 2023					
Long-Term Debt					
Notes Payable	\$ 2,708,606	\$ 835,250	\$ 916,974	\$ 2,626,882	\$ 849,312
Line of Credit Payable	2,043,283	-	725,575	1,317,708	-
Loan Payable	433,627	-	187,476	246,151	113,011
Total Long-Term Debt	\$ 5,185,516	\$ 835,250	\$ 1,830,025	\$ 4,190,741	\$ 962,323
Compensated Absences	353,869	187,597	196,765	344,701	34,470
Net Pension & OPEB Liability *	8,844,368	-	2,569,820	6,274,548	-
Total Primary Government	\$ 14,383,753	\$ 1,022,847	\$ 4,596,610	\$ 10,809,990	\$ 996,793

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

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

Year Ending Dec 31	Notes Payable		Loan Payable	
	Principal	Interest	Principal	Interest
2024	\$ 849,312	\$ 107,090	\$ 113,011	\$ 11,345
2025	694,276	73,620	110,279	-
2026	754,844	44,772	22,861	-
2027	328,450	16,165	-	-
Totals	\$ 2,626,882	\$ 241,647	\$ 246,151	\$ 11,345

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

The Line of Credit Payable does not have an amortization schedule as of December 31, 2023. The interest rate is variable with a floor rate of 1.75%, and not to increase by more than 1% per year. As of December 31, 2023, the interest rate was 5.25%. All unpaid interest and principal are due and payable in full on March 1, 2028.

Discretely Presented Component Unit

During the year ended December 31, 2023, the following changes occurred in governmental long-term liabilities of the Water Resource District:

Water Resource District - 2023	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Lines of Credit Payable	\$ 389,858	\$ 931,461	\$ 27,249	\$ 1,294,070	\$ 1,294,070
Bond Payable	2,299,437	-	224,909	2,074,528	287,047
Loan Payable	-	148,932	-	148,932	9,567
Total Water Resource District	\$ 2,689,295	\$ 1,080,393	\$ 252,158	\$ 3,517,530	\$ 1,590,684

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

Year Ending Dec 31	Bonds Payable		Lines of Credit Payable		Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 287,049	\$ 87,582	\$ 1,294,070	\$ -	\$ 9,567	\$ 2,544
2025	263,416	81,545	-	-	9,324	2,694
2026	235,872	67,783	-	-	9,417	2,507
2027	237,013	59,432	-	-	9,511	2,317
2028	227,183	51,401	-	-	9,606	2,126
2029-2033	747,433	180,205	-	-	49,491	7,696
2034-2038	76,562	23,513	-	-	52,016	2,621
Totals	\$ 2,074,528	\$ 551,461	\$ 1,294,070	\$ -	\$ 148,932	\$ 22,505

The lines of credit payable consist of temporary improvement warrants and lines of credit which do not have an amortization schedule as of December 31, 2023. The interest rates are ranging from 3.1275% to 5.5500%. All unpaid interest and principal are due and payable in full in 2024.

Through the end of 2023, \$4,413,000 has been authorized for the Bottineau County Water Resource District for lines of credit, temporary improvement warrants and revolving loans. Through the end of 2023, the Bottineau County Water Resource District had drawn down \$1,750,303 of the available \$4,413,000. The unused portion of the line of credits, temporary improvement warrants, and revolving loans at the end of 2023 for the Water resource District was \$2,662,697.

NOTE 7: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Pension Benefits

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

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

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 for 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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2023, the following net pension liabilities were reported:

	Net Pension Liability
Primary Government - 2023	\$ 6,013,313

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2023 and reported the following pension expense for the year ended December 31, 2023:

	Proportion	Increase (Decrease) in Proportion from June 30, 2023 Measurement	Pension Expense
Primary Government - 2023	0.311853%	0.015978%	\$ 459,830

At December 31, 2023, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 195,754	\$ 33,163
Changes of Assumptions	3,315,811	4,564,257
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	157,778	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	342,679	459,929
Employer Contributions Subsequent to the Measurement Date	260,537	-
Total	\$ 4,272,559	\$ 5,057,349

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023:

County - 2023	\$ 260,537
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ (16,631)
2025	(799,799)
2026	84,709
2027	(313,606)
2028	-

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.5% to 17.75% including inflation
Investment Rate of Return	6.50%, Net of Investment Expenses
Cost-of-Living Adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

Discount Rate

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

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

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Proportionate Share of the Net OPEB Liability	\$ 8,290,914	\$ 6,013,313	\$ 4,123,866

Pension Plan Fiduciary Net Position

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

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

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

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

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

At December 31, 2023, the following net OPEB liabilities were reported:

	Net OPEB Liability
County - 2023	\$ 261,235

The net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2023 and reported the following OPEB expense for the year ended December 31, 2023:

	Proportion	Increase (Decrease) in Proportion from June 30, 2023 Measurement	OPEB Expense
Primary Government - 2023	0.261300%	-0.007773%	\$ 46,257

At December 31, 2023, the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,916	\$ 2,990
Changes of Assumptions	55,715	21,633
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	18,868	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,553	-
Employer Contributions Subsequent to the Measurement Date	41,715	17,260
Total	\$ 124,767	\$ 41,883

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023:

County - 2023	\$	41,715
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

2024	\$	16,215
2025		11,501
2026		2,116
2027		(7,583)
2028		-
2029 and thereafter		-

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not applicable
Investment rate or return	5.75%, net of investment expenses
Cost of living adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

BOTTINEAU COUNTY

Notes to the Financial Statements – Continued

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Proportionate Share of the Net OPEB Liability	\$ 343,327	\$ 261,235	\$ 192,124

NOTE 8 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability, five million for automobile, and \$7,976,867 for public assets/mobile equipment and portable property.

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

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

NOTE 9 CONSTRUCTION COMMITMENTS

The County had open constructions commitment as of December 31, 2023 as follows:

Bottineau County	Contract Amount	Total Completed	Retainage	Remaining Balance	Percent Completed
BRC-0506(057)	\$ 688,865	\$ 622,610	\$ 12,452	\$ 78,707	90%

Discretely Presented Component Unit

The Discretely Presented Component Unit had open constructions commitment as of December 31, 2023 as follows:

Water Resource District	Contract Amount	Total Completed	Retainage	Remaining Balance	Percent Completed
Stone Creek Lateral B	\$ 119,000	\$ 111,500	\$ -	\$ 7,500	94%
South Landa Drain	1,753,320	1,211,190	60,560	602,690	69%
Russell McHenry	479,538	465,138	9,303	23,703	97%
Total	\$ 2,351,858	\$ 1,787,828	\$ 69,863	\$ 633,893	

BOTTINEAU COUNTY

Budgetary Comparison Schedule - General Fund

December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 2,701,807	\$ 2,701,807	\$ 2,662,297	\$ (39,510)
Intergovernmental	1,215,842	1,215,842	1,920,515	704,673
Charges for Services	818,212	818,212	870,818	52,606
Licenses, Permits and Fees	5,050	5,050	7,413	2,363
Miscellaneous	50,075	50,075	132,208	82,133
Total Revenues	<u>\$ 4,790,986</u>	<u>\$ 4,790,986</u>	<u>\$ 5,593,251</u>	<u>\$ 802,265</u>
EXPENDITURES				
Current				
General Government	\$ 2,584,167	\$ 3,146,444	\$ 2,822,619	\$ 323,825
Public Safety	2,753,476	2,753,476	2,482,100	271,376
Culture and Recreation	240,750	240,750	232,914	7,836
Conser. of Natural Resources	7,312	7,312	7,312	-
Other	112,850	112,850	113,363	(513)
Debt Service				
Principal	-	-	321,682	(321,682)
Interest	-	-	30,049	(30,049)
Total Expenditures	<u>\$ 5,698,555</u>	<u>\$ 6,260,832</u>	<u>\$ 6,010,039</u>	<u>\$ 250,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (907,569)</u>	<u>\$ (1,469,846)</u>	<u>\$ (416,788)</u>	<u>\$ 1,053,058</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ -	\$ -	\$ 69,134	\$ 69,134
Transfers Out	-	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,134</u>	<u>\$ 19,134</u>
Net Change in Fund Balance	<u>\$ (907,569)</u>	<u>\$ (1,469,846)</u>	<u>\$ (397,654)</u>	<u>\$ 1,072,192</u>
Fund Balance - January 1	<u>\$ 2,338,006</u>	<u>\$ 2,338,006</u>	<u>\$ 2,338,006</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 1,430,437</u></u>	<u><u>\$ 868,160</u></u>	<u><u>\$ 1,940,352</u></u>	<u><u>\$ 1,072,192</u></u>

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

BOTTINEAU COUNTY

Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 1,582,993	\$ 1,582,993	\$ 1,535,231	\$ (47,762)
Intergovernmental	7,495,995	7,495,995	7,838,562	342,567
Charges for Services	695,200	695,200	1,077,605	382,405
Interest Income	46,600	46,600	157,299	110,699
Miscellaneous	399,800	399,800	107,000	(292,800)
Total Revenues	<u>\$ 10,220,588</u>	<u>\$ 10,220,588</u>	<u>\$ 10,715,697</u>	<u>\$ 495,109</u>
EXPENDITURES				
Current				
General Government	\$ 245,931	\$ 157,212	\$ 73,131	\$ 84,081
Public Safety	294,540	289,561	372,695	(83,134)
Highways and Bridges	9,608,204	3,935,194	6,055,751	(2,120,557)
Health and Welfare	1,629,393	1,699,278	1,750,577	(51,299)
Culture and Recreation	192,402	192,402	158,271	34,131
Conserv. of Natural Resources	329,250	219,462	222,940	(3,478)
Emergency	20,000	12,012	18,656	(6,644)
Debt Service				
Principal	1,022,784	1,022,784	1,098,760	(75,976)
Interest	121,495	121,495	130,639	(9,144)
Total Expenditures	<u>\$ 13,463,999</u>	<u>\$ 7,649,400</u>	<u>\$ 9,881,420</u>	<u>\$ (2,232,020)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,243,411)</u>	<u>\$ 2,571,188</u>	<u>\$ 834,277</u>	<u>\$ (1,736,911)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 255,360	\$ 255,360	\$ 78,000	\$ (177,360)
Transfers Out	-	-	(28,000)	(28,000)
Sale of Capital Assets	-	-	400,000	400,000
Total Other Financing Sources and Uses	<u>\$ 255,360</u>	<u>\$ 255,360</u>	<u>\$ 450,000</u>	<u>\$ 194,640</u>
Net Change in Fund Balance	<u>\$ (2,988,051)</u>	<u>\$ 2,826,548</u>	<u>\$ 1,284,277</u>	<u>\$ (1,542,271)</u>
Fund Balance - January 1	<u>\$ 3,781,836</u>	<u>\$ 3,781,836</u>	<u>\$ 3,781,836</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 793,785</u>	<u>\$ 6,608,384</u>	<u>\$ 5,066,113</u>	<u>\$ (1,542,271)</u>

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

BOTTINEAU COUNTY

Schedule of Employer’s Share of Net Pension and Employer Contributions
 For the Year Ended December 31, 2023

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

County	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.311853%	\$ 6,013,313	\$ 3,813,563	157.68%	65.31%
2022	0.295875%	8,521,397	3,434,630	248.10%	54.47%
2021	0.334280%	3,484,202	3,785,352	92.04%	78.26%
2020	0.342849%	10,786,103	3,782,037	285.19%	48.91%
2019	0.305433%	3,579,896	3,177,026	112.68%	71.66%
2018	0.313508%	5,290,789	3,220,721	164.27%	62.80%
2017	0.311679%	5,009,704	3,181,754	157.45%	61.98%
2016	0.306945%	2,991,478	3,093,286	96.71%	70.46%
2015	0.313907%	2,134,514	2,796,533	76.33%	77.15%
2014	0.324856%	2,061,930	2,736,516	75.35%	77.70%

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 294,664	294,664	\$ 0	\$ 3,923,844	7.51%
2022	258,686	269,630	(10,944)	4,014,764	6.72%
2021	279,153	274,994	4,159	4,084,207	6.73%
2020	267,801	248,192	19,609	3,785,352	6.56%
2019	231,305	234,249	(2,944)	3,177,026	7.37%
2018	237,220	233,745	3,475	3,220,721	7.26%
2017	230,716	231,143	(427)	3,181,754	7.26%
2016	223,949	224,529	(580)	3,093,286	7.26%
2015	212,419	211,280	1,139	2,796,533	7.56%
2014	194,840	194,840	-	2,736,516	7.12%

The notes to the required supplementary information are an integral part of this statement.

BOTTINEAU COUNTY

Schedule of Employer’s Share of Net OPEB Liability and Employer Contributions
 For the Year Ended December 31, 2023

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

County	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.261300%	\$ 261,235	\$ 2,626,547	9.95%	62.74%
2022	0.269073%	322,971	2,777,923	11.63%	56.28%
2021	0.292296%	162,567	3,186,782	5.10%	76.63%
2020	0.304391%	256,053	3,469,970	7.38%	63.38%
2019	0.284716%	226,680	3,177,026	7.13%	63.13%
2018	0.294340%	231,813	3,220,721	7.20%	61.89%
2017	0.294106%	232,641	3,181,754	7.31%	59.78%

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 32,000	32,000	\$ (0)	\$ 2,806,985	1.14%
2022	33,811	35,018	(1,207)	4,014,764	0.87%
2021	38,322	38,586	(264)	4,084,207	0.94%
2020	40,765	38,920	1,845	3,469,970	1.12%
2019	36,949	37,506	(557)	3,177,026	1.18%
2018	37,777	37,425	352	3,220,721	1.16%
2017	36,986	37,008	(22)	3,181,754	1.16%

The notes to the required supplementary information are an integral part of this statement.

BOTTINEAU COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

OPEB

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

BOTTINEAU COUNTY

Notes to the Required Supplementary Information - Continued

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

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2023. All other actuarial assumptions used in the actuarial valuation as of July 1, 2023 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

OPEB

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2023. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

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

The board of County commissioners amended the County budget for 2023:

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Primary Government - 2023			
General Fund	\$ 5,698,555	\$ 562,277	\$ 6,260,832
Special Revenue Fund	13,463,999	(5,814,599)	7,649,400

NOTE 6: BUDGET TO ACTUAL RECONCILIATION

Note Payables issued that are paid by the special revenue fund are not included in the budgetary comparison schedule expenditures, but are included in the combined statement of revenues, expenditures and changes in fund balance. The reconciliation is provided below:

	Combined Statement	Adjustment	Budget to Actual Statement
Primary Government - 2023			
Special Revenue Fund			
Expenditures	\$ 10,716,670	\$ (835,250)	\$ 9,881,420
Notes Payable Financing	835,250	(835,250)	-

NOTE 7: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2023, Bottineau County had the following fund Expenditures in excess of budgeted amounts:

	EXPENDITURES		
	Final Budget	Actual	Excess
Primary Government - 2023			
Special Revenue Fund	\$ 7,649,400	\$ 9,881,420	\$ 2,232,020

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

Independent Auditor's Report

Board of County Commissioners
Bottineau County
Bottineau, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bottineau County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Bottineau County's basic financial statements, and have issued our report thereon dated October 1, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bottineau 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 Bottineau County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bottineau County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2023-001 and 2023-002 that we consider to be material weaknesses.

BOTTINEAU COUNTY

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

Report on Compliance and Other Matters

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

Bottineau County's Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
October 1, 2024

Financial Statements

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

Internal control over financial reporting

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

BOTTINEAU COUNTY

Schedule of Audit Findings

For the Year Ended December 31, 2023

SECTION I – FINANCIAL STATEMENT FINDINGS

2023-001 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – Material Weakness

Condition

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

Effect

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

Cause

Management has chosen to allocate economic resources to other functions of the Bottineau County Water Resource District.

Criteria

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

Repeat Finding

Yes.

Recommendation

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

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

Bottineau County Water Resource District's Response

We agree. Bottineau County Water Resource District will segregate duties when it becomes feasible.

2023-002 – MATERIAL AUDIT ADJUSTMENTS – COUNTY AND WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition

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

Effect

There is an increased risk of material misstatement to the Bottineau County and Bottineau County Water Resource District's financial statements.

Cause

Bottineau County and Bottineau County Water Resource District may not have procedures in place to ensure the financial statements are complete and accurate.

Criteria

Bottineau County and Bottineau County Water Resource District is responsible for the preparation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

Repeat Finding

No.

Recommendation

We recommend Bottineau County Water Resource District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Bottineau County and Bottineau County Water Resource District's Response

We Agree. Bottineau County and Bottineau County Water Resource District will review the adjustments needed for presentation in the financial statements.



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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