



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Cavalier County

Langdon, North Dakota

Audit Report for the Year Ended December 31, 2023

Client Code: PS10000



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Office of the
State Auditor

CAVALIER COUNTY

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CAVALIER COUNTY

County Officials
December 31, 2023

COUNTY OFFICIALS

Nick Moser
Austin Lafrenz
Greg Goodman
Stanley Dick
Shane Gallagher

Lisa Gellner
Cynthia Stremick
Matthew Wright
Vicki Kubat
Angelo Mondragon

Chairman
Vice Chairman
Commissioner
Commissioner
Commissioner

Auditor
Treasurer
Sheriff
Recorder
States Attorney

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Cavalier County
Langdon, 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 Cavalier County, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Cavalier 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 Cavalier County, North Dakota, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 Cavalier 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.

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 Cavalier 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 Cavalier 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 Cavalier 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cavalier County's basic financial statements. The *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025, on our consideration of Cavalier 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 Cavalier 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 Cavalier County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
May 2, 2025

CAVALIER COUNTY

Statement of Net Position

December 31, 2023

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash, Cash Equivalents and Investments	\$ 13,140,730	\$ 2,161,413
Accounts Receivable	51,214	142,277
Intergovernmental Receivable	117,307	65,618
Road Accounts Receivable	77,615	-
Taxes Receivable	45,628	5,287
Special Assessment Receivable	-	109,661
Loans Receivable	4,000	367,947
Capital Assets		
Nondepreciable	511,043	-
Depreciable, Net	13,154,294	1,656,402
Total Assets	\$ 27,101,831	\$ 4,508,605
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pensions and OPEB	\$ 3,830,551	\$ 310,919
LIABILITIES		
Accounts Payable	\$ 95,807	\$ -
Grants Received in Advance	1,047,970	-
Other Liabilities	-	600
Salaries and Benefits Payable	3,155	12,261
City Loans Payable	-	304,259
Retainage Payable	5,608	-
Interest Payable	5,763	1,929
Long-Term Liabilities		
Due Within One Year		
Long-Term Debt	133,748	57,685
Compensated Absences	39,930	3,734
Due Outside One Year		
Long-Term Debt	150,457	102,229
Compensated Absences	359,371	33,613
Net Pension & OPEB Liability	5,704,719	407,539
Total Liabilities	\$ 7,546,528	\$ 923,849
DEFERRED INFLOWS OF RESOURCES		
Taxes Received in Advance	\$ 1,012,496	\$ -
Derived from Pensions and OPEB	4,536,337	305,451
Total Deferred Inflows of Resources	\$ 5,548,833	\$ 305,451
NET POSITION		
Net Investment in Capital Assets	\$ 13,375,369	\$ 1,494,559
Restricted		
Highways & Bridges	5,771,228	-
Health & Welfare	-	688,084
Culture & Recreation	-	41,102
Conservation of Natural Resources	-	1,056,202
Emergencies	123,934	-
Economic Development	-	310,277
Unrestricted	(1,433,510)	-
Total Net Position	\$ 17,837,021	\$ 3,590,224

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

CAVALIER COUNTY

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines, Forfeits & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary Government						
Governmental Activities						
General Government	\$ 2,340,575	\$ 118,175	\$ 20,750	\$ -	\$ (2,201,650)	
Public Safety	1,991,094	456,747	136,620	92,234	(1,305,493)	
Highways & Bridges	4,190,692	353,723	3,334,095	358,179	(144,695)	
Health & Welfare	3,138,303	78,923	3,307,160	-	247,780	
Flood Repair	1,374,204	-	1,283,543	-	(90,661)	
Conservation of Natural Resources	338,289	7,979	25,471	-	(304,839)	
Other	27,938	-	-	-	(27,938)	
Interest and Fees on Long-Term Debt	9,006	-	-	-	(9,006)	
Total Governmental Activities	\$ 13,410,101	\$ 1,015,547	\$ 8,107,639	\$ 450,413	\$ (3,836,502)	
Component Units						
Governmental Activities						
Water Resource District	\$ 645,763	\$ 175,807	\$ -	\$ 404,678	\$ -	\$ (65,278)
Health District	908,086	531,628	392,144	-	-	15,686
Job Development Authority	697,811	-	519,629	-	-	(178,182)
County Library	140,454	2,221	-	-	-	(138,233)
Total Component Units	\$ 2,392,114	\$ 709,656	\$ 911,773	\$ 404,678	\$ -	\$ (366,007)
General Revenues						
Property taxes					\$ 4,072,072	\$ 508,574
Drain Assessments					-	-
Sales taxes					-	21,554
Nonrestricted Grants and Contributions					687,610	7,868
Unrestricted investment earnings					494,989	16,820
Gain (Loss) on Sale of Capital Asset					21,820	-
Miscellaneous revenue					192,457	56,600
Total General Revenues					\$ 5,468,948	\$ 611,416
Change in Net Position					\$ 1,632,446	\$ 245,409
Net Position - January 1					\$ 16,204,575	\$ 3,344,815
Net Position - December 31					\$ 17,837,021	\$ 3,590,224

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

CAVALIER COUNTY

Balance Sheet – Governmental Funds

December 31, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,883,293	\$ 9,257,437	\$ 13,140,730
Accounts Receivable	41,957	9,257	51,214
Intergovernmental Receivable	59,033	58,274	117,307
Loan Receivables	4,000	-	4,000
Road Receivables	-	77,615	77,615
Taxes Receivable	23,342	22,286	45,628
Total Assets	<u>\$ 4,011,625</u>	<u>\$ 9,424,869</u>	<u>\$ 13,436,494</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 28,930	\$ 66,877	\$ 95,807
Salaries Payable	3,155	-	3,155
Grants Received in Advance	-	1,047,970	1,047,970
Retainage Payable	-	5,608	5,608
Total Liabilities	<u>\$ 32,085</u>	<u>\$ 1,120,455</u>	<u>\$ 1,152,540</u>
Deferred Inflows of Resources			
Road Receivables	\$ -	\$ 77,615	\$ 77,615
Taxes Received in Advance	574,872	437,624	1,012,496
Taxes Receivable	23,342	22,286	45,628
Total Deferred Inflows of Resources	<u>\$ 598,214</u>	<u>\$ 537,525</u>	<u>\$ 1,135,739</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 630,299</u>	<u>\$ 1,657,980</u>	<u>\$ 2,288,279</u>
Fund Balances			
Nonspendable			
Loan Receivable	\$ 4,000	\$ -	\$ 4,000
Restricted			
General Government	-	9,434	9,434
Public Safety	-	207,209	207,209
Highways & Bridges	-	6,667,052	6,667,052
Health & Welfare	-	638,507	638,507
Conservation of Natural Resources	-	120,753	120,753
Emergencies	-	123,934	123,934
Unassigned	3,377,326	-	3,377,326
Total Fund Balances	<u>\$ 3,381,326</u>	<u>\$ 7,766,889</u>	<u>\$ 11,148,215</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,011,625</u>	<u>\$ 9,424,869</u>	<u>\$ 13,436,494</u>

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

CAVALIER COUNTY

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

Total Fund Balances - Governmental Funds		\$ 11,148,215
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Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		13,665,337
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Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow of resources in the funds.

Property Taxes Receivable	\$ 45,628	
Road Department Accounts Receivable	<u>77,615</u>	123,243

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	\$ 3,830,551	
Deferred Inflows Related to Pensions and OPEB	<u>(4,536,337)</u>	(705,786)

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.

Loans Payable	\$ (284,205)	
Interest Payable	(5,763)	
Compensated Absences Payable	(399,301)	
Net Pension and OPEB Liability	<u>(5,704,719)</u>	<u>(6,393,988)</u>

Total Net Position of Governmental Activities		<u>\$ 17,837,021</u>
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The notes to the financial statements are an integral part of this statement.

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 2,163,575	\$ 1,906,072	\$ 4,069,647
Intergovernmental	1,141,991	7,828,450	8,970,441
Charges for Services	458,768	513,372	972,140
Licenses, Permits and Fees	24,551	-	24,551
Interest Income	494,989	-	494,989
Miscellaneous	103,376	89,082	192,458
Total Revenues	\$ 4,387,250	\$ 10,336,976	\$ 14,724,226
EXPENDITURES			
Current			
General Government	\$ 2,261,491	\$ 24,911	\$ 2,286,402
Public Safety	1,752,773	89,278	1,842,051
Highways & Bridges	-	3,688,260	3,688,260
Health & Welfare	64,053	2,972,358	3,036,411
Flood Repair	-	1,374,204	1,374,204
Conserv. of Natural Resources	-	391,254	391,254
Other	27,938	-	27,938
Debt Service			
Principal	-	130,452	130,452
Interest	-	11,206	11,206
Total Expenditures	\$ 4,106,255	\$ 8,681,923	\$ 12,788,178
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 280,995	\$ 1,655,053	\$ 1,936,048
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 8,079	\$ 231,351	\$ 239,430
Sales of Capital Assets	-	31,220	31,220
Transfers Out	(2,000)	(237,430)	(239,430)
Total Other Financing Sources and Uses	\$ 6,079	\$ 25,141	\$ 31,220
Net Change in Fund Balances	\$ 287,074	\$ 1,680,194	\$ 1,967,268
Fund Balances - January 1	\$ 3,094,252	\$ 6,086,695	\$ 9,180,947
Fund Balances - December 31	\$ 3,381,326	\$ 7,766,889	\$ 11,148,215

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

CAVALIER 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

\$ 1,967,268

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	\$ 640,802	
Capital Contribution	275,220	
Depreciation Expense	<u>(1,094,657)</u>	(178,635)

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

Gain on Sale of Capital Assets	\$ 21,820	
Proceeds from Sale of Capital Assets	<u>(31,220)</u>	(9,400)

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term debt in the statement of net position. The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases liabilities on the statement of net position.

Repayment of Long-Term Debt		130,452
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Decrease in Interest Payable	\$ 2,200	
Decrease in Compensated Absences Payable	<u>77,702</u>	79,902

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.

Decrease in Net Pension & OPEB Liability	\$ 3,181,340	
Decrease in Deferred Outflows of Resources Related to Pensions	(2,482,997)	
Increase in Deferred Inflows of Resources Related to Pensions	<u>(1,076,765)</u>	(378,422)

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.

Increase in Taxes Receivable	\$ 2,425	
Increase in Road Receivables	<u>18,856</u>	<u>21,281</u>

Change in Net Position of Governmental Activities

\$ 1,632,446

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

CAVALIER COUNTY

Combining Statements of Net Position – All Discretely Presented Component Units
For the Year Ended December 31, 2023

	Water Resource District	Health District	Job Development Authority	County Library	Total
ASSETS					
Cash, Cash Equivalents and Investments	\$ 950,507	\$ 808,182	\$ 354,742	\$ 47,982	\$ 2,161,413
Accounts Receivable	-	142,277	-	-	142,277
Intergovernmental Receivable	-	65,618	-	-	65,618
Taxes Receivable	1,691	654	2,061	881	5,287
Special Assessment Receivable	109,661	-	-	-	109,661
Loans Receivable	-	-	367,947	-	367,947
Capital Assets					
Depreciable, Net	1,555,580	53,657	-	47,165	1,656,402
Total Assets	\$ 2,617,439	\$ 1,070,388	\$ 724,750	\$ 96,028	\$ 4,508,605
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions and OPEB	\$ -	\$ 247,499	\$ 63,420	\$ -	\$ 310,919
LIABILITIES					
City Loans Payable	\$ -	\$ -	\$ 304,259	\$ -	\$ 304,259
Payroll Liabilities	5,057	5,439	1,645	120	12,261
Other Liabilities	600	-	-	-	600
Interest Payable	1,929	-	-	-	1,929
Long-Term Liabilities					
Due Within One Year					
Long-Term Debt	57,685	-	-	-	57,685
Compensated Absences	-	2,317	653	764	3,734
Due Outside One Year					
Long-Term Debt	102,229	-	-	-	102,229
Compensated Absences	-	20,856	5,880	6,877	33,613
Net Pension & OPEB Liability	-	313,552	93,987	-	407,539
Total Liabilities	\$ 167,500	\$ 342,164	\$ 406,424	\$ 7,761	\$ 923,849
DEFERRED INFLOWS OF RESOURCES:					
Derived from Pensions and OPEB	\$ -	\$ 233,982	\$ 71,469	\$ -	\$ 305,451
Total Deferred Inflows of Resources	\$ -	\$ 233,982	\$ 71,469	\$ -	\$ 305,451
NET POSITION					
Net Investment in Capital Assets	\$ 1,393,737	\$ 53,657	\$ -	\$ 47,165	\$ 1,494,559
Restricted					
Health & Welfare	-	688,084	-	-	688,084
Conservation of Natural Resources	1,056,202	-	-	-	1,056,202
Economic Development	-	-	310,277	-	310,277
Culture & Recreation	-	-	-	41,102	41,102
Total Net Position	\$ 2,449,939	\$ 741,741	\$ 310,277	\$ 88,267	\$ 3,590,224

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

CAVALIER COUNTY

Combining Statements of Activities – All Discretely Presented Component Units

For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Water Resource	Health District	Job Development Authority	County Library	Total
Component Units									
Governmental Activities									
Water Resource District	\$ 645,763	\$ 175,807	\$ -	\$ 404,678	\$ (65,278)	\$ -	\$ -	\$ -	\$ (65,278)
Health District	908,086	531,628	392,144	-	-	15,686	-	-	15,686
Job Development Authority	697,811	-	519,629	-	-	-	(178,182)	-	(178,182)
County Library	140,454	2,221	-	-	-	-	-	(138,233)	(138,233)
Total Component Units	<u>\$ 2,392,114</u>	<u>\$ 709,656</u>	<u>\$ 911,773</u>	<u>\$ 404,678</u>	<u>\$ (65,278)</u>	<u>\$ 15,686</u>	<u>\$ (178,182)</u>	<u>\$ (138,233)</u>	<u>\$ (366,007)</u>
General Revenues									
Property Taxes					\$ 149,728	\$ 57,795	\$ 184,262	\$ 116,789	\$ 508,574
Sales Tax					-	-	21,554	-	21,554
Nonrestricted Grants and Contributions					-	-	-	7,868	7,868
Unrestricted Investment & Interest Earnings					8,760	7,852	30	178	16,820
Miscellaneous revenue					44,603	2,367	1,712	7,918	56,600
Total General Revenues					<u>\$ 203,091</u>	<u>\$ 68,014</u>	<u>\$ 207,558</u>	<u>\$ 132,753</u>	<u>\$ 611,416</u>
Change in Net Position					<u>\$ 137,813</u>	<u>\$ 83,700</u>	<u>\$ 29,376</u>	<u>\$ (5,480)</u>	<u>\$ 245,409</u>
Net Position - January 1					<u>\$ 2,312,126</u>	<u>\$ 658,041</u>	<u>\$ 280,901</u>	<u>\$ 93,747</u>	<u>\$ 3,344,815</u>
Net Position - December 31					<u>\$ 2,449,939</u>	<u>\$ 741,741</u>	<u>\$ 310,277</u>	<u>\$ 88,267</u>	<u>\$ 3,590,224</u>

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

CAVALIER COUNTY

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	<u>\$ 2,261,191</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Held for Other Governmental Units	<u>\$ (30,260)</u>
Total Liabilities	<u>\$ (30,260)</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 2,253,369</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,223,109</u>
Restricted	
Funds Held for Other Purposes	<u>\$ 38,082</u>
Total Net Position	<u>\$ 38,082</u>

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

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

	Custodial Funds
ADDITIONS	
Tax Collections for Other Governments	\$ 9,324,856
Clerk of Court Collections	62,658
Grant Collections for Other Governments	560,078
Miscellaneous Collections	<u>34,611</u>
Total Additions	<u><u>\$ 9,982,203</u></u>
DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 9,324,856
Clerk of Court Disbursements	80,955
Grant Disbursements to Other Governments	560,078
Miscellaneous Disbursements	<u>22,754</u>
Total Deductions	<u><u>\$ 9,988,643</u></u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ (6,440)</u>
Net Position - Beginning	<u>\$ 44,522</u>
Net Position - Ending	<u><u>\$ 38,082</u></u>

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

CAVALIER COUNTY

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Cavalier County (hereafter referred to as "County"), North Dakota have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. 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 County'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 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 criterion 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, there are four component units to be included within the County as a reporting entity.

Component Units

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity of the government-wide statements as aggregate discretely presented component units.

Discretely Presented Component Units. The component units' column in the basic financial statements includes the financial data of the County's component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

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

Cavalier County District Health District ("Health District") - The Health District's governing board is appointed by the County's governing board. The County's governing body has the authority to disapprove, amend or modify the Health District's budget.

Cavalier County Job Development Authority ("Job Development Authority") - The County's governing board approves the Job Development Authority's tax levies. The County's governing body has the authority to disapprove, amend or modify the job development authority's budget. The County commissioners approve all Job Development Authority board member appointments.

Cavalier County Library ("Library") - The County's governing board approves the Library's tax levies. The County's governing body has the authority to disapprove, amend or modify the Library's budget. The County commissioners approve all Library board member appointments.

Component Unit Financial Statements: The financial statements of each of the discretely presented component units are included in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor or Treasurer; 309 N 2nd St, Langdon, ND 58601.

Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government 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.

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

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fiduciary fund types:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CAVALIER COUNTYNotes to the Financial Statements – Continued

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.

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.

Capital Assets

Capital assets, which include property, plant, and equipment, 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 or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

Major outlays for capital assets and improvements will be capitalized as projects are constructed. Capital assets per policy will be depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings/County Shops	50 - 100
Building Improvements	25
Equipment	5 - 20
Vehicles	5
Infrastructure	25

Compensated Absences

Vacation leave is earned at the rate of one to two days per month by County employees depending on years of service. Sick leave benefits are earned by full-time employees at the rate of one day per month regardless of the years of service. Unused sick leave benefits will be allowed to accumulate to an unlimited amount. Up to 240 hours of vacation may be carried over at year-end. Employees are entitled to be paid for 10% of sick leave upon termination of employment and all vacation leave accrued to the date of termination. A liability for the vested or accumulated vacation and sick leave is reported in government-wide 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.

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.

Nonspendable Fund Balance. Nonspendable fund balances consist of amounts for loan receivables from various townships which cannot be spent.

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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: 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.

Primary Government

At year ended December 31, 2023, the County's carrying amount of deposits totaled \$15,252,138, and the bank balances totaled \$15,741,712. Of the bank balances, \$758,949 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.

Discretely Presented Component Units

At year ended December 31, 2023, the Water Resource District's carrying amount of deposits totaled \$950,507 and the bank balances totaled \$970,304. Of the bank balances, \$487,543 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the Health District's carrying value of deposits totaled \$808,181 and the bank balances totaled \$811,380. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the Job Development Authority's carrying value of deposits totaled \$354,742 and the bank balances totaled \$427,011. Of the bank balances, \$266,238 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the Library's carrying amount of deposits totaled \$47,982 and bank balances totaled \$60,358, all of which was covered by Federal Depository Insurance.

NOTE 3: 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.

CAVALIER COUNTY

Notes to the Financial Statements – Continued

NOTE 4: LOANS RECEIVABLE**Primary Government**

The County's loans receivable consists of amounts due from various cities and townships within the County for the Vanguard Reappraisal project. The County paid for the project initially by taking out a loan. The County will be paid back by the entities involved over a five-year period. The County had the following loans receivable activity for the year ended December 31, 2023:

County	Balance January 1	New Loans	Principal Payments	Balance December 31
Loans Receivable	\$ 6,000	\$ -	\$ 2,000	\$ 4,000

Job Development Authority

The Cavalier County Job Development Authority loans receivable balance consists of amounts due from various businesses within the County invested on behalf of the city by the Job Development Authority for economic development. The Cavalier County Job Development Authority (JDA) administers these loans on behalf of the city, as well as loans issued to various businesses by the JDA from their portion of the tax levy. The Job Development Authority had the following loans receivable activity for the year ended December 31, 2023:

Job Development Authority	Balance January 1	New Loans	Principal Payments	Write Offs	Balance December 31
Loans Receivable	\$ 284,029	\$ 114,831	\$ 17,126	\$ 13,787	\$ 367,947

NOTE 5: JOINT VENTURES**Devils Lake Basin Joint Water Resource District**

Under authorization of state statutes, the Pierce County Water Resource District joined the water resource districts of Rolette County, Benson County, Nelson County, Ramsey County, Cavalier County, Towner County and Walsh County to establish and operate a joint exercise of powers agreement for water management districts located within the Devils Lake Basin. The joint agreement created the Devils Lake Basin Joint Water Resource Board. The agreement was established for the mutual advantage of the governments. One member of the directors for the joint venture is appointed by each government. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and net position cannot be determined due to lack of provisions being made for this in the joint powers agreement. Unaudited summary financial information for the year ended December 31, 2023, is as follows:

	Devils Lake Basin Joint WRD
Total Assets	\$ 200,477
Total Liabilities	2
Total Net Position	\$ 200,475
Total Revenues	\$ 148,810
Total Expenses	169,047
Change in Net Position	\$ (20,237)

CAVALIER COUNTY

Notes to the Financial Statements – Continued

NOTE 6: CAPITAL ASSETS**Primary Government**

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

Primary Government	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Construction in Progress	186,871	692,298	-	(398,126)	481,043
Total Capital Assets, Not Being Depreciated	\$ 216,871	\$ 692,298	\$ -	\$ (398,126)	\$ 511,043
Capital Assets Being Depreciated					
Buildings	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Building Improvements	1,514,797	-	-	68,969	1,583,766
Vehicles & Equipment	4,508,465	223,725	32,900	58,280	4,757,570
Infrastructure	15,948,788	-	-	270,877	16,219,665
Total Capital Assets, Being Depreciated	\$ 22,472,050	\$ 223,725	\$ 32,900	\$ 398,126	\$ 23,061,001
Less Accumulated Depreciation					
Buildings	\$ 330,000	\$ 5,000	\$ -	\$ -	\$ 335,000
Building Improvements	385,668	63,351	-	-	449,019
Vehicles & Equipment	2,775,102	377,520	23,500	-	3,129,122
Infrastructure	5,344,779	648,787	-	-	5,993,566
Total Accumulated Depreciation	\$ 8,835,549	\$ 1,094,658	\$ 23,500	\$ -	\$ 9,906,707
Total Capital Assets Being Depreciated, Net	\$ 13,636,501	\$ (870,933)	\$ 9,400	\$ 398,126	\$ 13,154,294
Primary Government Capital Assets, Net	\$ 13,853,372	\$ (178,635)	\$ 9,400	\$ -	\$ 13,665,337

Depreciation was charged to functions of the County as follows:

Primary Government	Amounts
General Government	\$ 56,836
Public Safety	112,605
Highways	868,200
Health and Welfare	34,529
Conservation of Natural Resources	22,488
Total Depreciation Expense - Govt. Activities	\$ 1,094,658

CAVALIER COUNTY

Notes to the Financial Statements – Continued

Component Units

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

Water Resource District	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Being Depreciated					
Vehicles & Equipment	\$ 72,233	\$ 174,800	\$ -	\$ -	\$ 247,033
Infrastructure	3,479,935	-	-	-	3,479,935
Total Capital Assets, Being Depreciated	\$ 3,552,168	\$ 174,800	\$ -	\$ -	\$ 3,726,968
Less Accumulated Depreciation					
Vehicles & Equipment	\$ 43,323	\$ 10,538	\$ -	\$ -	\$ 53,861
Infrastructure	1,971,338	146,190	-	-	2,117,527
Total Accumulated Depreciation	\$ 2,014,661	\$ 156,728	\$ -	\$ -	\$ 2,171,388
Total Capital Assets Being Depreciated, Net	\$ 1,537,507	\$ 18,072	\$ -	\$ -	\$ 1,555,580
Water Resource District Capital Assets, Net	\$ 1,537,507	\$ 18,072	\$ -	\$ -	\$ 1,555,580

Depreciation was charged to the conservation of natural resources function.

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

Health	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Being Depreciated					
Vehicles & Equipment	\$ 63,044	\$ -	\$ -	\$ -	\$ 63,044
Total Capital Assets, Being Depreciated	\$ 63,044	\$ -	\$ -	\$ -	\$ 63,044
Less Accumulated Depreciation					
Vehicles & Equipment	\$ 6,526	\$ 2,861	\$ -	\$ -	\$ 9,387
County Health Capital Assets, Net	\$ 56,518	\$ (2,861)	\$ -	\$ -	\$ 53,657

Depreciation was charged to the Health and Welfare function.

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

Library	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Being Depreciated					
Vehicles & Equipment	\$ 11,884	\$ -	\$ -	\$ -	\$ 11,884
Infrastructure	49,975	-	-	-	49,975
Total Capital Assets, Being Depreciated	\$ 61,859	\$ -	\$ -	\$ -	\$ 61,859
Less Accumulated Depreciation					
Vehicles & Equipment	\$ 9,507	\$ 1,188	\$ -	\$ -	\$ 10,695
Infrastructure	1,999	2,000	-	-	3,999
Total Accumulated Depreciation	\$ 11,506	\$ 3,188	\$ -	\$ -	\$ 14,694
County Library Capital Assets, Net	\$ 50,353	\$ (3,188)	\$ -	\$ -	\$ 47,165

Depreciation was charged to the Culture and Recreation Function.

CAVALIER COUNTY

Notes to the Financial Statements – Continued

NOTE 7: LONG-TERM LIABILITIES**Primary Government**

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

Primary Government	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Notes Payable	\$ 414,657	\$ -	\$ 130,452	\$ 284,205	\$ 133,748
Compensated Absences	\$ 477,003	\$ 351,380	\$ 429,082	\$ 399,301	\$ 39,930
Net Pension and OPEB Liability *	8,886,059	-	3,181,340	5,704,719	-
Total Primary Government	\$ 9,777,719	\$ 351,380	\$ 3,740,874	\$ 6,388,225	\$ 173,678

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

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

Primary Government		
Year Ending Dec 31	Notes Payable	
	Principal	Interest
2024	\$ 133,748	\$ 7,910
2025	85,704	4,439
2026	64,753	1,963
Total	\$ 284,205	\$ 14,312

Discretely Presented Component Units

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

Water Resource District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Line of Credit Payable	\$ 217,104	\$ -	\$ 57,190	\$ 159,914	\$ 57,685

Health District	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences	\$ 22,269	\$ 16,815	\$ 15,911	\$ 23,173	\$ 2,317
Net Pension and OPEB Liability *	448,247	-	134,695	313,552	-
Total Health District	\$ 470,516	\$ 16,815	\$ 150,606	\$ 336,725	\$ 2,317

Job Development Authority	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences	\$ 4,021	\$ 6,310	\$ 3,798	\$ 6,533	\$ 653
Net Pension and OPEB Liability *	142,340	-	48,353	93,987	-
Total Job Development Authority	\$ 146,361	\$ 6,310	\$ 52,151	\$ 100,520	\$ 653

Library	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Compensated Absences	\$ 6,254	\$ 6,640	\$ 5,253	\$ 7,641	\$ 764

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

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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

Water Resource District		
Year Ending Dec 31	Lines of Credit Payable	
	Principal	Interest
2024	\$ 57,685	\$ 2,572
2025	58,624	1,633
2026	35,992	894
2027	7,613	331
Total	\$ 159,914	\$ 5,430

NOTE 8: COMMITMENTS

The County had open construction commitments as of December 31, 2023 as follows:

Project	Original Contract	Change Orders	Total Contract with Change Orders	Total Completed	Retainage	Remaining Balance includes Retainages	% Complete
BRC-0145(055) - Engineering	\$ 46,609	-	46,609	\$ 33,888	\$ -	\$ 12,721	72.71%
BRC-0145(055) - Construction	300,098	-	300,098	280,309	5,606	25,395	93.41%
New Storage Building	190,733	-	190,733	-	-	190,733	0.00%
Total	\$ 537,440	\$ -	\$ 537,440	\$ 314,197	\$ 5,606	\$ 228,849	58.46%

NOTE 9: TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2023:

Funds	Transfers In	Transfers Out
General Fund	\$ 8,079	\$ 2,000
Special Revenue Fund	231,351	237,430
Total Transfers	\$ 239,430	\$ 239,430

The primary purpose of the transfers was to move money to the road fund to cover budgeted expenses.

NOTE 10: 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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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 to be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

CAVALIER COUNTY

Notes to the Financial Statements – Continued

Member and Employer Contributions

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

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

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

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

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

	Net Pension Liability
County	\$ 5,439,253
Health District	300,422
Job Development Authority	88,410

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, 2022 Measurements	Pension Expense
County	0.282082%	-0.014147%	\$ 621,113
Health District	0.015580%	0.000520%	42,455
Job Development Authority	0.004585%	-0.000136%	6,937

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 177,065	\$ 29,997
Changes in Assumptions	2,999,268	4,128,531
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	142,716	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	250,750	335,601
Contributions - Employer	141,918	-
Total Primary Government	\$ 3,711,717	\$ 4,494,129

Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 9,780	\$ 1,657
Changes in Assumptions	165,656	228,028
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	7,883	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	43,827	3,055
Contributions - Employer	13,040	-
Total Health District	\$ 240,186	\$ 232,740

Job Development Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,878	\$ 488
Changes in Assumptions	48,751	67,106
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	2,320	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	2,749	3,330
Contributions - Employer	3,958	-
Total Job Development Authority	\$ 60,656	\$ 70,924

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	\$ 141,918
Health District	13,040
Job Development Authority	3,958

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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

Year	County	Health District	Job Development Authority
2024	\$ 155,159	\$ 18,358	\$ (115)
2025	(732,005)	(17,825)	(10,040)
2026	(1,154)	10,103	1,361
2027	(346,330)	(16,230)	(5,432)

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.

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 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:

Proportionate Share of the Net Pension Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
County	\$ 7,499,243	\$ 5,439,253	\$ 3,730,182
Health District	414,209	300,422	206,026
Job Development Authority	121,897	88,410	60,631

Pension Plan Fiduciary Net Position

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

NOTE 11: 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.

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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

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

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

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

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

	Net OPEB Liability
County	\$ 265,466
Health District	13,130
Job Development Authority	5,577

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, 2022 Measurements	OPEB Expense
County	0.265532%	-0.029781%	\$ 59,285
Health District	0.013133%	0.001045%	2,944
Job Development Authority	0.005578%	0.000269%	1,216

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,994	\$ 3,038
Changes of Assumptions	56,618	21,984
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	19,174	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	22,446	17,186
Contributions - Employer	15,603	-
Total Primary Government	\$ 118,835	\$ 42,208

Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 248	\$ 150
Changes of Assumptions	2,800	1,087
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	948	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,230	5
Contributions - Employer	2,088	-
Total Health District	\$ 7,314	\$ 1,242

Job Development Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 106	\$ 64
Changes of Assumptions	1,189	462
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	403	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	432	19
Contributions - Employer	634	-
Total Job Development Authority	\$ 2,764	\$ 545

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	\$ 15,603
Health District	2,088
Job Development Authority	634

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

Year	County	Health District	Job Development Authority
2024	\$ 28,787	\$ 1,438	\$ 572
2025	20,641	1,229	490
2026	21,045	1,598	655
2027	(9,449)	(281)	(132)

CAVALIER COUNTY

Notes to the Financial Statements – Continued

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, 2023 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 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the 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, 2023, calculated using the discount rate of 5.75%, 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 (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
County	\$ 348,887	\$ 265,466	\$ 195,235
Health District	17,256	13,130	9,656
Job Development Authority	7,329	5,577	4,101

NOTE 12: 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 (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRF is limited to losses of two million dollars per occurrence for general liability, two million for automobile, and \$2,753,548 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 one 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.

The County has worker's compensation with the ND Workforce Safety and Insurance.

CAVALIER COUNTY

Budgetary Comparison Schedule - General Fund
December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 2,256,010	\$ 2,256,010	\$ 2,163,575	\$ (92,435)
Intergovernmental	924,549	924,549	1,141,991	217,442
Charges for Services	478,755	478,755	458,768	(19,987)
Licenses, Permits and Fees	35,750	35,750	24,551	(11,199)
Interest Income	45,000	45,000	494,989	449,989
Miscellaneous	122,790	122,790	103,376	(19,414)
Total Revenues	\$ 3,862,854	\$ 3,862,854	\$ 4,387,250	\$ 524,396
EXPENDITURES				
Current				
General Government	\$ 2,373,038	\$ 2,373,038	\$ 2,261,491	\$ 111,547
Public Safety	1,708,995	1,708,995	1,752,773	(43,778)
Health and Welfare	71,021	71,021	64,053	6,968
Other	27,850	27,850	27,938	(88)
Total Expenditures	\$ 4,180,904	\$ 4,180,904	\$ 4,106,255	\$ 74,649
Excess (Deficiency) of Revenues Over Expenditures	\$ (318,050)	\$ (318,050)	\$ 280,995	\$ 599,045
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 24,700	\$ 24,700	\$ 8,079	\$ (16,621)
Transfers out	-	-	(2,000)	(2,000)
Total Other Financing Sources and Uses	\$ 24,700	\$ 24,700	\$ 6,079	\$ (18,621)
Net Change in Fund Balances	\$ (293,350)	\$ (293,350)	\$ 287,074	\$ 580,424
Fund Balance - January 1	\$ 3,094,252	\$ 3,094,252	\$ 3,094,252	\$ -
Fund Balance - December 31	\$ 2,800,902	\$ 2,800,902	\$ 3,381,326	\$ 580,424

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

CAVALIER COUNTY

Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 1,979,562	\$ 1,979,562	\$ 1,906,072	\$ (73,490)
Intergovernmental	3,533,438	3,533,438	7,828,450	4,295,012
Charges for services	357,320	357,320	513,372	156,052
Miscellaneous	-	-	89,082	89,082
Total Revenues	\$ 5,870,320	\$ 5,870,320	\$ 10,336,976	\$ 4,466,656
EXPENDITURES				
Current				
General Government	\$ 14,000	\$ 24,911	\$ 24,911	\$ -
Public Safety	112,865	117,865	89,278	28,587
Highways & Bridges	2,824,397	3,964,106	3,667,844	296,262
Health & Welfare	2,739,503	2,998,195	2,972,358	25,837
Flood	-	1,374,204	1,374,204	-
Conservation of Natural Resources	364,737	385,403	391,254	(5,851)
Debt Service				
Principal	130,452	130,452	130,452	-
Interest	11,206	11,206	11,206	-
Total Expenditures	\$ 6,197,160	\$ 9,006,342	\$ 8,661,507	\$ 344,835
Excess (Deficiency) of Revenues Over Expenditures	\$ (326,840)	\$ (3,136,022)	\$ 1,675,469	\$ 4,811,491
OTHER FINANCING SOURCES (USES)				
Sales of Capital Asset	\$ -	\$ -	\$ 31,220	\$ 31,220
Transfers in	220,000	220,000	231,351	11,351
Transfers out	(244,700)	(244,700)	(237,430)	7,270
Total Other Financing Sources and Uses	\$ (24,700)	\$ (24,700)	\$ 25,141	\$ 49,841
Net Change in Fund Balances	\$ (351,540)	\$ (3,160,722)	\$ 1,700,610	\$ 4,861,332
Fund Balances - January 1	\$ 4,304,350	\$ 4,304,350	\$ 6,086,695	\$ 1,782,345
Fund Balances - December 31	\$ 3,952,810	\$ 1,143,628	\$ 7,787,305	\$ 6,643,677

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

CAVALIER 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	0.282082%	\$ 5,439,253	\$ 3,449,496	157.68%	65.31%
2022	0.296229%	8,531,592	3,438,731	248.10%	54.47%
2021	0.305185%	3,180,945	3,455,884	92.04%	78.26%
2020	0.303782%	9,557,047	3,351,077	285.19%	48.91%
2019	0.200146%	2,345,856	2,081,858	112.68%	71.66%
2018	0.195599%	3,300,946	2,009,422	164.27%	62.80%
2017	0.197433%	3,173,396	2,015,477	157.45%	61.98%
2016	0.191985%	1,871,081	1,934,759	96.71%	70.46%
2015	0.203720%	1,385,261	1,814,902	76.33%	77.15%
2014	0.195652%	1,241,845	1,648,126	75.35%	77.70%

HEALTH	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	0.015580%	\$ 300,422	\$ 190,526	157.68%	65.31%
2022	0.015060%	433,738	174,821	248.10%	54.47%
2021	0.013929%	145,182	157,727	92.05%	78.60%
2020	0.010348%	325,550	114,147	285.20%	48.91%
2019	0.012051%	141,246	125,346	112.68%	71.66%
2018	0.011818%	199,442	121,410	164.27%	62.80%
2017	0.011507%	184,955	117,468	157.45%	61.98%
2016	0.011189%	109,048	112,758	96.71%	70.46%
2015	0.012405%	84,352	110,511	76.33%	77.15%
2014	0.012858%	81,612	108,312	75.35%	77.70%

JDA	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	0.004585%	\$ 88,410	\$ 56,066	157.69%	65.31%
2022	0.004721%	135,968	54,807	248.09%	54.47%
2021	0.004448%	46,362	50,364	92.05%	78.60%
2020	0.004499%	141,540	49,632	285.18%	48.91%
2019	0.004701%	55,099	48,900	112.68%	71.66%
2018	0.004690%	79,149	48,186	164.26%	62.80%
2017	0.004578%	73,583	46,734	157.45%	61.98%
2016	0.004465%	43,516	45,000	96.70%	70.46%
2015	0.004849%	32,972	43,200	76.32%	77.15%
2014	0.004737%	30,067	39,900	75.36%	77.70%

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

CAVALIER COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

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	\$ 269,267	\$ 269,267	\$ 0	\$ 3,593,213	7.49%
2022	258,995	263,376	(4,381)	3,422,325	7.70%
2021	254,856	251,485	3,371	3,572,765	7.04%
2020	237,286	199,080	38,206	3,479,365	5.72%
2019	151,571	150,013	1,558	2,081,858	7.21%
2018	148,003	149,496	(1,493)	2,009,422	7.44%
2017	146,147	144,410	1,737	2,015,477	7.17%
2016	140,073	139,245	828	1,934,759	7.20%
2015	137,856	131,433	6,423	1,814,902	7.24%
2014	117,347	117,347	-	1,648,126	7.12%

HEALTH	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	\$ 13,384	\$ 13,384	\$ (0)	\$ 187,975	7.12%
2022	13,167	13,017	150	182,140	7.15%
2021	11,632	11,419	213	161,565	7.07%
2020	8,083	13,580	(5,497)	141,840	9.57%
2019	9,126	8,924	202	125,346	7.12%
2018	8,942	8,644	298	121,410	7.12%
2017	8,518	8,364	154	117,468	7.12%
2016	8,164	8,680	(516)	112,758	7.70%
2015	8,394	7,868	526	110,511	7.12%
2014	7,712	7,712	-	108,312	7.12%

JDA	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	\$ 4,146	\$ 4,146	\$ 0	\$ 58,233	7.12%
2022	4,128	3,903	225	54,386	7.18%
2021	3,714	3,586	128	52,136	6.88%
2020	3,514	3,534	(20)	49,632	7.12%
2019	3,560	3,482	78	48,900	7.12%
2018	3,549	3,431	118	48,186	7.12%
2017	3,389	3,328	61	46,734	7.12%
2016	3,258	3,465	(207)	45,000	7.70%
2015	3,281	3,076	205	43,200	7.12%
2014	2,841	2,841	-	39,900	7.12%

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

CAVALIER 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	0.265532%	\$ 265,466	\$ 2,669,078	9.95%	62.74%
2022	0.295313%	354,467	3,048,824	11.63%	56.28%
2021	0.300253%	166,993	3,273,530	5.10%	76.63%
2020	0.293962%	247,280	3,351,077	7.38%	63.38%
2019	0.186570%	149,851	2,081,858	7.20%	63.13%
2018	0.183640%	144,629	2,009,422	7.20%	61.89%
2017	0.186301%	147,366	2,015,477	7.31%	59.78%

HEALTH	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	0.013133%	\$ 13,130	\$ 132,011	9.95%	62.74%
2022	0.012088%	\$ 14,509	\$ 124,794	11.63%	56.28%
2021	0.010454%	5,814	113,976	5.10%	76.63%
2020	0.010013%	8,423	114,147	7.38%	63.38%
2019	0.011233%	9,022	125,346	7.20%	63.13%
2018	0.011096%	8,739	121,410	7.20%	61.89%
2017	0.010858%	8,589	117,468	7.31%	59.78%

JDA	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	0.005578%	\$ 5,577	\$ 56,066	9.95%	62.74%
2022	0.005309%	6,372	54,807	11.63%	56.28%
2021	0.004619%	2,569	50,364	5.10%	76.63%
2020	0.004354%	3,663	49,632	7.38%	63.38%
2019	0.004382%	3,520	48,900	7.20%	63.13%
2018	0.004404%	3,468	48,186	7.20%	61.89%
2017	0.004320%	3,417	46,734	7.31%	59.78%

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

CAVALIER COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions - Continued

**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	\$ 32,572	\$ 32,572	\$ 0	\$ 2,857,207	1.14%
2022	37,108	38,434	(1,326)	3,422,325	1.12%
2021	39,365	38,892	473	3,572,765	1.09%
2020	39,368	31,875	7,493	3,479,365	0.92%
2019	24,212	24,019	193	2,081,858	1.15%
2018	23,569	23,936	(367)	2,009,422	1.19%
2017	23,429	23,122	307	2,015,477	1.15%

HEALTH	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	County's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 1,466	\$ 1,466	\$ 96	\$ 128,598	1.14%
2022	1,519	1,423	96	126,838	1.12%
2021	1,371	1,299	72	161,565	0.80%
2020	1,341	2,192	(851)	141,840	1.55%
2019	1,458	1,429	29	125,346	1.14%
2018	1,424	1,384	40	121,410	1.14%
2017	1,365	1,339	26	117,468	1.14%

JDA	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	\$ 664	\$ 664	\$ (0)	\$ 58,233	1.14%
2022	667	625	42	54,386	1.15%
2021	606	574	32	52,136	1.10%
2020	583	566	17	49,632	1.14%
2019	569	558	11	48,900	1.14%
2018	565	549	16	48,186	1.14%
2017	543	533	10	46,734	1.14%

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

CAVALIER 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

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

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, 2022.

CAVALIER COUNTYNotes to the Required Supplementary Information - Continued

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

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

OPEB

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 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. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

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

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

	EXPENDITURES		
	Original Budget	Budget Amendment	Amended Budget
Major Funds			
Special Revenue	\$ 6,197,160	\$ 2,809,182	\$ 9,006,342

CAVALIER COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

Program Title	Federal ALN Number	Pass-Through Grantor's Number	County Expenditures	Health District Expenditures	Total Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>					
<u>Passed Through State Department of Emergency Services:</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4323	\$ 1,144,395	\$ -	\$ 1,144,395
Hazard Mitigation Grant Program (HMGP)	97.039	DR4323	149,467	-	149,467
Emergency Management Performance Grants	97.042	EMPG2017	38,991	-	38,991
Homeland Security Grant	97.067	HLS2016	145,976	-	145,976
Total U.S. Department of Homeland Security			<u>\$ 1,478,829</u>	<u>\$ -</u>	<u>\$ 1,478,829</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>					
<u>Passed Through the State Department of Human Services:</u>					
Public Health Emergency Preparedness	93.069	G21.867, G23.009	\$ -	\$ 1,760	\$ 1,760
Maternal and Child Health Federal Consolidated Programs	93.110	G21.1067A	-	1,119	1,119
Immunization Cooperative Agreements	93.268	G19.1288, G21.812, G23.058	-	24,144	24,144
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	G19.1067	-	34,615	34,615
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	G23.365	-	15,038	15,038
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	G19.1288, G21.1091	-	116,363	116,363
Block Grants for Prevention and Treatment of Substance Abuse	93.959	81011847	-	62,500	62,500
CDC's Collaboration with Academia to Strengthen Public Health	93.967	G23.300	-	56	56
Maternal and Child Health Services Block Grant to the States	93.994	G21.1067A, G23.420	-	14,196	14,196
Total U.S. Dept. of Health and Human Services			<u>\$ -</u>	<u>\$ 269,791</u>	<u>\$ 269,791</u>
<u>U.S. DEPARTMENT OF THE TRANSPORTATION</u>					
<u>Passed Through the State Highway Department:</u>					
National Priority Safety Programs	20.616	G23.439	\$ -	\$ 733	\$ 733
Total U.S. Department of Transportation			<u>\$ -</u>	<u>\$ 733</u>	<u>\$ 733</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
<u>Passed Through the State Treasurer Department:</u>					
Verans Transportation	64.035	N/A	\$ 9,797	\$ -	\$ 9,797
Total U.S. Dept. of the Treasury			<u>\$ 9,797</u>	<u>\$ -</u>	<u>\$ 9,797</u>
Total Expenditures of Federal Awards			<u>\$ 1,488,627</u>	<u>\$ 270,524</u>	<u>\$ 1,759,150</u>

See notes to the Schedule of Expenditures of Federal Awards

CAVALIER COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2023. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 PASS-THROUGH GRANT NUMBER

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

NOTE 4 INDIRECT COST RATE

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

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

Independent Auditor's Report

Board of County Commissioners
Cavalier County
Langdon, 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 unit, each major fund, and the aggregate remaining fund information of Cavalier County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Cavalier County's basic financial statements, and have issued our report thereon dated May 2, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cavalier County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cavalier County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cavalier County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *schedule of audit findings and questioned costs*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *schedule of audit findings and questioned costs* as items 2023-002, 2023-003, and 2023-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying *schedule of audit findings and questioned costs* as item 2023-001 to be a significant deficiency.

CAVALIER 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 Cavalier 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.

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
May 2, 2025

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

Independent Auditor's Report

Board of County Commissioners
Cavalier County
Langdon, North Dakota

Opinion on Each Major Federal Program

We have audited Cavalier County's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Cavalier County's major federal programs for the year ended December 31, 2023. Cavalier County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cavalier County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

CAVALIER COUNTY

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cavalier County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cavalier County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cavalier County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

CAVALIER COUNTY**Report on Compliance for Each Major Federal Programs, and Report on Internal Control Over Compliance - Continued**

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
May 2, 2025

CAVALIER COUNTY

Summary of Auditor's Results

For the Year Ended December 31, 2023

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> X </u> Yes	<u> </u> None	Noted
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> None	Noted

Federal AwardsInternal Control Over Major Programs

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

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
ALN 97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

CAVALIER COUNTY

Schedule of Audit Findings and Questioned Costs
For the Year Ended December 31, 2023

SECTION I – FINANCIAL STATEMENT FINDINGS

2023-001 – PAYROLL ERRORS – WATER RESOURCE DISTRICT – SIGNIFICANT DEFICIENCY**Condition**

During the audit of the Cavalier County Water Resource District, it was noted that \$16,473 was paid to Blue Cross Blue Shield on behalf of the Water Resource District in which there was no clear documentation on how much was to be paid on behalf of the employee versus the employer. For the employee receiving health insurance benefits, no amounts were withheld from the employees' paychecks during the year for health insurance premiums. Additionally, 12 Blue Cross Blue Shield checks for \$300 each, totaling \$3,600, were included as an expense in the general ledger but the payments never cleared the bank statement.

Effect

Without adequate internal controls surrounding the Cavalier County Water Resource District's Health Insurance expenditures, the District exposes itself to an increased risk of loss of assets, potential liabilities, and damage to the Cavalier County Water Resource District's reputation, whether due to error or fraud.

Cause

The Cavalier County Water Resource District does not have established written payroll policies documenting its employees payroll benefits.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to health insurance expenditures paid by the District, management is responsible for adequate internal controls surrounding health insurance expenditures.

Repeat Finding

No.

Recommendation

We recommend the Cavalier County Water Resource District establish written payroll policies to ensure health insurance benefits are documented.

Cavalier County Water Resource District's Response

See Corrective Action Plan.

CAVALIER COUNTYSchedule of Audit Findings and Questioned Costs – Continued

2023-002 – BANK RECONCILIATION ERRORS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**Condition**

The Cavalier County Water Resource District did not perform bank reconciliations for their checking account for December 2023 until June 2024. The original reconciled difference between the District's balance sheet and reconciled bank statements totaled \$98,382. During the audit, bank reconciliation adjustments identified by the audit team decreased the difference between the District's balance sheet and bank statements to \$1,269.

Effect

There is an increased risk of material misstatement to the Cavalier County Water Resource District's financial statements whether due to fraud or error if bank reconciliations are not complete and accurate.

Cause

During 2023, the Cavalier County Water Resource District did not have a system of internal controls in place to ensure accurate bank reconciliations were prepared on a timely basis.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the bank reconciliations, management is responsible for policies and procedures for accurate and timely bank reconciliations.

Repeat Finding

Yes.

Recommendation

We recommend the Cavalier County Water Resource District develop procedures to ensure all bank reconciliations are completed timely and accurately.

Cavalier County Water Resource District's Response

See Corrective Action Plan.

CAVALIER COUNTYSchedule of Audit Findings and Questioned Costs – Continued

2023-003 – AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**Condition**

During the audit of Cavalier County Water Resource District, we proposed multiple 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 Cavalier County Water Resource District's financial statements.

Cause

Cavalier County Water Resource District improperly recorded revenues as negative expenditures or as equity transactions. In addition, the District may not have had procedures in place to ensure the financial statements are complete and accurate in accordance with GAAP.

Criteria

Cavalier County Water Resource District is responsible for the presentation 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

Yes.

Recommendation

We recommend Cavalier County Water Resource District refrains from recording revenues as negative expenditures or as equity transactions. In addition, we recommend that the District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Cavalier County Water Resource District's Response

See Corrective Action Plan.

CAVALIER COUNTY

Schedule of Audit Findings and Questioned Costs – Continued

2023-004 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT & LIBRARY– MATERIAL WEAKNESS

Condition

The Cavalier County Water Resource District and Cavalier County Library each have limited staff members responsible for the primary 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 fraud and the risk of misstatement of the Water Resource District's and Library's financial condition, whether due to error or fraud.

Cause

Management has chosen to allocate its economic resources to other functions of the Water Resource District and Library.

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 Water Resource District and Library.

Repeat Finding

Yes.

Recommendation

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

- Financial statements and credit memos should be reviewed 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

Cavalier County Water Resource District's and Library's Response

See Corrective Action Plan.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CAVALIER COUNTY WATER RESOURCE DISTRICT

Date: April 30, 2025
To: Joshua C. Gallion, ND State Auditor
From: Paula Cunningham, Secretary/Treasurer
RE: Cavalier County Water Resource District – FY2023 Management's Response

Contact Person Responsible for Corrective Action Plan: Paula Cunningham, Secretary/Treasurer

Section I – Financial Statement Findings:

2023-001 PAYROLL ERRORS – WATER RESOURCE DISTRICT – SIGNIFICANT DEFICIENCY

Condition:

During the audit of the Cavalier County Water Resource District, it was noted that \$16,473 was paid to Blue Cross Blue Shield on behalf of the Water Resource District in which there was no clear documentation on how much was to be paid on behalf of the employee versus the employer. For the employee receiving health insurance benefits, no amounts were withheld from the employees' paychecks during the year for health insurance premiums. Additionally, 12 Blue Cross Blue Shield checks for \$300 each, totaling \$3,600, were included as an expense in the general ledger but the payments never cleared the bank statement.

Management's Response:

We agree. The Water Resource District board will review health insurance expenses going forward and implement an employee policy regarding health insurance.

Anticipated Completion Date:

FY 2025

2023-002 BANK RECONCILIATION ERRORS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition:

The Cavalier County Water Resource District did not perform bank reconciliations for their checking account for December 2023 until June 2024. The original reconciled difference between the District's balance sheet and reconciled bank statements totaled \$98,382. During the audit, bank reconciliation adjustments identified by the audit team decreased the difference between the District's balance sheet and bank statements to \$1,269.

Management's Response:

We Agree. The Water Resource District will prepare bank reconciliations monthly and ensure that the reconciled balances tie to the District's ledger.

Anticipated Completion Date:

FY 2024

CAVALIER COUNTY WATER RESOURCE DISTRICT

2023-003 AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition:

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

Management's Response:

We Agree. Adjustments were implemented at the time of the audit.

Anticipated Completion Date:

FY2024

2023-004 LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT & LIBRARY– MATERIAL WEAKNESS

Condition:

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

Management's Response:

We agree. The District will segregate duties as it becomes feasible to do so.

Anticipated Completion Date:

Indefinite

CAVALIER COUNTY

Status of Prior Year Findings

For the Year Ended December 31, 2023

CAVALIER COUNTY, NORTH DAKOTA

Office of Auditor

901 Third Street - Suite 15
Langdon, ND 58249
(701) 256-2229
(701) 256-2546 (fax)

Lisa Gellner – Auditor
Frankie Stremick – Deputy Auditor

Commissioners

Austin Lafrenz
Greg Goodman
Stanley Dick
Shane Gallagher
Nick Moser

Date: April 30, 2025

To: Joshua C. Gallion, ND State Auditor

FROM: Lisa Gellner, County Auditor

RE: Cavalier County – FY2023 Schedule of Prior Year Findings

2022-001 – AUDIT ADJUSTMENTS – COUNTY – MATERIAL WEAKNESS

Condition

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

Recommendation

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

Current Status

Fully Implemented.

CAVALIER COUNTY WATER RESOURCE DISTRICT

Date: April 30, 2025

To: Joshua C. Gallion, ND State Auditor

FROM: Paula Cunningham, Secretary/Treasurer

RE: Cavalier County Water Resource District - FY2023 Schedule of Prior Year Findings

2022-002 – IMPROPER BANK RECONCILIATIONS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition

Prior to audit adjustments being proposed and accepted by management, the Cavalier County Water Resource District's bank reconciliation presented a net difference of \$16,160 as of December 31, 2022 in comparison to its audited balance sheet.

Recommendation

We recommend the Cavalier County Water Resource District resolve the net differences and implement internal controls over the bank reconciliation process to ensure the bank reconciliation is accurate and complete.

Current Status – Cavalier County Water Resource District

Not implemented. The bank reconciliations were not prepared timely or balancing in 2023. Going forward in 2024, bank reconciliations are completed monthly and balance with the District's ledger. As of October 2024, when the new office manager started, this is being done monthly and balances correctly.

Anticipated Completion Date

2024

2022-003 – AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition

During the audit of Cavalier County Water Resource District, we proposed multiple 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.

Recommendation

We recommend Cavalier County Water Resource District refrains from recording revenues as negative expenditures or as equity transactions. In addition, we recommend that the District review its procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Current Status – Cavalier County Water Resource District

Not implemented. Material audit adjustments were made in the 2023 audit. The District will review the 2024 ledger and make correcting entries before the next audit. As of October 2024, when Paula started, this has been corrected for the entire year and entries were put correctly as income/expenses.

Anticipated Completion Date

FY2024

CAVALIER COUNTY WATER RESOURCE DISTRICT

2022-004 – LACK OF SEGREGATION OF DUTIES – COMPONENT UNITS – MATERIAL WEAKNESS

Condition

The discretely presented component units (Cavalier County Water Resource District, Cavalier County Job Development Authority, Cavalier County Library, and Cavalier County Public Health Unit) each have limited staff members responsible for the primary 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.

Recommendation

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

- Financial statements and credit memos should be reviewed 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.

Current Status – Cavalier County Water Resource District

Not implemented. The District will evaluate segregating duties when it becomes feasible to do so.

Anticipated Completion Date

Indefinite



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505