

EMMONS COUNTY

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023

EMMONS COUNTY
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EMMONS COUNTY
COUNTY OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2023

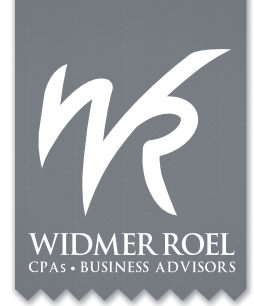
Current

Erin Magrum
Gary Hulm
Craig Miller
Dan Materi
Don Eberle

Commissioner-Chairperson
Commissioner-Vice Chair
Commissioner
Commissioner
Commissioner

Marlys Ohlhauser
Mark Pearson
Kathleen Dosch
Joe Hanson

Auditor/Treasurer
Sheriff
County Recorder
States Attorney



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INDEPENDENT AUDITOR'S REPORT

County Commission
Emmons County
Linton, 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 **Emmons County** ("County"), as of and for the year ended December 31, 2023, the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of **Emmons County** as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Emmons 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

Emmons County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 **Emmons 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 an 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 **Emmons 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 **Emmons 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 Schedule of Employer's Share of Net Pension and OPEB Liability, Schedule of Employer Contributions, budgetary comparison schedules, and Notes to the Required Supplementary Information, as listed in the table of contents 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 requires 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 **Emmons County's** basic financial statements. The County officials listing is presented for purposes of additional analysis and are not a required part of the basic financial statements. The County officials listing has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2024, on our consideration of the **Emmons County's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Emmons County's** internal control over financial reporting and compliance.



Fargo, North Dakota
December 26, 2024

EMMONS COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government Governmental Activities	Water Resource District	Component Unit Weed Control	District Health Unit
ASSETS				
Cash and investments	\$ 6,868,169	\$ 425,691	\$ 227,060	\$ 389,676
Inventory	752,657	-	-	-
Taxes receivable	56,047	-	-	-
Capital assets, net of accumulated depreciation				
Infrastructure	6,345,705	-	-	-
Buildings	557,161	-	-	-
Machinery, vehicles, and equipment	<u>3,309,339</u>	<u>-</u>	<u>4,999</u>	<u>-</u>
Total assets	17,889,078	425,691	232,059	389,676
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to net pensions	2,779,691	-	-	265,729
Deferred outflows of resources related to OPEB	<u>80,561</u>	<u>-</u>	<u>-</u>	<u>7,360</u>
Total assets and deferred outflows of resources	<u>\$ 20,749,330</u>	<u>\$ 425,691</u>	<u>\$ 232,059</u>	<u>\$ 662,765</u>
LIABILITIES				
Accrued expenses	\$ -	\$ -	\$ 40,021	\$ 1,448
Interest payable	12,631	-	-	-
Long-term liabilities				
Portion due or payable within one year				
Compensated absences payable	13,345	-	-	-
Loans payable	360,186	-	-	-
Portion due or payable after one year				
Compensated absences	120,101	-	-	-
Loans payable	1,178,956	-	-	-
Net pension	4,012,770	-	-	306,264
Net OPEB liability	<u>18,570</u>	<u>-</u>	<u>-</u>	<u>15,512</u>
Total liabilities	<u>5,716,559</u>	<u>-</u>	<u>40,021</u>	<u>323,224</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent year	810,552	-	-	-
Deferred inflows of resources related to net pensions	3,358,935	-	-	314,982
Deferred inflows of resources related to OPEB	<u>27,592</u>	<u>-</u>	<u>-</u>	<u>3,917</u>
Total deferred inflows of resources	<u>4,197,079</u>	<u>-</u>	<u>-</u>	<u>318,899</u>
NET POSITION				
Net investment in capital assets	8,673,063	-	4,999	-
Restricted for				
General government	516,865	-	-	-
Public safety	581,795	-	-	-
Highways and public improvements	4,106,632	-	-	-
Unrestricted	<u>(3,042,663)</u>	<u>425,691</u>	<u>187,039</u>	<u>20,642</u>
Total net position	<u>10,835,692</u>	<u>425,691</u>	<u>192,038</u>	<u>20,642</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 20,749,330</u>	<u>\$ 425,691</u>	<u>\$ 232,059</u>	<u>\$ 662,765</u>

EMMONS COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government	Component Unit		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Weed Control	District Health Unit
Primary government:							
Governmental activities:							
General government	\$ 2,203,385	\$ 45,868	\$ 1,096,893	\$ (1,060,624)	\$ -	\$ -	\$ -
Public safety	741,816	59,252	75,876	(606,688)	-	-	-
Highways and public improvement	2,636,389	5,015	2,609,161	(22,213)	-	-	-
Health and welfare	6,906	-	-	(6,906)	-	-	-
Culture and recreation	38,872	-	-	(38,872)	-	-	-
Conservation and economic development	157,742	-	-	(157,742)	-	-	-
Interest	75,457	-	-	(75,457)	-	-	-
Miscellaneous	957,608	-	-	(957,608)	-	-	-
Total governmental activities	<u>\$ 6,818,175</u>	<u>\$ 110,135</u>	<u>\$ 3,781,930</u>	<u>\$ (2,926,110)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:							
Water resource district	\$ 77,079	\$ -	\$ 12,971	\$ -	\$ (64,108)	\$ -	\$ -
Weed control	201,560	114,674	29,821	-	-	(57,065)	-
District health unit	364,045	-	279,551	-	-	-	(84,494)
Total component units	<u>\$ 642,684</u>	<u>\$ 114,674</u>	<u>\$ 322,343</u>	<u>\$ -</u>	<u>(64,108)</u>	<u>(57,065)</u>	<u>(84,494)</u>
GENERAL REVENUES							
Property taxes; levied for general purposes				1,677,173	62,000	124,533	156,654
Property taxes; levied for special purposes				1,778,623	-	-	-
Earnings on investments and other revenue				711,458	-	-	-
Total general revenues				<u>4,167,254</u>	<u>62,000</u>	<u>124,533</u>	<u>156,654</u>
Change in net position				1,241,144	(2,108)	67,468	72,160
Net position - January 1				<u>9,594,548</u>	<u>427,799</u>	<u>124,570</u>	<u>(51,518)</u>
Net position - December 31				<u>\$ 10,835,692</u>	<u>\$ 425,691</u>	<u>\$ 192,038</u>	<u>\$ 20,642</u>

See Notes to Financial Statements

EMMONS COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Federal Aid</u>	<u>County Road and Bridge</u>	<u>Highway Tax Distribution</u>	<u>Road Districts</u>	<u>Prairie Dog</u>	<u>Permits</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS									
Cash and investments	\$ 1,331,018	\$ 443,808	\$ 360,336	\$ 141,736	\$ 652,780	\$ 1,460,899	\$ 911,671	\$ 1,565,921	\$ 6,868,169
Taxes receivable	25,139	-	4,921	-	7,271	-	-	18,716	56,047
Inventory	-	-	752,657	-	-	-	-	-	752,657
	<u>-</u>	<u>-</u>	<u>752,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>752,657</u>
Total assets	\$ <u>1,356,157</u>	\$ <u>443,808</u>	\$ <u>1,117,914</u>	\$ <u>141,736</u>	\$ <u>660,051</u>	\$ <u>1,460,899</u>	\$ <u>911,671</u>	\$ <u>1,584,637</u>	\$ <u>7,676,873</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	\$ 25,139	\$ -	\$ 4,921	\$ -	\$ 7,271	\$ -	\$ -	\$ 18,716	\$ 56,047
Taxes levied for subsequent year	478,693	135,306	-	-	196,553	-	-	-	810,552
	<u>478,693</u>	<u>135,306</u>	<u>-</u>	<u>-</u>	<u>196,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810,552</u>
Total deferred inflows of resources	503,832	135,306	4,921	-	203,824	-	-	18,716	866,599
	<u>503,832</u>	<u>135,306</u>	<u>4,921</u>	<u>-</u>	<u>203,824</u>	<u>-</u>	<u>-</u>	<u>18,716</u>	<u>866,599</u>
FUND BALANCES									
Nonspendable	-	-	752,657	-	-	-	-	-	752,657
Restricted for									
General government	-	-	-	-	-	-	-	516,865	516,865
Public safety	-	-	-	-	-	-	-	581,795	581,795
Highways and public improvements	-	308,502	360,336	141,736	456,227	1,460,899	911,671	467,261	4,106,632
Unassigned	852,325	-	-	-	-	-	-	-	852,325
	<u>852,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852,325</u>
Total fund balances	852,325	308,502	1,112,993	141,736	456,227	1,460,899	911,671	1,565,921	6,810,274
	<u>852,325</u>	<u>308,502</u>	<u>1,112,993</u>	<u>141,736</u>	<u>456,227</u>	<u>1,460,899</u>	<u>911,671</u>	<u>1,565,921</u>	<u>6,810,274</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>1,356,157</u>	\$ <u>443,808</u>	\$ <u>1,117,914</u>	\$ <u>141,736</u>	\$ <u>660,051</u>	\$ <u>1,460,899</u>	\$ <u>911,671</u>	\$ <u>1,584,637</u>	\$ <u>7,676,873</u>

EMMONS COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balances for governmental funds	\$	6,810,274
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	17,080,308	
Less accumulated depreciation	<u>(6,868,103)</u>	
		10,212,205

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

56,047

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Total deferred outflows of resources	2,860,252	
Total deferred inflows of resources	<u>(3,386,527)</u>	
		(526,275)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Loans payable	(1,539,142)	
Compensated absences payable	(133,446)	
Interest payable	(12,631)	
Net pension and OPEB liability	<u>(4,031,340)</u>	
		<u>(5,716,559)</u>

Total net position of governmental activities	\$	<u><u>10,835,692</u></u>
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EMMONS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Federal Aid	County Road and Bridge	Highway Tax Distribution	Road District	Prairie Dog	Permits	Other Governmental Fund	Total Government Funds
REVENUES									
Taxes	\$ 1,674,783	\$ 192,025	\$ 326,328	\$ 467,526	\$ 663,085	\$ -	\$ -	\$ 210,379	\$ 3,534,126
Special assessments	1,533	187	323	-	505	-	-	199	2,747
Licenses, permits and fees	45,794	-	1,032	-	-	-	13,874	-	60,700
Intergovernmental	806,212	65,674	114,765	-	299,470	1,526,525	-	82,001	2,894,647
Charges for services	30,000	614	982	-	2,304	-	-	79,604	113,504
Miscellaneous	196,757	736	1,332	213,243	84,356	-	-	959,846	1,456,270
Total revenues	<u>2,755,079</u>	<u>259,236</u>	<u>444,762</u>	<u>680,769</u>	<u>1,049,720</u>	<u>1,526,525</u>	<u>13,874</u>	<u>1,332,029</u>	<u>8,061,994</u>
EXPENDITURES									
Current									
General government	1,905,894	-	-	-	-	-	-	358,208	2,264,102
Public safety/911	619,067	-	-	-	-	-	-	88,361	707,428
Highway and public improvement	-	83,299	129,299	662,817	1,339,691	65,626	500	492,048	2,773,280
Culture and recreation	38,872	-	-	-	-	-	-	-	38,872
Miscellaneous	15,695	-	-	-	-	-	-	417,091	432,786
Capital outlay	98	-	599,608	-	-	-	-	101,413	701,119
Debt service:									
Principal	-	-	349,950	-	-	-	-	-	349,950
Interest and fees	-	-	75,457	-	-	-	-	-	75,457
Total expenditures	<u>2,579,626</u>	<u>83,299</u>	<u>1,154,314</u>	<u>662,817</u>	<u>1,339,691</u>	<u>65,626</u>	<u>500</u>	<u>1,457,121</u>	<u>7,342,994</u>
Excess (deficiency) of revenues over expenditures	<u>175,453</u>	<u>175,937</u>	<u>(709,552)</u>	<u>17,952</u>	<u>(289,971)</u>	<u>1,460,899</u>	<u>13,374</u>	<u>(125,092)</u>	<u>719,000</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	115,064	-	-	36,902	-	-	-	43,153	195,119
Loan proceeds	-	-	599,608	-	-	-	-	320,790	920,398
Transfers out	(24,702)	-	-	(18,451)	-	-	(50,000)	(101,966)	(195,119)
Total other financing sources (uses)	<u>90,362</u>	<u>-</u>	<u>599,608</u>	<u>18,451</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>261,977</u>	<u>920,398</u>
Net change in fund balances	<u>265,815</u>	<u>175,937</u>	<u>(109,944)</u>	<u>36,403</u>	<u>(289,971)</u>	<u>1,460,899</u>	<u>(36,626)</u>	<u>136,885</u>	<u>1,639,398</u>
FUND BALANCES - JANUARY 1	<u>586,510</u>	<u>132,565</u>	<u>1,222,937</u>	<u>105,333</u>	<u>746,198</u>	<u>-</u>	<u>948,297</u>	<u>1,429,036</u>	<u>5,170,876</u>
FUND BALANCES - DECEMBER 31	<u>\$ 852,325</u>	<u>\$ 308,502</u>	<u>\$ 1,112,993</u>	<u>\$ 141,736</u>	<u>\$ 456,227</u>	<u>\$ 1,460,899</u>	<u>\$ 911,671</u>	<u>\$ 1,565,921</u>	<u>\$ 6,810,274</u>

See Notes to Financial Statements

EMMONS COUNTY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds \$ 1,639,398

Amount reported for governmental activities in the statement of activities
are 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. In
the current period these amounts are:

Current year capital outlay	1,777,344	
Depreciation expense	(975,890)	
Change in net position on disposal of property and equipment	<u>(515,143)</u>	286,311

Debt proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the statement
of net assets. Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the statement of net assets. This is the amount by which payments
exceeded proceeds.

Loan proceeds	(920,398)	
Loan repayments	<u>349,950</u>	(570,448)

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

Net change in compensated absences	4,490	
Net change to net pension and OPEB expense	<u>2,562,443</u>	2,566,933

The net pension and OPEB liability, and related deferred outflows and
inflows of resources are reported in the government wide statements;
however, activity related to these pension and OPEB items do not involve
financial resources, and are not reported in the funds.

Net change in deferred outflows of resources	(1,908,606)	
Net change in deferred inflows of resources	<u>(772,576)</u>	(2,681,182)

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

Net change in taxes receivable		<u>132</u>
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Change in net position of governmental activities \$ 1,241,144

EMMONS COUNTY
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ <u>2,226,625</u>
LIABILITIES	
Due to other governments	\$ <u>2,226,625</u>
Total net position	<u><u>-</u></u>

EMMONS COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	\$ <u>7,027,635</u>
DEDUCTIONS	
Disbursements	<u>7,027,635</u>
Change in net position	<u>-</u>
NET POSITION - JANUARY 1	<u>-</u>
NET POSITION - DECEMBER 31	\$ <u><u>-</u></u>

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Discretely Presented Component Units

The component unit columns in the basic financial statements include the financial data of the County’s component units. The units are reported in separate columns to emphasize that they are legally separate from the County.

Emmons County Water Resource District

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

Emmons County Weed Control

The Emmons County Weed Control governing board is appointed by the County’s governing board. The County’s governing body has the authority to disapprove, amend, or approve the water resource district budget. The weed control has the authority to issue its own debt.

Emmons County District Health Unit

The Emmons County District Health Unit governing board is appointed by the County’s governing board. The County’s governing body has the authority to disapprove, amend, or approve the water resource district budget. The district health unit has the authority to issue its own debt.

The financial statements of each of the three discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Emmons County Auditor 100 NW Fourth Street, Linton, ND 58552.

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Basis of Presentation

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

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 program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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.

Federal Aid: This fund accounts for a mill levy and other revenues and expenditures federal aid projects throughout the county.

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

Highway Tax Distribution: This fund accounts for the highway tax distribution from the State of North Dakota to be used for the maintenance and repair of roads and highways within the county.

Road Districts: This fund accounts for a mill levy and other revenues and expenditures related to maintenance, repairs, and improvements to roads throughout the county.

Prairie Dog: This fund accounts for federal coronavirus relief funds to be used for capital projects.

Permits: This fund accounts for revenues from issuance of county road and highway permits, the proceeds of which are used for maintenance of highways and roads throughout the county.

The County reports the following fiduciary fund type:

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

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. These financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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. Accounts past due more than sixty days are analyzed for collectability. When management deems any account receivable to be uncollectible, an allowance is setup and deducted from the related accounts receivable.

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

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

Cash and Investments

Cash includes amounts in demand deposits money market accounts. Investments consist of certificates of deposit stated at cost. Certificates of deposit principal may be withdrawn at any time before maturity with a penalty of interest.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. The inventory is offset within the non-spendable classification of fund balance in the fund financial statements which indicates that inventory does not constitute "available spending resources" even though it is a component of net current assets.

Capital Assets

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

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Infrastructure	20 years
Buildings	40 to 100 years
Machinery, vehicles, and equipment	5 to 10 years

Interest Payable

Interest payable consists of interest on long-term liabilities accrued to December 31, 2023.

Compensated Absences

Vested or accumulated vacation leave, and compensatory time is reported in government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the County. The employees may carry forward a maximum of 200 hours of accumulated annual leave past the employee anniversary date of employment.

Vested or accumulated sick leave is reported in the government-wide statement of net position. Compensation for unused sick leave will be granted to regular full-time and part-time employees working 20 hours or more per week. Sick leave is earned at the rate of one day per month (pro-rated for regular part-time employees). The maximum accrual for sick leave is 100 days. Employees who terminate employment in good standing shall be paid 20 days of unused sick leave.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows and outflows of resources related to pensions and other post-employment benefits.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported separately from the applicable bond premium or discount.

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

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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”); 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 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 Equity

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

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

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a board motion of the County commission. The County commission also may modify or rescind the commitment by a board motion.

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

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

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order:

1. Committed
2. Assigned
3. Unassigned

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has not spent) for acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted. When both restricted and unrestricted amounts of net position are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed.

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.

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Deposits must either be deposited with the Bank of North Dakota or in another 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 of 110% of the deposits not covered by insurance or bonds.

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 other securities approved by the banking board.

At year ended December 31, 2023, the County and its component units carrying amount of deposits were \$8,713,765 and the bank balances were \$7,910,596. Of the bank balance, \$806,225 was covered by Federal Depository Insurance. The remaining balance of \$7,907,540 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of deposit fully insured by the Federal Deposit Insurance Corporation.
- d) Obligations of the state.

At December 31, 2023, the County and its component units held certificates of deposit in the amount of \$565,098, which are all considered deposits.

Concentration of Credit Risk

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

NOTE 3 – TAXES RECEIVABLE

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

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

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5.00% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

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

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 – CAPITAL ASSETS

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

Primary Government:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Buildings	\$ 1,332,032	\$ -	\$ -	\$ 1,332,032
Machinery and equipment	5,603,987	1,777,344	1,071,791	6,309,540
Infrastructure	<u>9,438,736</u>	<u>-</u>	<u>-</u>	<u>9,438,736</u>
Total capital assets, being depreciated	<u>16,374,755</u>	<u>1,777,344</u>	<u>1,071,791</u>	<u>17,080,308</u>
Less accumulated depreciation for				
Buildings	751,951	22,920	-	774,871
Machinery and equipment	3,075,816	481,033	556,648	3,000,201
Infrastructure	<u>2,621,094</u>	<u>471,937</u>	<u>-</u>	<u>3,093,031</u>
Total accumulated depreciation	<u>6,448,861</u>	<u>975,890</u>	<u>556,648</u>	<u>6,868,103</u>
Total capital assets, being depreciated, net	\$ <u>9,925,894</u>	\$ <u>801,454</u>	\$ <u>515,143</u>	\$ <u>10,212,205</u>

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

General government	\$ 485,224
Public safety	51,608
Highways and public improvement	432,151
Health and welfare	<u>6,907</u>
	\$ <u>975,890</u>

Component Unit – Weed Control:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Machinery and equipment	\$ <u>86,233</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>86,233</u>
Less accumulated depreciation for				
Machinery and equipment	<u>68,906</u>	<u>12,328</u>	<u>-</u>	<u>81,234</u>
Capital assets, net	\$ <u>17,327</u>	\$ <u>(12,328)</u>	\$ <u>-</u>	\$ <u>4,999</u>

Depreciation expense was charged to the weed control function.

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 – LONG-TERM DEBT

Changes in Long-Term Liabilities

During the years ended December 31, 2023, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans	\$ 968,694	\$ 920,398	\$ (349,950)	\$ 1,539,142	\$ 360,186
Compensated absences*	137,936	-	(4,490)	133,446	13,345
Net pension liability*	6,350,057	-	(2,337,287)	4,012,770	-
Net OPEB liability*	<u>243,726</u>	<u>-</u>	<u>(225,156)</u>	<u>18,570</u>	<u>-</u>
Total	\$ <u>7,700,413</u>	\$ <u>920,398</u>	\$ <u>(2,916,883)</u>	\$ <u>5,703,928</u>	\$ <u>373,531</u>

*The changes in compensated absences, net pension liability, and net OPEB liability are shown as a net change.

Outstanding debt at December 31, 2023 consists of the following:

\$160,302 Strasburg State Bank Loan due in annual installments of \$31,250 to \$33,229 from April 1, 2021 through April 2026; interest at 2.0%.	\$ 97,739
\$328,940 Unison Bank loan due in annual installments of \$67,616 to \$70,264 from April 15 2023 through April 15, 2027; interest at 5.0%.	261,327
\$250,000 Strasburg State Bank due in annual installments of \$48,906 to \$52,528 from May 1, 2023 through May 1, 2027; interest at 3.0%.	201,094
\$329,564 John Deere Financial due in annual installments of \$56,010 to \$58,584 from May 1, 2023 through May 1, 2027; interest at 3.0%.	58,584
\$599,608 Unison Bank due in annual installments of \$139,668 from October 3, 2023 until paid off; interest at 6.25%.	599,608
\$320,790 John Deere due in annual installments of \$73,8649 from May 10, 2023 until paid off; interest at 5.0%.	<u>320,790</u>
Total loans	\$ <u>1,539,142</u>

(Continued)

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 360,186	\$ 76,544	\$ 436,730
2025	315,086	60,270	375,356
2026	330,274	45,082	375,356
2027	312,366	29,097	341,463
2028	200,575	12,957	213,532
Thereafter	<u>20,655</u>	<u>1,291</u>	<u>21,946</u>
	\$ <u>1,539,142</u>	\$ <u>225,241</u>	\$ <u>1,764,383</u>

Component Unit – District Health Unit:

Changes in Long-Term Liabilities

During the years ended December 31, 2023, the following changes occurred in liabilities reported in the long-term liabilities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability*	\$ 386,332	\$ -	\$ (80,068)	\$ 306,264	\$ -
Net OPEB liability*	<u>18,104</u>	<u>-</u>	<u>(2,592)</u>	<u>15,512</u>	<u>-</u>
Total	\$ <u>404,436</u>	\$ <u>-</u>	\$ <u>(82,660)</u>	\$ <u>321,776</u>	\$ <u>-</u>

*The changes in net pension and OPEB liabilities are shown as a net change.

NOTE 6 – TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2023:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 115,064	\$ 24,702
Special revenue funds		
Highway tax	36,902	18,451
Permits	-	50,000
ER site road projects	18,451	36,966
St revenue sharing	-	65,000
County vehicle	5,000	-
911 program	<u>19,702</u>	<u>-</u>
	\$ <u>195,119</u>	\$ <u>195,119</u>

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 – RISK MANAGEMENT

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

In 1986, the state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (“NDIRF”), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$5,285,845 for public assets.

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of 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 Department of Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

NOTE 8 – PENSION PLANS

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 North Dakota Century Code (“NDCC”) Chapter 54-52 for more complete information.

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

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.

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Pension Benefits

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

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

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System or the Law Enforcement 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 or the Law Enforcement 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 is terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 7.00% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.00% 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 County reported a liability for its proportionate share of net pension liability. 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 the share of covered payroll in the Main System pension plan relative to the covered payroll of all participating employers.

The table shows the net pension liability and the proportionate share:

	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Change in Proportionate Share</u>
County	\$ 4,012,770	0.208104%	-0.012379%
District Health Unit	\$ 306,261	0.015883%	0.002469%

For the years ended December 31, 2023, the County and District Health Unit recognized pension expense as follows:

	<u>Pension Expense</u>
County	\$ 476,131
District Health Unit	\$ 19,781

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 130,628	\$ 22,130
Changes of assumptions	2,212,689	3,045,795
Net difference between projected and actual earnings on pension plan investments	105,288	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	210,358	291,010
County contributions subsequent to the measurement date	<u>120,728</u>	<u>-</u>
	\$ <u>2,779,691</u>	\$ <u>3,358,935</u>

\$120,358 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, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension as of December 31, 2023 will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ 121,712
2025	(558,420)
2026	(5,086)
2027	(258,178)
2028	-
Thereafter	-

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,969	\$ 1,689
Changes of assumptions	168,878	232,462
Net difference between projected and actual earnings on pension plan investments	8,036	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,564	80,831
County contributions subsequent to the measurement date	<u>14,282</u>	<u>-</u>
	\$ <u><u>265,729</u></u>	\$ <u><u>314,982</u></u>

\$14,282 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for the primary government and its component units will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension as of December 31, 2023 will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ (4,808)
2025	(45,207)
2026	(1,210)
2027	(12,310)
2028	-
Thereafter	-

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	3.50% 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.

(Continued)

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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	31.00%	6.25%
International equity	20.00%	6.95%
Private equity	7.00%	9.45%
Domestic fixed income	23.00%	2.51%
Global real assets	19.00%	4.33%

Discount Rate

For NDPERS, 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 NDPERS plan, the use of a municipal bond rate is required.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the County'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 as of December 31, 2023 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:

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

County

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of net pension liability	\$ <u>5,532,646</u>	\$ <u>4,012,770</u>	\$ <u>2,751,915</u>

District Health Unit

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of net pension liability	\$ <u>442,265</u>	\$ <u>306,261</u>	\$ <u>210,033</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Additional financial and actuarial information is available on their website, www.nd.gov/ndpers or may be obtained by contacting the agency at: North Dakota Public Employees Retirement System, 400 E Broadway Ave Suite 505, P.O. Box 1657, Bismarck, ND, 58502-1657 or by calling (701) 328-3900.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS PLANS

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

The employer contribution for the NDPERS, 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.

(Continued)

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 NDPERS, 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 employees, 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 County reported a liability for its proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on the share of covered payroll in the Main System pension plan relative to the covered payroll of all participating employers.

The table shows the net OPEB liability and the proportionate share as of December 31, 2023:

	Net OPEB Liability	Proportion Share	Change in Proportion Share
County	\$ 18,557	0.185616%	0.017437%
District Health Unit	\$ 15,512	0.015083%	0.000433%

For the years ended December 31, 2023, the County and District Health Unit recognized pension expense as follows:

	OPEB Expense
County	\$ 41,473
District Health Unit	\$ 2,875

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,491	\$ 2,124
Changes of assumptions	39,578	15,367
Net difference between projected and actual earnings on pension plan investments	13,403	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,506	10,101
County contributions subsequent to the measurement date	<u>6,583</u>	<u>-</u>
	\$ <u><u>80,561</u></u>	\$ <u><u>27,592</u></u>

\$6,583 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.

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

Year Ended June 30:	
2024	\$ 20,203
2025	15,349
2026	17,061
2027	(6,227)
2028	-
Thereafter	-

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 293	\$ 178
Changes of assumptions	3,308	1,285
Net difference between projected and actual earnings on pension plan investments	1,120	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,734	2,454
County contributions subsequent to the measurement date	<u>905</u>	<u>-</u>
	\$ <u><u>7,360</u></u>	\$ <u><u>3,917</u></u>

\$905 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024.

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

Year Ended June 30:	
2024	\$ 1,090
2025	834
2026	1,004
2027	(390)
2028	-
Thereafter	-

Actuarial Assumptions

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

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

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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
S&P 500 Index	33.00%	5.50%
US Small Cap Equities	6.00%	7.65%
World Equity ex-US	26.00%	6.82%
US High Yield	3.00%	5.32%
Emerging Markets Debt	4.00%	6.25%
Core Fixed Income	28.00%	4.04%

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.

EMMONS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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:

County			
	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of net OPEB liability	\$ <u>243,884</u>	\$ <u>18,557</u>	\$ <u>187,166</u>
District Health Unit			
	1% Decrease (4.75%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of net OPEB liability	\$ <u>23,109</u>	\$ <u>15,512</u>	\$ <u>11,408</u>

EMMONS COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

EMMONS COUNTY
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION AND OPEB LIABILITY
LAST 10 FISCAL YEARS*

Schedule of Employer's Share of Net Pension

Pension Plan	Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
ND PERS - County	6/30/2023	0.208104%	\$ 4,012,770	\$ 2,544,846	157.68%	65.31%
ND PERS - County	6/30/2022	0.220483%	\$ 6,350,057	\$ 2,559,445	248.10%	54.47%
ND PERS - County	6/30/2021	0.226622%	\$ 2,362,082	\$ 2,566,243	92.04%	78.26%
ND PERS - County	6/30/2020	0.231611%	\$ 7,286,532	\$ 2,554,954	285.19%	48.91%
ND PERS - County	6/30/2019	0.142412%	\$ 1,669,172	\$ 1,481,324	112.68%	71.66%
ND PERS - County	6/30/2018	0.133430%	\$ 2,251,777	\$ 1,370,752	164.27%	63.53%
ND PERS - County	6/30/2017	0.135829%	\$ 2,183,218	\$ 1,386,606	157.45%	61.98%
ND PERS - County	6/30/2016	0.130826%	\$ 1,275,027	\$ 1,318,418	96.71%	70.46%
ND PERS - County	6/30/2015	0.122278%	\$ 831,470	\$ 1,089,350	76.33%	78.18%
ND PERS - District Health Unit	6/30/2023	0.015883%	\$ 306,264	\$ 194,233	157.68%	65.31%
ND PERS - District Health Unit	6/30/2022	0.013414%	\$ 386,332	\$ 155,714	248.10%	54.47%
ND PERS - District Health Unit	6/30/2021	0.021264%	\$ 221,635	\$ 240,790	92.04%	78.26%
ND PERS - District Health Unit	6/30/2020	0.017663%	\$ 555,682	\$ 194,843	285.19%	48.91%
ND PERS - District Health Unit	6/30/2019	0.017333%	\$ 203,155	\$ 180,295	112.68%	71.66%
ND PERS - District Health Unit	6/30/2018	0.017211%	\$ 290,454	\$ 176,812	164.27%	63.53%
ND PERS - District Health Unit	6/30/2017	0.016862%	\$ 271,028	\$ 172,136	157.45%	61.98%
ND PERS - District Health Unit	6/30/2016	0.016263%	\$ 158,499	\$ 163,888	96.71%	70.46%
ND PERS - District Health Unit	6/30/2015	0.012221%	\$ 83,101	\$ 108,876	76.33%	78.18%

* Additional years will be displayed as they become available.

Schedule of Employer's Share of OPEB Liability

Pension Plan	Measurement Date	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
OPEB - County	6/30/2023	0.185616%	\$ 185,570	\$ 1,865,785	9.95%	62.74%
OPEB - County	6/30/2022	0.203053%	\$ 243,726	\$ 2,096,331	11.63%	56.28%
OPEB - County	6/30/2021	0.187989%	\$ 104,554	\$ 2,049,526	5.10%	76.63%
OPEB - County	6/30/2020	0.192224%	\$ 161,698	\$ 2,191,300	7.38%	63.38%
OPEB - County	6/30/2019	0.132752%	\$ 106,625	\$ 1,481,324	7.20%	63.13%
OPEB - County	6/30/2018	0.125272%	\$ 98,660	\$ 1,370,752	7.20%	61.89%
OPEB - County	6/30/2017	0.128171%	\$ 101,385	\$ 1,386,606	7.31%	59.78%
OPEB - District Health	6/30/2023	0.015516%	\$ 15,512	\$ 155,969	9.95%	62.74%
OPEB - District Health	6/30/2022	0.015083%	\$ 18,104	\$ 155,714	11.63%	56.28%
OPEB - District Health	6/30/2021	0.022086%	\$ 12,284	\$ 240,790	5.10%	76.63%
OPEB - District Health	6/30/2020	0.017092%	\$ 14,378	\$ 194,843	7.38%	63.38%
OPEB - District Health	6/30/2019	0.016158%	\$ 12,978	\$ 180,295	7.20%	63.13%
OPEB - District Health	6/30/2018	0.016159%	\$ 12,726	\$ 176,812	7.20%	61.89%
OPEB - District Health	6/30/2017	0.015911%	\$ 12,586	\$ 172,136	7.31%	59.78%

* Additional years will be displayed as they become available.

EMMONS COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions to Net Pension

Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
ND PERS - County	6/30/2023	\$ 192,519	\$ (201,691)	\$ (9,172)	\$ 2,544,846	7.93%
ND PERS - County	6/30/2022	\$ 192,770	\$ (200,366)	\$ (7,596)	\$ 2,559,445	7.83%
ND PERS - County	6/30/2021	\$ 189,249	\$ (195,064)	\$ (5,815)	\$ 2,566,243	7.60%
ND PERS - County	6/30/2020	\$ 180,913	\$ (140,181)	\$ 40,732	\$ 2,554,954	5.49%
ND PERS - County	6/30/2019	\$ 107,849	\$ (102,473)	\$ 5,376	\$ 1,481,324	6.92%
ND PERS - County	6/30/2018	\$ 100,962	\$ (98,256)	\$ 2,706	\$ 1,370,752	7.17%
ND PERS - County	6/30/2017	\$ 100,545	\$ (95,161)	\$ 5,384	\$ 1,386,606	6.86%
ND PERS - County	6/30/2016	\$ 95,451	\$ (89,830)	\$ 5,621	\$ 1,318,418	6.81%
ND PERS - County	6/30/2015	\$ 82,745	\$ (86,203)	\$ (3,458)	\$ 1,089,350	7.91%
ND PERS - District Health Unit	6/30/2023	\$ 14,694	\$ (14,150)	\$ 544	\$ 194,233	7.29%
ND PERS - District Health Unit	6/30/2022	\$ 11,728	\$ (14,811)	\$ (3,083)	\$ 155,714	9.51%
ND PERS - District Health Unit	6/30/2021	\$ 17,757	\$ (16,259)	\$ 1,498	\$ 240,790	6.75%
ND PERS - District Health Unit	6/30/2020	\$ 13,797	\$ (12,915)	\$ 882	\$ 194,843	6.63%
ND PERS - District Health Unit	6/30/2019	\$ 13,126	\$ (12,166)	\$ 960	\$ 180,295	6.75%
ND PERS - District Health Unit	6/30/2018	\$ 13,023	\$ (10,937)	\$ 2,086	\$ 176,812	6.19%
ND PERS - District Health Unit	6/30/2017	\$ 12,482	\$ (12,424)	\$ 58	\$ 172,136	7.22%
ND PERS - District Health Unit	6/30/2016	\$ 11,866	\$ (11,582)	\$ 284	\$ 163,888	7.07%
ND PERS - District Health Unit	6/30/2015	\$ 8,270	\$ (6,927)	\$ 1,343	\$ 108,876	6.36%

* Additional years will be displayed as they become available.

Schedule of Employer's Contributions to OPEB Liability

Pension Plan	Measurement Date	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
OPEB - County	6/30/2023	\$ 22,529	\$ (24,260)	\$ (1,731)	\$ 1,865,785	1.30%
OPEB - County	6/30/2022	\$ 25,515	\$ (24,464)	\$ 1,051	\$ 2,096,331	1.17%
OPEB - County	6/30/2021	\$ 24,647	\$ (24,844)	\$ (197)	\$ 2,049,526	1.21%
OPEB - County	6/30/2020	\$ 25,743	\$ (20,938)	\$ 4,805	\$ 2,191,300	0.96%
OPEB - County	6/30/2019	\$ 17,228	\$ (16,407)	\$ 821	\$ 1,481,324	1.11%
OPEB - County	6/30/2018	\$ 16,078	\$ (15,732)	\$ 346	\$ 1,370,752	1.15%
OPEB - County	6/30/2017	\$ 16,118	\$ (15,237)	\$ 881	\$ 1,386,606	1.10%
OPEB - District Health	6/30/2023	\$ 1,883	\$ (1,846)	\$ 37	\$ 155,969	1.18%
OPEB - District Health	6/30/2022	\$ 1,895	\$ (2,371)	\$ (476)	\$ 155,714	1.52%
OPEB - District Health	6/30/2021	\$ 2,896	\$ (2,603)	\$ 293	\$ 240,790	1.08%
OPEB - District Health	6/30/2020	\$ 2,289	\$ (2,068)	\$ 221	\$ 194,843	1.06%
OPEB - District Health	6/30/2019	\$ 2,097	\$ (1,948)	\$ 149	\$ 180,295	1.08%
OPEB - District Health	6/30/2018	\$ 2,074	\$ (1,751)	\$ 323	\$ 176,812	0.99%
OPEB - District Health	6/30/2017	\$ 2,001	\$ (1,989)	\$ 12	\$ 172,136	1.16%

* Additional years will be displayed as they become available.

EMMONS COUNTY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Taxes	\$ 1,538,746	\$ 1,538,746	\$ 1,674,783	\$ 136,037
Special assessments	-	-	1,533	1,533
Licenses, permits and fees	127,244	127,244	45,794	(81,450)
Intergovernmental	1,231,179	1,231,179	806,212	(424,967)
Charges for services	31,000	31,000	30,000	(1,000)
Miscellaneous	<u>100,094</u>	<u>100,094</u>	<u>196,757</u>	<u>96,663</u>
Total revenues	<u>3,028,263</u>	<u>3,028,263</u>	<u>2,755,079</u>	<u>(273,184)</u>
EXPENDITURES				
Current				
General government	4,978,844	5,046,302	1,905,894	(3,140,408)
Public safety/911	740,858	741,808	619,067	(122,741)
Culture and recreation	35,800	35,800	38,872	3,072
Miscellaneous	-	-	15,695	15,695
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>98</u>	<u>4,902</u>
Total expenditures	<u>5,760,502</u>	<u>5,828,910</u>	<u>2,579,626</u>	<u>(3,239,480)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,732,239)</u>	<u>(2,800,647)</u>	<u>175,453</u>	<u>2,966,296</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	115,064	115,064
Transfers out	<u>-</u>	<u>-</u>	<u>(24,702)</u>	<u>(24,702)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>90,362</u>	<u>90,362</u>
Net change in fund balance	<u>(2,732,239)</u>	<u>(2,800,647)</u>	<u>265,815</u>	<u>3,056,658</u>
FUND BALANCE, JANUARY 1	<u>586,510</u>	<u>586,510</u>	<u>586,510</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u>\$ (2,145,729)</u>	<u>\$ (2,214,137)</u>	<u>\$ 852,325</u>	<u>\$ 3,056,658</u>

EMMONS COUNTY
BUDGETARY COMPARISON SCHEDULE – FEDERAL AID FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Taxes	\$ 207,010	\$ 207,010	\$ 192,025	\$ (14,985)
Special assessments	-	-	187	187
Licenses, permits and fees	54,430	54,430	-	(54,430)
Intergovernmental	51,590	51,590	65,674	14,084
Charges for services	640	640	614	(26)
Miscellaneous	<u>700</u>	<u>700</u>	<u>736</u>	<u>36</u>
Total revenues	<u>314,370</u>	<u>314,370</u>	<u>259,236</u>	<u>(55,134)</u>
EXPENDITURES				
Current				
Highways and public improvements	<u>302,000</u>	<u>302,000</u>	<u>83,299</u>	<u>(218,701)</u>
Total expenditures	<u>302,000</u>	<u>302,000</u>	<u>83,299</u>	<u>(218,701)</u>
Excess (deficiency) of revenues over expenditures	<u>12,370</u>	<u>12,370</u>	<u>175,937</u>	<u>163,567</u>
FUND BALANCE, JANUARY 1	<u>132,565</u>	<u>132,565</u>	<u>132,565</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	\$ <u><u>144,935</u></u>	\$ <u><u>144,935</u></u>	\$ <u><u>308,502</u></u>	\$ <u><u>163,567</u></u>

EMMONS COUNTY
BUDGETARY COMPARISON SCHEDULE – COUNTY ROAD & BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Taxes	\$ 330,634	\$ 330,634	\$ 326,651	\$ (3,983)
Licenses, permits and fees	1,000	1,000	1,032	32
Intergovernmental	89,700	89,700	114,765	25,065
Charges for services	896	896	982	86
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,332</u>	<u>1,332</u>
Total revenues	<u>422,230</u>	<u>422,230</u>	<u>444,762</u>	<u>22,532</u>
EXPENDITURES				
Current				
Highways and public improvements	941,593	941,593	129,299	(812,294)
Debt principal	-	-	349,950	349,950
Debt interest and fees	<u>414,890</u>	<u>414,890</u>	<u>75,457</u>	<u>(339,433)</u>
Total expenditures	<u>1,356,483</u>	<u>1,356,483</u>	<u>554,706</u>	<u>(801,777)</u>
Excess (deficiency) of revenues over expenditures	<u>(934,253)</u>	<u>(934,253)</u>	<u>(109,944)</u>	<u>824,309</u>
FUND BALANCE, JANUARY 1	<u>1,222,937</u>	<u>1,222,937</u>	<u>1,222,937</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	\$ <u><u>288,684</u></u>	\$ <u><u>288,684</u></u>	\$ <u><u>1,112,993</u></u>	\$ <u><u>824,309</u></u>

EMMONS COUNTY
BUDGETARY COMPARISON SCHEDULE – ROAD DISTRICTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Taxes	\$ 617,289	\$ 617,289	\$ 663,085	\$ 45,796
Licenses, permits and fees	-	-	505	505
Intergovernmental	244,595	244,595	299,470	54,875
Charges for services	2,304	2,304	2,304	-
Miscellaneous	<u>21,900</u>	<u>21,900</u>	<u>84,356</u>	<u>62,456</u>
Total revenues	<u>886,088</u>	<u>886,088</u>	<u>1,049,720</u>	<u>163,632</u>
EXPENDITURES				
Current				
Highways and public improvements	<u>2,818,600</u>	<u>2,818,600</u>	<u>1,339,691</u>	<u>(1,478,909)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,932,512)</u>	<u>(1,932,512)</u>	<u>(289,971)</u>	<u>1,642,541</u>
FUND BALANCE, JANUARY 1	<u>746,198</u>	<u>746,198</u>	<u>746,198</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ (1,186,314)</u></u>	<u><u>\$ (1,186,314)</u></u>	<u><u>\$ 456,227</u></u>	<u><u>\$ 1,642,541</u></u>

EMMONS COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT BUDGET POLICIES

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

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

NOTE 2 – PENSIONS AND OPEB

Changes of Assumptions

Main System

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.

EMMONS COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

Changes of Benefit Terms

Main System

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 who 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.

NOTE 3 – LEGAL COMPLIANCE – BUDGETS

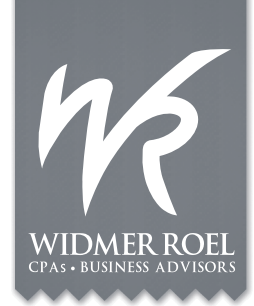
The board of County Commissioners amended the County budget for 2023:

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Amended Budget</u>
Fund			
General	\$ 5,760,502	\$ 68,408	\$ 5,828,910
ER Site	-	3,231	3,231
Emergency	582,795	34,928	617,723

NOTE 4 – BUDGET TO ACTUAL RECONCILIATION

Expenditures and loan proceeds are not included in the budgetary comparison schedule expenditures and other uses or sources, but are included in the combined statement of revenues, expenditures, and changes in fund balance. The reconciliation is provided below:

	<u>Combined Statement</u>	<u>Adjustment</u>	<u>Budget to Actual</u>
County Road and Bridge			
Expenditures	\$ 1,154,314	\$ (599,608)	\$ 554,706
Loan proceeds	599,608	(599,608)	-



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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 AUDITORS REPORT

County Commission
Emmons County
Linton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Emmons County**, as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise **Emmons County's** basic financial statements and have issued our report thereon dated December 26, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses as items 2022-001 and 2023-02 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Emmons 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Emmons County's Response to Findings

Emmons County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. **Emmons County's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "William Rowe". The signature is fluid and cursive, with a large initial "W" and a stylized "R".

Fargo, North Dakota
December 26, 2024

EMMONS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s 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 weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no
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SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PRESENTATION

Condition

Widmer Roel assists Emmons County with preparation of its financial statements and related disclosures in accordance with generally accepted accounting principles (GAAP).

Criteria

According to the Committee of Sponsoring Organizations (COSO) elements of internal control, an organization’s internal control should include the capability of preparing financial statements in accordance with (GAAP).

Cause

The County has determined it is more cost-effective to allocate its limited resources to areas other than preparation of financial statements and instead engage its third-party auditor to assist in this process.

Effect

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

Recommendation

We recommend management carefully review the County’s financial statements and note disclosures and allocate adequate time to understand the purpose and source of all material financial statement amounts and disclosures. We recommend management continue to prepare all requested supporting schedules, understanding their importance to the financial statements.

EMMONS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Views of Responsible Officials

Emmons county will continue to have a third-party audit. We will carefully review the draft financial statements and discuss any questions with the outside auditor.

2023-002 (MATERIAL WEAKNESS) – MATERIAL AUDIT ADJUSTMENTS

Condition

During testing of beginning fund balances, it was noted that the County did not record the prior year proposed audit adjustments and some of the current year transactions were posted directly to fund balance.

Criteria

According to the Committee of Sponsoring Organizations (COSO) elements of internal control, an organization's internal control should require the County's journal entries to be properly recording transactions to be balanced by fund.

Cause

The County did not make the prior year proposed audit entries.

Effect

The financial statements are susceptible to misstatements due to error or fraud.

Recommendation

We recommend management carefully review the County's financial statements and note disclosures and be able to understand the purpose and source of all material financial statement amounts and disclosures. We also recommend management to adjust their books to the proposed audit adjustments.

Views of Responsible Officials

Emmons County will carefully review the draft financial statements and discuss any questions with the outside auditor. Emmons County will continue to have a third party audit.