



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Morton County

Mandan, North Dakota

Audit Report for the Year Ended December 31, 2023

*Client Code: PS30000*



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Office of the  
State Auditor

# MORTON COUNTY

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For the Year Ended December 31, 2023

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# MORTON COUNTY

County Officials  
December 31, 2023

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## COUNTY OFFICIALS

Nathan Boehm  
Jackie Buckley  
Ron Leingang  
Andy Zachmeier  
Raymond Morrell

Dawn Rhone  
Kari Hatzenbuhler  
Allan Koppy  
Kyle Kirchmeier  
Nancy Seefeldt  
Mike Heilman

Commissioner – Chairman  
Commissioner – Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Auditor  
Treasurer  
States Attorney  
Sheriff  
County Recorder  
Superintendent of Schools

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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## INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Morton County  
Mandan, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinion*

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

#### **Emphasis of Matter**

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

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morton 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 GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with GAAS and GAS, 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 Morton 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 Morton County's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

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

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

***Supplementary Information***

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

**Other Reporting Required by Government Auditing Standards**

In accordance with GAS, we have also issued our report dated October 2, 2024 on our consideration of Morton 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 Morton County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering Morton County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
October 2, 2024

**MORTON COUNTY**  
Statement of Net Position  
December 31, 2023

	Primary	Component Units	
	Government	Morton Co. Water	Lower Heart Water
	Governmental	Resource District	Resource District
	Activities		
<b>ASSETS</b>			
Cash and Investments	\$ 27,027,888	\$ 3,303,634	\$ 117,396
Restricted Cash & Investments	5,809,773	-	-
Accounts Receivable	181,275	175,858	-
Intergovernmental Receivable	923,586	398,600	128,824
Prepaid Expense	35,512	-	-
Taxes Receivable	219,842	2,586	6,073
Special Assessments Receivable	1,093,272	801	-
Inventory	1,309,485	-	-
Capital Assets, Net	81,926,906	19,370,903	3,405,501
<b>Total Assets</b>	<b>\$ 118,527,539</b>	<b>\$ 23,252,382</b>	<b>\$ 3,657,794</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Derived from Pensions & OPEB	\$ 9,025,893	\$ -	\$ -
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 127,553,432</b>	<b>\$ 23,252,382</b>	<b>\$ 3,657,794</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 2,638,792	\$ 1,078,404	\$ 17,259
Salaries and Benefits Payable	718,599	8,444	-
Grants received in advance	1,989,817	-	-
Retainage Payable	-	139,906	-
Interest Payable	46,030	44,889	1,961
Other Liability	44,424	-	-
Long-Term Liabilities			
Due Within One Year			
Long Term Debt	1,239,150	130,406	13,100
Compensated Absences Payable	116,072	25,055	-
Due After One Year			
Long Term Debt	7,932,319	2,708,879	91,700
Compensated Absences Payable	1,044,651	58,463	-
Net Pension & OPEB Liability	12,192,554	-	-
<b>Total Liabilities</b>	<b>\$ 27,962,408</b>	<b>\$ 4,194,446</b>	<b>\$ 124,020</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received in Advance	\$ 3,011,650	\$ -	\$ -
Derived from Pensions & OPEB	9,926,592	-	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 12,938,242</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 40,900,650</b>	<b>\$ 4,194,446</b>	<b>\$ 124,020</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 72,755,437	\$ 16,486,729	\$ 3,298,740
Restricted			
Debt Service	7,076,428	-	-
Capital Projects	431,078	-	-
Highways & Public Improvement	3,286,115	-	-
Culture and Recreation	203,101	-	-
Conservation of Natural Resources	360,270	-	235,034
Emergencies	512,646	-	-
Economic Development	28,173	-	-
Dam Maintenance	-	9,864	-
Unrestricted	(619,436)	2,561,343	-
<b>Total Net Position</b>	<b>\$ 86,652,782</b>	<b>\$ 19,057,936</b>	<b>\$ 3,533,774</b>

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

**MORTON COUNTY**  
Statement of Activities  
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Govt	Component Units	
					Governmental Activities	Morton Co. WRD	Lower Heart WRD
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 4,130,203	\$ 594,157	\$ 883	\$ -	\$ (3,535,163)	\$ -	\$ -
Public Safety	9,491,604	1,197,253	65,519	-	(8,228,832)	-	-
Highways & Public Improvement	10,351,068	46,853	840,637	3,406,560	(6,057,018)	-	-
Health and Welfare	4,363,415	25,106	3,907,619	-	(430,690)	-	-
Culture and Recreation	695,546	157,167	81,138	-	(457,241)	-	-
Conserv. of Natural Resources	635,443	26,081	-	-	(609,362)	-	-
Economic Development	128,481	24,808	-	-	(103,673)	-	-
Interest on Long-term Debt	227,906	-	-	-	(227,906)	-	-
<b>Total Governmental Activities</b>	<b>\$ 30,023,666</b>	<b>\$ 2,071,425</b>	<b>\$ 4,895,796</b>	<b>\$ 3,406,560</b>	<b>\$ (19,649,885)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Component Units</b>							
Morton Co. Water Resource	\$ 3,135,352	\$ 2,396,263	\$ 2,728	\$ 923,952	\$ (299,957)	\$ 187,591	\$ -
Lower Heart Water Resource	137,738	-	-	219,967	-	-	81,429
<b>Total Component Units</b>	<b>\$ 3,273,090</b>	<b>\$ 2,396,263</b>	<b>\$ 2,728</b>	<b>\$ 1,143,919</b>	<b>\$ (299,957)</b>	<b>\$ 187,591</b>	<b>\$ 81,429</b>
<b>General Revenues</b>							
Property taxes					\$ 11,822,576	\$ 158,254	\$ 321,375
Sales taxes					2,343,445	-	-
Unrestricted State Revenue					11,942,326	-	-
Interest Earnings					-	3,842	1,231
Earnings on Investments					1,064,451	-	-
Gain (Loss) on Sale of Capital Asset					232,400	-	-
Miscellaneous					804,166	2,173	21,755
<b>Total General Revenues</b>					<b>\$ 28,134,279</b>	<b>\$ 164,269</b>	<b>\$ 344,361</b>
<b>Change in Net Position</b>					<b>\$ 8,484,394</b>	<b>\$ 351,860</b>	<b>\$ 425,790</b>
<b>Net Position - January 1</b>					<b>\$ 75,587,056</b>	<b>\$ 18,706,076</b>	<b>\$ 3,107,984</b>
<b>Prior Period Adjustment</b>					<b>\$ 2,581,332</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position - January 1, as adjusted</b>					<b>\$ 78,168,388</b>	<b>\$ 18,706,076</b>	<b>\$ 3,107,984</b>
<b>Net Position - December 31</b>					<b>\$ 86,652,782</b>	<b>\$ 19,057,936</b>	<b>\$ 3,533,774</b>

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



# MORTON COUNTY

## Balance Sheet – Governmental Funds

December 31, 2023

	Major Funds				Total Governmental Funds
	General	Special Revenue Fund	Debt Service Fund	Other Governmental Fund	
<b>ASSETS</b>					
Cash & Investments	\$ 10,559,659	\$ 16,098,835	\$ 260,902	\$ 108,492	\$ 27,027,888
Restricted Cash & Investments	-	-	5,809,773	-	5,809,773
Accounts Receivable	147,198	34,077	-	-	181,275
Intergovernmental Receivables	178,615	422,385	-	322,586	923,586
Interfund Loan Receivable	-	281,000	-	-	281,000
Prepaid Expense	26,539	8,973	-	-	35,512
Taxes Receivable	155,269	64,573	-	-	219,842
Special Assessment Receivable	-	-	1,093,272	-	1,093,272
Inventory	-	1,309,485	-	-	1,309,485
<b>Total Assets</b>	<b>\$ 11,067,280</b>	<b>\$ 18,219,328</b>	<b>\$ 7,163,947</b>	<b>\$ 431,078</b>	<b>\$ 36,881,633</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 771,946	\$ 1,866,846	\$ -	\$ -	\$ 2,638,792
Salaries and Benefits Payable	609,237	109,362	-	-	718,599
Interfund Loan Payable	-	281,000	-	-	281,000
Other Liabilities	-	44,424	-	-	44,424
Grants received in advance	-	1,989,817	-	-	1,989,817
<b>Total Liabilities</b>	<b>\$ 1,381,183</b>	<b>\$ 4,291,449</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,672,632</b>
<b>Deferred Inflows of Resources:</b>					
Taxes Receivable	\$ 155,269	\$ 64,573	\$ -	\$ -	\$ 219,842
Special Assessment Receivable	-	-	1,093,272	-	1,093,272
Taxes Received in Advance	2,145,046	825,115	41,489	-	3,011,650
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,300,315</b>	<b>\$ 889,688</b>	<b>\$ 1,134,761</b>	<b>\$ -</b>	<b>\$ 4,324,764</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 3,681,498</b>	<b>\$ 5,181,137</b>	<b>\$ 1,134,761</b>	<b>\$ -</b>	<b>\$ 9,997,396</b>
<b>FUND BALANCE</b>					
<b>Non-Spendable</b>					
Prepaid Expense	\$ 26,539	\$ 8,973	\$ -	\$ -	\$ 35,512
Loans Payable	-	281,000	-	-	281,000
Inventory	-	-	-	-	-
<b>Restricted</b>					
Debt Service	-	-	6,029,186	-	6,029,186
General Government	-	510,970	-	-	510,970
Public Safety	-	1,576,502	-	-	1,576,502
Highways & Public Improvement	-	8,499,239	-	-	8,499,239
Emergency	-	512,646	-	-	512,646
Health and Welfare	-	684,388	-	-	684,388
Culture and Recreation	-	494,612	-	-	494,612
Conservation of Natural Resources	-	443,602	-	-	443,602
Economic Development	-	26,259	-	-	26,259
Capital Projects	-	-	-	431,078	431,078
<b>Unassigned</b>					
General Fund	7,359,243	-	-	-	7,359,243
<b>Total Fund Balances</b>	<b>\$ 7,385,782</b>	<b>\$ 13,038,191</b>	<b>\$ 6,029,186</b>	<b>\$ 431,078</b>	<b>\$ 26,884,237</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,067,280</b>	<b>\$ 18,219,328</b>	<b>\$ 7,163,947</b>	<b>\$ 431,078</b>	<b>\$ 36,881,633</b>

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

# MORTON COUNTY

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

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<b>Total Fund Balances for Governmental Funds</b>		<b>\$ 26,884,237</b>
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		81,926,906
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		
Taxes Receivable	\$ 219,842	
Special Assessments Receivable	<u>1,093,272</u>	1,313,114
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Related to Pensions & OPEB Items	\$ 9,025,893	
Deferred Inflows Related to Pensions & OPEB Items	<u>(9,926,592)</u>	(900,699)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long- term, are reported in the statement of net position.		
Long-Term Debt	\$ (8,469,808)	
Interest Payable	(46,030)	
Compensated Absences	(1,160,723)	
Net Pension & OPEB Liability	<u>(12,192,554)</u>	<u>(22,570,776)</u>
<b>Total Net Position of Governmental Activities</b>		<b><u><u>\$ 86,652,782</u></u></b>

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

# MORTON COUNTY

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

	Major Funds				Total Governmental Funds
	General	Special Revenue Fund	Debt Service Fund	Other Governmental Fund	
<b>REVENUES</b>					
Property Taxes	\$ 8,431,568	\$ 3,341,667	\$ -	\$ -	\$ 11,773,235
Sales Taxes	-	-	2,343,445	-	2,343,445
Special Assessments	-	-	260,486	-	260,486
Intergovernmental Revenues	2,978,952	16,514,643	1,881	578,691	20,074,167
Charges for Services	511,256	1,451,339	-	-	1,962,595
Licenses, Permits, & Fees	69,139	39,691	-	-	108,830
Interest Income	1,064,451	-	-	-	1,064,451
Miscellaneous Revenues	508,587	70,871	224,542	-	804,000
<b>Total Revenues</b>	<b>\$ 13,563,953</b>	<b>\$ 21,418,211</b>	<b>\$ 2,830,354</b>	<b>\$ 578,691</b>	<b>\$ 38,391,209</b>
<b>EXPENDITURES</b>					
Current					
General Government	\$ 4,320,919	\$ 191,110	\$ -	\$ 711	\$ 4,512,740
Public Safety	7,516,494	1,005,057	-	-	8,521,551
Highways & Public Improvements	-	11,703,310	-	-	11,703,310
Health and Welfare	-	4,101,450	-	-	4,101,450
Culture and Recreation	-	684,437	-	-	684,437
Conserv. of Natural Resources	110,850	497,998	-	-	608,848
Economic Development	-	128,481	-	-	128,481
Capital Outlay	-	70,476	-	851,852	922,328
Debt Service					
Principal	-	113,196	1,226,356	-	1,339,552
Interest and Service Charge	-	29,613	198,077	-	227,690
<b>Total Expenditures</b>	<b>\$ 11,948,263</b>	<b>\$ 18,525,128</b>	<b>\$ 1,424,433</b>	<b>\$ 852,563</b>	<b>\$ 32,750,387</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,615,690	\$ 2,893,083	\$ 1,405,921	\$ (273,872)	\$ 5,640,822
<b>OTHER FINANCING SOURCES (USES)</b>					
Unrealized Loss on Investments	\$ (75,085)	\$ -	\$ -	\$ -	\$ (75,085)
Transfers In	508	7,940,242	234,361	40,000	8,215,111
Transfers Out	(463,842)	(7,516,908)	(234,361)	-	(8,215,111)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (538,419)</b>	<b>\$ 423,334</b>	<b>\$ -</b>	<b>\$ 40,000</b>	<b>\$ (75,085)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,077,271</b>	<b>\$ 3,316,417</b>	<b>\$ 1,405,921</b>	<b>\$ (233,872)</b>	<b>\$ 5,565,737</b>
Fund Balance - January 1	\$ 6,308,511	\$ 8,581,408	\$ 4,623,265	\$ 664,950	\$ 20,178,134
Prior Period Adjustment	\$ -	\$ 1,140,366	\$ -	\$ -	\$ 1,140,366
Fund Balance - Jan. 1, as Restated	\$ 6,308,511	\$ 9,721,774	\$ 4,623,265	\$ 664,950	\$ 21,318,500
Fund Balance - December 31	<u>\$ 7,385,782</u>	<u>\$ 13,038,191</u>	<u>\$ 6,029,186</u>	<u>\$ 431,078</u>	<u>\$ 26,884,237</u>

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

## MORTON COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2023

**Net Change in Fund Balances - Total Governmental Funds** **\$ 5,565,737**

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

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

Capital Outlay	\$ 6,323,838	
Depreciation Expense	(3,992,639)	
Amortization of Intangible Assets	<u>(24,712)</u>	2,306,487

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. 232,400

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 Payable	\$ 74,044	
Net Change in Interest Payable	<u>5,954</u>	79,998

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

Net Amortization of Bond Discount	\$ (6,170)	
Repayment of Long-Term Debt	<u>1,339,552</u>	1,333,382

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

Net Change Net Pension & OPEB Liability	\$ 5,624,962	
Net Change in Deferred Outflows of Resources	(3,815,422)	
Net Change in Deferred Inflows of Resources	<u>(2,802,517)</u>	(992,977)

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	\$ 49,341	
Net Change in Special Assessment Receivable	<u>(89,974)</u>	<u>(40,633)</u>

**Change in Net Position of Governmental Activities** **\$ 8,484,394**

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

**MORTON COUNTY**

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

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,129,820
<b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b>	
Liabilities	
Funds Held for Other Governmental Units	\$ 35,879
Funds Held for Other Purposes	<u>560</u>
Total Liabilities	<u>\$ 36,439</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 12,093,381</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 12,129,820</u>
Total Net Position	<u>\$ -</u>

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

**MORTON COUNTY**

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

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	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Tax Collections for Other Governments	\$ 42,306,706
Grant Collections for Other Governments	2,058,686
Miscellaneous Collections	<u>9,118</u>
Total Additions	<u>\$ 44,374,510</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 42,306,706
Grant Disbursements to Other Governments	2,058,686
Miscellaneous Disbursements	<u>9,118</u>
Total Deductions	<u>\$ 44,374,510</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u>\$ -</u>

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

# MORTON COUNTY

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

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## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Reporting Entity

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

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

### Component Units

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

Blended Component Units: Although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government.

*Morton County Building Authority* - The Board of County Commissioners serves as the governing board for the Building Authority. The County Commissioners approve the budget, levy the tax, and approve or disapprove all expenditures. The Building Authority has the authority to issue its own debt.

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

*Morton County Water Resource District* - The members of the governing board are appointed and can be removed from office by the County Commissioners for just cause. The County Commission can approve, disapprove or amend the district’s annual budget. The district has the authority to issue debt.

*Lower Heart Water Resource District* - The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The County Commission can approve, disapprove or amend the district’s annual budget. The district has the authority to issue debt.

Component Unit Financial Statements: The financial statements of each of the discretely presented component units are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

## MORTON COUNTY

### Notes to the Financial Statements – Continued

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#### **Basis of Presentation**

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

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

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

The County reports the following major governmental funds:

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

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

Debt Service Fund – This fund accounts for the costs of paying off the County's bond obligations. The major sources of revenues are special assessments.

Additionally, the County reports the following fund type:

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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



**MORTON COUNTY**

Notes to the Financial Statements – Continued

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

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

**Cash and Investments**

Cash include amounts in demand deposits, money market accounts and short-term certificates of deposit. Cash includes certificates of deposit with maturities of 3 months or less.

The investments consist of an investment in an investment pool stated at market value, and certificates of deposit with maturities of greater than 3 months.

**Inventories**

Inventories are value using the first in first out (FIFO) method. The coast of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**Capital Assets**

**Primary Government**

Capital assets, which include property, plant, equipment, intangible, and infrastructure assets, are reported in the governmental activities’ column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized. Intangible assets consist of software and right-of-way easements. The right-of-way easements are considered to have an indefinite useful life as there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the assets and therefore the assets are not amortized.

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

<b>ASSETS</b>	<b>YEARS</b>
<b>Depreciated</b>	
Infrastructure	50
Buildings	50
Machinery & Equipment	5
Vehicles	5
Equipment	5
<b>Amortized</b>	
Software	20

**Discretely Presented Component Units**

*Morton County Water Resource District*

Capital assets include property, plant, and equipment. Assets are reported in the individual component unit column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500. Such assets are recorded at historical cost or estimated historical cost if purchased

**MORTON COUNTY**

Notes to the Financial Statements – Continued

or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized. Intangible assets are amortized over their useful life and consist of water rights purchased from the City of Mandan.

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

ASSETS	YEARS
<b>Depreciated</b>	
Buildings	40
Infrastructure	40
Machinery	5 - 15
Vehicles	3 - 5
Office Equipment	3 - 5

*Lower Heart Water Resource District*

Capital assets include property, plant, and equipment. Assets are reported in the individual component unit column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

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

ASSETS	YEARS
Buildings	50
Vehicles	15
Improvements and Infrastructure	50
Machinery and Equipment	5 - 25

**Compensated Absences**

Employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Vacation benefits are prorated for part time employees. Upon termination of employment, employees will be paid for vacation benefits that have accrued. Sick leave benefits accrue to one working day per month for all permanent employees with unlimited accumulation. Upon retirement or leaving employment with the County (after ten years of continuous employment) employees shall be paid for unused sick leave at 25% of current base salary. In accordance with provisions of Statement of Financial Accounting Standards No. 43, Accounting for compensated absences, no liability is recorded for non-vesting accumulating rights for sick leave benefits. Vested or accumulated vacation and sick leave is reported in government-wide statement of net position. Vacation is earned at a rate of 8 - 16 hours per month, depending on years of service.

**Long-Term Obligations**

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

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

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public

## **MORTON COUNTY**

### Notes to the Financial Statements – Continued

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Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Other Post-Employment Benefits (OPEB)**

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

#### **Fund Balances**

*Minimum Fund Balance Policy.* The County established an 8% general fund carryover balance target to help with financial stability. The 8% fund balance range is a part of the County's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county.

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

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

*Non-Spendable Fund Balance.* Non-spendable fund balance exists in the special revenue fund for interfund loans receivable.

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

#### **Net Position**

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

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

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

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

#### **Interfund Transactions**

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

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

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

**MORTON COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Net Position of Morton County as of January 1, 2023 has been restated to adjust the opening balance for special assessment receivables, inventory, and compensated absences as follows:

<b>Governmental Activities</b>	<b>Amounts</b>
<b>Beginning Net Position, as Previously Reported</b>	\$ 75,587,056
Adjustments to restate the January 1, 2023 Net Position	
Inventory	1,140,366
Compensated Absences Payable	1,214,608
Special Assessment Recievable	226,358
<b>Net Position January 1, as restated</b>	<b>\$ 78,168,388</b>

Fund Balance for the Special Revenue fund of Morton County as of January 1, 2023 has been restated to adjust the opening balance for inventory as follows:

<b>Special Revenue Funds</b>	<b>Amounts</b>
<b>Beginning Fund Balance, as Previously Reported</b>	\$ 8,581,408
Adjustments to restate the January 1, 2023 Fund Balance	
Inventory	1,140,366
<b>Net Position January 1, as restated</b>	<b>\$ 9,721,774</b>

**NOTE 3 DEPOSITS**

**Custodial Credit Risk**

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

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

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

At year ended December 31, 2023, the County's carrying amount of deposits totaled \$44,948,699, and the bank balances totaled \$42,883,081. Of the bank balances \$22,255,992 was covered by Federal Depository Insurance, \$5,809,775 were held at the Bank of North Dakota, which is backed by the full faith of the State of North Dakota, while the remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, Morton County Water District's carrying amount of deposits totaled \$3,303,546, and the bank balances totaled \$3,345,60. Of the bank balances, \$1,480,308 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

**MORTON COUNTY**

Notes to the Financial Statements – Continued

At year ended December 31, 2023, Lower Heart Water District’s carrying amount of deposits totaled \$117,396 and bank balances totaled \$117,672, all of which was covered by Federal Depository Insurance.

**NOTE 4 INVESTMENTS**

As of December 31, 2023, the County had the following investments:

Investment Type	Total Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Brokered CD	\$ 4,189,915	\$ 236,587	\$ 3,953,328	\$ -	\$ -
Total Investments	\$ 4,189,915	\$ 236,587	\$ 3,953,328	\$ -	\$ -

As authorized in North Dakota Statutes, idle funds may be invested as follows:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
4. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions.
5. State and local securities:
  - a. Any security that is a general obligation of any state or local government with taxing powers and is rated in the highest three categories by a nationally recognized rating agency.
  - b. An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency.
  - c. Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency.
  - d. Obligations of this state and general obligations of its political subdivisions.
6. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rate. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy that specifically addresses credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The County does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

**Fair Value Measurement**

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The fair value leveling of the County's investment portfolio were as of December 31, 2023.

The Level 1 securities are valued using the quoted prices in active markets for identical assets. Level 2 and Level 3 securities are valued based on methodologies such as bid evaluations, market averages, and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

The following table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2023:

<b>Assets</b>	<b>Quoted Prices in Active Markets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Other Unobservable Inputs Level 2</b>	<b>Total</b>
Brokered CD	\$ -	\$ 4,189,915	\$ -	\$ 4,189,915
Total	\$ -	\$ 4,189,915	\$ -	\$ 4,189,916

**NOTE 5 RESTRICTED CASH AND INVESTMENTS**

**Primary Government**

The County reports restricted cash and investments with fiscal agent in the Debt Service Fund. This amount is held in a trust account at the Bank of North Dakota and is restricted in use for costs related to the bond payments for the County Jail Construction totaling \$5,426,109. The County has an additional escrow account held at the Bank of North Dakota that is restricted for costs related to the bond payments for the County Jail Construction totaling \$383,663.

**NOTE 6 PROPERTY TAXES**

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

**MORTON COUNTY**

Notes to the Financial Statements – Continued

**NOTE 7 INTERFUND RECEIVABLES/PAYABLES**

Interfund loans receivable and payable total \$281,000. The following table represents the amounts of loans receivable and loans payable by fund reported in the balance sheet:

	Due To	Due From
Special Revenue Fund		
Berube Apartment Building	\$ -	\$ 281,000
Equipment Replacement	281,000	-
<b>Total</b>	<b>\$ 281,000</b>	<b>\$ 281,000</b>

**NOTE 8 CAPITAL ASSETS**

**Primary Government**

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

	Restated Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated or Amortized					
Land	\$ 1,751,559	\$ -	\$ -	\$ -	\$ 1,751,559
Right of Ways	549,727	-	-	-	549,727
<b>Total Capital Assets, Not Being Depreciated or Amortized</b>	<b>\$ 2,301,286</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,301,286</b>
Capital Assets Being Depreciated					
Buildings	\$ 30,880,374	\$ -	\$ -	\$ -	\$ 30,880,374
Vehicles & Equipment	15,045,288	1,542,880	783,461	-	15,804,707
Improvements	225,246	803,669	-	-	1,028,915
Infrastructure	113,029,536	4,209,570	229,962	-	117,009,144
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 159,180,444</b>	<b>\$ 6,556,119</b>	<b>\$ 1,013,423</b>	<b>\$ -</b>	<b>\$ 164,723,140</b>
Less Accumulated Depreciation					
Buildings	\$ 9,089,372	\$ 617,608	\$ -	\$ -	\$ 9,706,980
Vehicles & Equipment	12,539,623	1,288,557	783,461	-	13,044,719
Improvements	130,156	75,098	-	-	205,254
Infrastructure	60,366,753	2,012,991	165,039	-	62,214,705
<b>Total Accumulated Depreciation</b>	<b>\$ 82,125,904</b>	<b>\$ 3,994,254</b>	<b>\$ 948,500</b>	<b>\$ -</b>	<b>\$ 85,171,658</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 77,054,540</b>	<b>\$ 2,561,865</b>	<b>\$ 64,923</b>	<b>\$ -</b>	<b>\$ 79,551,482</b>
Capital Assets, Being Amortized					
Software	\$ 247,121	\$ -	\$ -	\$ -	\$ 247,121
Less Amortization					
Software	\$ 148,271	\$ 24,712	\$ -	\$ -	\$ 172,983
<b>Capital Assets Being Amortized, Net</b>	<b>\$ 98,850</b>	<b>\$ (24,712)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 74,138</b>
<b>Capital Assets, Net</b>	<b>\$ 79,454,676</b>	<b>\$ 2,537,153</b>	<b>\$ 64,923</b>	<b>\$ -</b>	<b>\$ 81,926,906</b>

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

	Depreciation	Amortization
General Government	\$ 235,220	\$ 24,712
Public Safety	673,796	-
Highway and Bridges	3,018,856	-
Health and Welfare	33,594	-
Conservation of Natural Resources	4,200	-
Culture and Recreation	28,588	-
<b>Total</b>	<b>\$ 3,994,254</b>	<b>\$ 24,712</b>

**MORTON COUNTY**

Notes to the Financial Statements – Continued

**Discretely Presented Component Units**

*Morton County Water Resource District*

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

<b>Governmental Activities</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital Assets Not Being Depreciated or Amortized					
Land	\$ 1,051,788	\$ -	\$ -	\$ -	\$ 1,051,788
<b>Total Capital Assets, Not Being Depreciated or Amortized</b>	<b>\$ 1,051,788</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,051,788</b>
Capital Assets Being Depreciated					
Buildings	\$ 267,172	\$ 8,571	\$ -	\$ -	\$ 275,743
Vehicles & Equipment	160,404	-	-	-	160,404
Infrastructure	8,085,517	-	-	-	8,085,517
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 8,513,093</b>	<b>\$ 8,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,521,664</b>
Less Accumulated Depreciation					
Buildings	\$ 112,163	\$ 12,314	\$ -	\$ -	\$ 124,477
Vehicles & Equipment	101,782	13,492	-	-	115,274
Infrastructure	2,341,723	185,998	-	-	2,527,721
<b>Total Accumulated Depreciation</b>	<b>\$ 2,555,668</b>	<b>\$ 211,804</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,767,472</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 5,957,425</b>	<b>\$ (203,233)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,754,192</b>
<b>Capital Assets, Net</b>	<b>\$ 7,009,213</b>	<b>\$ (203,233)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,805,980</b>

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

<b>Business-Type Activities</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital Assets Not Being Depreciated or Amortized					
Land	\$ 253,034	\$ -	\$ -	\$ -	\$ 253,034
Construction in Progress	-	1,128,626	-	-	1,128,626
<b>Total Capital Assets, Not Being Depreciated or Amortized</b>	<b>\$ 253,034</b>	<b>\$ 1,128,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,381,660</b>
Capital Assets Being Depreciated					
Buildings	\$ 1,101,337	\$ -	\$ -	\$ -	\$ 1,101,337
Vehicles & Equipment	553,817	-	-	-	553,817
Infrastructure	17,963,019	-	-	-	17,963,019
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 19,618,173</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,618,173</b>
Less Accumulated Depreciation					
Buildings	\$ 43,571	\$ 36,711	\$ -	\$ -	\$ 80,282
Vehicles & Equipment	539,000	14,818	-	-	553,818
Infrastructure	7,851,885	359,260	-	-	8,211,145
<b>Total Accumulated Depreciation</b>	<b>\$ 8,434,456</b>	<b>\$ 410,789</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,845,245</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 11,183,717</b>	<b>\$ (410,789)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,772,928</b>
Capital Assets, Being Amortized					
Intangible Assets	\$ 1,371,300	\$ -	\$ -	\$ -	\$ 1,371,300
Less Amortization					
Intangible Assets	\$ 929,401	\$ 31,564	\$ -	\$ -	\$ 960,965
<b>Capital Assets Being Amortized, Net</b>	<b>\$ 441,899</b>	<b>\$ (31,564)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 410,335</b>
<b>Capital Assets, Net</b>	<b>\$ 11,878,650</b>	<b>\$ 686,273</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,564,923</b>

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



**MORTON COUNTY**

## Notes to the Financial Statements – Continued

*Lower Heart Water Resource District*

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

	<b>Restated Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
Capital Assets Not Being Depreciated					
Land	\$ 507,468	\$ -	\$ -	\$ -	\$ 507,468
Construction in Progress	2,355,051	385,551	-	-	2,740,602
<b>Total Capital Assets, Not Being Depreciated</b>	<b>\$ 2,862,519</b>	<b>\$ 385,551</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,248,070</b>
Capital Assets Being Depreciated					
Buildings	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Machinery & Equipment	347,785	-	-	-	347,785
Improvements to Infrastructure	158,335	-	-	-	158,335
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 526,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 526,120</b>
Less Accumulated Depreciation					
Buildings	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Machinery & Equipment	312,069	11,286	-	-	323,355
Improvements to Infrastructure	22,167	3,167	-	-	25,334
<b>Total Accumulated Depreciation</b>	<b>\$ 354,236</b>	<b>\$ 14,453</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 368,689</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 171,884</b>	<b>\$ (14,453)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 157,431</b>
<b>Capital Assets, Net</b>	<b>\$ 3,034,403</b>	<b>\$ 371,098</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,405,501</b>

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

**NOTE 9 LONG-TERM LIABILITIES****Primary Government**

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

	<b>Restated Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
<b>Long-Term Debt</b>					
Bonds Payable	\$ 8,574,750	\$ -	\$ 1,001,859	\$ 7,572,891	\$ 997,140
Bond Discount	(61,672)	-	(6,167)	(55,505)	(6,167)
Loans Payable	1,176,917	-	224,496	952,422	131,038
Notes Payable	814,857	-	113,196	701,661	117,139
<b>Total Long-Term Debt</b>	<b>\$ 10,504,852</b>	<b>\$ -</b>	<b>\$ 1,333,384</b>	<b>\$ 9,171,469</b>	<b>\$ 1,239,150</b>
Compensated Absences	\$ 1,234,767	\$ 934,611	\$ 1,008,656	\$ 1,160,722	\$ 116,072
Net Pension & OPEB Liability *	17,817,516	-	5,624,962	12,192,554	-
<b>Total Governmental Activities</b>	<b>\$ 29,557,135</b>	<b>\$ 934,611</b>	<b>\$ 7,967,002</b>	<b>\$22,524,745</b>	<b>\$ 1,355,222</b>

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

**MORTON COUNTY**

Notes to the Financial Statements – Continued

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

GOVERNMENTAL ACTIVITIES							
Year Ending Dec 31	Bonds Payable		Loans Payable		Notes Payable		Bond Discount
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 997,141	\$ 159,029	\$ 131,038	\$ 37,603	\$ 117,139	\$ 25,670	\$ 6,167
2025	1,126,250	137,383	118,830	36,549	464,859	14,847	6,167
2026	633,750	118,992	122,682	28,804	119,663	5,336	6,167
2027	643,500	109,485	131,784	39,331	-	-	6,167
2028	654,750	98,546	89,167	18,054	-	-	6,167
2029-2033	3,517,500	248,084	282,928	53,425	-	-	24,670
2034-2038	-	-	75,993	11,314	-	-	-
Totals	\$ 7,572,891	\$ 871,519	\$ 952,422	\$ 225,080	\$ 701,661	\$ 45,853	\$ 55,505

**Discretely Presented Component Units**

*Morton County Water Resource District*

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

Government Activities	Balance Jan 1	Increases	Decreases	Balance December 31	Due Within One Year
<b>Long-Term Debt</b>					
Loans Payable	\$ 34,971	\$ -	\$ 11,124	\$ 23,847	\$ 11,691

Business-Type Activities	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
<b>Long-Term Debt</b>					
Bonds Payable	\$ 2,163,928	\$ -	\$ 96,357	\$ 2,067,571	\$ 99,623
Loans Payable	590,000	172,868	15,000	747,868	19,093
Total Long-Term Debt	\$ 2,753,928	\$ 172,868	\$ 111,357	\$ 2,815,439	\$ 118,716
Compensated Absences *	\$ 61,090	\$ 65,085	\$ 42,658	\$ 83,518	\$ 25,055
Total Long-Term Liabilities	\$ 2,815,018	\$ 237,953	\$ 154,015	\$ 2,898,957	\$ 143,771

\* The change in Compensated Absence is shown as a net change.

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

**MORTON COUNTY**

Notes to the Financial Statements – Continued

Year Ending Dec 31	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES			
	Loans Payable		Bonds Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 11,691	\$ 1,169	\$ 99,624	\$ 70,208	\$ 19,093	\$ 11,105
2025	12,155	706	103,001	66,830	20,115	10,819
2026	-	-	106,493	63,339	20,115	10,517
2027	-	-	110,103	59,729	20,114	10,216
2028	-	-	113,835	55,997	25,114	9,876
2029-2033	-	-	1,534,516	84,347	125,572	43,732
2034-2038	-	-	-	-	125,572	34,314
2039-2043	-	-	-	-	148,981	24,270
2044-2048	-	-	-	-	159,096	9,427
2049-2053	-	-	-	-	84,096	1,534
Total	\$ 23,846	\$ 1,875	\$ 2,067,572	\$ 400,450	\$ 747,868	\$ 165,810

Through the end of 2023, \$507,000 has been authorized for Missouri West Water System for a State Revolving Fund loan. Through the end of 2023, the Missouri West Water System had drawn down \$172,868 of the available \$507,000. The unused portion of the loan at the end of 2023 for the Water System was \$334,132.

*Lower Heart Water Resource District*

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

Government Activities	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Loans Payable	\$ 117,900	\$ -	\$ 13,100	\$ 104,800	\$ 13,100
Total Long-Term Debt	\$ 117,900	\$ -	\$ 13,100	\$ 104,800	\$ 13,100

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

Year Ending Dec 31	Loans Payable	
	Principal	Interest
2024	\$ 13,100.00	\$ 2,353.00
2025	13,100.00	2,353.00
2026	13,100.00	2,353.00
2027	13,100.00	2,353.00
2028	13,100.00	2,353.00
2029-2033	39,300.00	7,060.00
Total	\$ 104,800.00	\$ 18,825.00

**NOTE 10 PENSION PLAN**

**General Information about the NDPERS Pension Plan**

***North Dakota Public Employees Retirement System (Main & Law Enforcement System)***

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

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

## **MORTON COUNTY**

### Notes to the Financial Statements – Continued

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

#### **Pension Benefits**

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

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

#### Law Enforcement System (Without prior main system service)

Benefits are set by statute. The Law Enforcement System has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members first enrolled in the plan after December 31, 2019 the multiplier was reduced from 2.0% to 1.75%. The plan permits early retirement at ages 50-55 with three or more years of service.

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

#### **Death and Disability Benefits**

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

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

**MORTON COUNTY**

Notes to the Financial Statements – Continued

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

Main System

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

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

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

Law Enforcement System (Without prior main system service)

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 5.5% and employer contributions rates are 7.93% 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 of \$11,470,789 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 County's proportion of the net pension liability was based on the County's share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The County had the following proportions and change in proportions at June 30, 2023 and reported the following pension expense for the year ended December 31, 2023:

	<b>Proportion of Net Pension Liability</b>	<b>Change in Proportions</b>	<b>Pension Expense</b>
Main System	0.580148%	0.021576%	\$ 1,020,498
Law Enforcement without Main System	15.240124%	0.780470%	340,004

**MORTON COUNTY**

Notes to the Financial Statements – Continued

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

<b>Main System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 364,164	\$ 61,694
Changes of Assumptions	6,168,487	8,491,003
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	293,519	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	420,117	14,908
District Contributions Subsequent to the Measurement Date	278,153	-
<b>Total Main System</b>	<b>\$ 7,524,440</b>	<b>\$ 8,567,605</b>

<b>Law Enforcement System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 119,183	\$ 40,749
Changes of Assumptions	926,075	1,203,162
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	69,648	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	12,619	-
District Contributions Subsequent to the Measurement Date	79,433	35,813
<b>Total Law Enforcement System</b>	<b>\$ 1,206,958</b>	<b>\$ 1,279,724</b>

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

Main System	\$ 278,153
Law Enforcement	79,433

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

<b>Year</b>	<b>Main System</b>	<b>Law Enforcement</b>	<b>Total</b>
2024	146,727	4,463	151,190
2025	(1,166,566)	(73,448)	(1,240,014)
2026	296,858	(24,557)	272,301
2027	(598,337)	(42,604)	(640,941)
2028	-	(16,053)	(16,053)
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	3.5% to 17.75% including inflation
Investment Rate of Return	6.50%, Net of Investment Expenses
Cost-of-Living Adjustments	None

**MORTON COUNTY**

Notes to the Financial Statements – Continued

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

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

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

**Discount Rate**

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

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

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

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

<b>Proportionate Share of the Net Pension Liability</b>	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Main System	\$ 15,423,796	\$ 11,186,717	\$ 7,671,732
Law Enforcement	886,148	284,072	(192,946)

**MORTON COUNTY**

Notes to the Financial Statements – Continued

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**Pension Plan Fiduciary Net Position**

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

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

***North Dakota Public Employees Retirement System***

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

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

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

**OPEB Benefits**

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

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

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



**MORTON COUNTY**

Notes to the Financial Statements – Continued

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

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

	<b>Net OPEB Liability</b>
Main System	\$ 721,765

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

	<b>Proportion of Net OPEB Liability</b>	<b>Change in Proportions</b>	<b>OPEB Expense</b>
Main System	0.721945%	0.040922%	\$ 142,982

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

<b>Main System</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 13,579	\$ 8,260
Changes of Assumptions	153,936	59,771
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	52,131	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	34,221	11,232
District Contributions Subsequent to the Measurement Date	40,628	-
<b>Total Main System</b>	<b>\$ 294,495</b>	<b>\$ 79,263</b>

\$40,628 for the main system was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

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

<b>Year</b>	<b>Main System</b>
2024	60,351
2025	52,943
2026	77,935
2027	(16,625)
2028	-

**MORTON COUNTY**

Notes to the Financial Statements – Continued

**Actuarial Assumptions**

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

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

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

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

**Discount Rate**

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

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

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Main System	\$ 948,576	\$ 721,765	\$ 530,818

**MORTON COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 12 TRANSFERS**

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

	<b>Transfers In</b>	<b>Transfers Out</b>
Major Funds		
General Fund	\$ 508	\$ 463,842
Special Revenue Fund	7,940,242	7,516,908
Debt Service Fund	234,361	234,361
Non-Major Funds		
Capital Project Fund	40,000	-
Total Transfers	\$ 8,215,111	\$ 8,215,111

Transfers are primarily used to move funds between road and bridge and highway funds for construction costs and equipment purchases. The remaining transfers are for various purposes.

**NOTE 13 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Morton County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of four million dollars per occurrence for automobile and general liability. Mobile equipment and portable property (public assets) coverage is limited to \$7,752,426 for the County.

Morton County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Morton 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 Morton County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. Missouri West Water System has \$258,623 of coverage for the employees. Lower Heart WRD has \$250,346 of coverage. The State Bonding Fund does not currently charge any premium for this coverage. Morton County has workers compensation with the North Dakota Workforce, Safety and Insurance.

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

**NOTE 14 JOINT VENTURE**

**Primary Government**

Morton County entered into an agreement with Grant, Mercer, Oliver and Sioux Counties for the operation of the Western Plains Public Health. Each participating county's share of the cost of operations and board member appointments is determined by the property tax valuation of each county.

Summary financial information for the year ended December 31, 2022, the most current year audited is as follows:

**MORTON COUNTY**

Notes to the Financial Statements – Continued

Assets and Deferred Outflows	\$ 4,298,467
Liabilities and Deferred Inflows	4,910,667
Net Position	\$ (612,200)
Revenues	\$ 3,717,121
Expenses	3,780,577
Change in Net Position	\$ (63,456)

Detailed financial information for the Health Unit can be obtained from the Western Plains Public Health, Mandan, North Dakota.

**NOTE 15 CONDUIT DEBT**

From time to time, the County has issued Municipal Industrial Development (MIDA) Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds and loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At December 31, 2023, there were two outstanding issuances with a balance of \$2,566,283 at December 31, 2023.

**NOTE 16 CONSTRUCTION COMMITMENTS**

Morton County has no open construction commitments as of December 31, 2023.

Lower Heart Water Resource District had open constructions commitment as of December 31, 2023 as follows:

Project	Amended Contract	Complete	Retainage	Balance to Finish
Lower Heart River Flood Risk Design Phase 2	\$ 2,358,862	\$ 2,112,388	-	\$ 246,474
Total	\$ 2,358,862	\$ 2,112,388	\$ -	\$ 246,474

**NOTE 17 CONTINGENT LIABILITIES**

The County is a defendant in various lawsuits incident to its operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the financial condition of the County.

**NOTE 18 INVENTORIES**

Morton County had the following inventory amounts at December 31, 2023:

Gravel Pits	\$ 1,309,458
Total Inventory	<u>\$ 1,309,458</u>

**MORTON COUNTY**

## Budgetary Comparison Schedule - General Fund

December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 8,278,793	\$ 8,278,793	\$ 8,431,568	\$ 152,775
Licenses, Permits and Fees	43,500	43,500	69,139	25,639
Intergovernmental	2,689,830	2,689,830	2,978,952	289,122
Charges for Services	424,460	424,460	511,256	86,796
Interest Income	2,000	2,000	1,064,451	1,062,451
Miscellaneous	383,496	383,496	508,587	125,091
<b>Total Revenues</b>	<b>\$ 11,822,079</b>	<b>\$ 11,822,079</b>	<b>\$ 13,563,953</b>	<b>\$ 1,741,874</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 4,204,754	\$ 4,204,754	\$ 4,320,919	\$ (116,165)
Public Safety	8,151,622	8,151,622	7,516,494	635,128
Conserv. & Econ Dev	111,300	111,300	110,850	450
<b>Total Expenditures</b>	<b>\$ 12,467,676</b>	<b>\$ 12,467,676</b>	<b>\$ 11,948,263</b>	<b>\$ 408,563</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (645,597)	\$ (645,597)	\$ 1,615,690	\$ 2,150,437
<b>OTHER FINANCING SOURCES (USES)</b>				
Unrealized Loss on Investments	\$ -	\$ -	\$ (75,085)	\$ (75,085)
Transfers In	-	-	508	508
Transfers Out	(463,842)	(463,842)	(463,842)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (463,842)</b>	<b>\$ (463,842)</b>	<b>\$ (538,419)</b>	<b>\$ (74,577)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,109,439)</b>	<b>\$ (1,109,439)</b>	<b>\$ 1,077,271</b>	<b>\$ 2,150,945</b>
Fund Balance - January 1	\$ 3,731,557	\$ 507,968	\$ 6,308,511	\$ (2,576,954)
Fund Balance - December 31	<u>\$ 2,622,118</u>	<u>\$ (601,471)</u>	<u>\$ 7,385,782</u>	<u>\$ (426,009)</u>

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

**MORTON COUNTY**

## Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 3,281,722	\$ 3,281,722	\$ 3,341,667	\$ 59,945
Licenses, Permits, & Fees	20,000	20,000	39,691	19,691
Charges for Services	1,220,000	1,220,000	1,451,339	231,339
Intergovernmental	39,218,452	39,218,452	16,514,643	(22,703,809)
Miscellaneous	94,500	94,500	70,871	(23,629)
Total Revenues	<u>\$ 43,834,674</u>	<u>\$ 43,834,674</u>	<u>\$ 21,418,211</u>	<u>\$ (22,416,463)</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 212,300	\$ 229,767	\$ 191,110	\$ 38,657
Public Safety	897,835	906,085	1,005,057	(98,972)
Highways & Public Improve.	10,796,880	11,997,741	11,703,310	294,431
Health and Welfare	4,221,713	4,221,713	4,101,450	120,263
Culture and Recreation	729,964	729,964	684,437	45,527
Conser. Of Natural Resources	573,714	573,714	497,998	75,716
Economic Development	128,481	128,481	128,481	-
Capital Outlay	295,000	295,000	70,476	224,524
Debt Service:				
Principal	-	-	113,196	(113,196)
Interest and Service Charge	-	-	29,613	(29,613)
Total Expenditures	<u>\$ 17,855,887</u>	<u>\$ 19,082,465</u>	<u>\$ 18,525,128</u>	<u>\$ 557,337</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,978,787</u>	<u>\$ 24,752,209</u>	<u>\$ 2,893,083</u>	<u>\$ (21,859,126)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	7,940,242	7,940,242	7,940,242	-
Transfers Out	(3,516,400)	(3,516,400)	(7,516,908)	(4,000,508)
Total Other Financing Sources (Uses)	<u>\$ 4,423,842</u>	<u>\$ 4,423,842</u>	<u>\$ 423,334</u>	<u>\$ (4,000,508)</u>
Net Change in Fund Balances	<u>\$ 30,402,629</u>	<u>\$ 29,176,051</u>	<u>\$ 3,316,417</u>	<u>\$ (25,859,634)</u>
Fund Balance - January 1	<u>\$ 8,581,408</u>	<u>\$ 8,581,408</u>	<u>\$ 8,581,408</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 38,984,037</u>	<u>\$ 37,757,459</u>	<u>\$ 11,897,825</u>	<u>\$ (25,859,634)</u>

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

**MORTON COUNTY**

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

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

<b>Main System - Pension</b>	<b>Proportion of the net pension liability (asset)</b>	<b>Proportionate share of the net pension liability (asset)</b>	<b>Covered-employee payroll</b>	<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2023	0.580148%	\$ 11,186,717	\$ 7,094,459	157.68%	65.31%
2022	0.558572%	16,087,246	6,484,104	248.10%	54.47%
2021	0.555479%	5,789,761	6,290,189	92.04%	78.26%
2020	0.551166%	17,339,800	6,080,026	285.19%	48.91%
2019	0.557895%	6,538,933	5,803,060	112.68%	71.66%
2018	0.558938%	9,432,688	5,742,063	164.27%	62.80%
2017	0.582935%	9,369,679	5,950,848	157.45%	61.98%
2016	0.549545%	5,355,852	5,538,116	96.71%	70.46%
2015	0.583700%	3,969,060	5,200,057	76.33%	77.15%

<b>Law Enforcement System - Pension</b>	<b>Proportion of the net pension liability (asset)</b>	<b>Proportionate share of the net pension liability (asset)</b>	<b>Covered-employee payroll</b>	<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2023	15.240124%	284,072	2,270,134	12.51%	91.63%
2022	14.459654%	912,832	2,023,713	45.11%	73.17%
2021	17.376302%	(385,680)	1,928,254	-20.00%	115.21%
2020	16.628695%	1,061,672	1,800,009	58.98%	65.83%
2019	16.259949%	(74,816)	1,591,802	-4.70%	104.84%
2018	27.973321%	271,421	1,709,406	15.88%	89.76%
2017	29.203088%	285,852	1,722,041	16.60%	87.23%
2016	47.562790%	30,465	2,023,713	1.51%	98.17%
2015	46.434907%	(54,345)	1,753,650	-3.10%	104.37%

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

**MORTON COUNTY**

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

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

<b>Main System - Pension</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered-employee payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>
2023	\$ 548,979	\$ (548,290)	\$ 689	\$ 7,364,610	7.44%
2022	488,364	(479,387)	8,977	6,818,455	7.03%
2021	463,874	(459,430)	4,444	6,429,893	7.15%
2020	430,519	(436,757)	(6,238)	6,586,463	6.63%
2019	422,495	(462,612)	(40,117)	5,803,060	7.97%
2018	422,928	(414,582)	8,346	5,742,063	7.22%
2017	431,509	(377,856)	53,653	5,950,848	6.35%
2016	400,951	(439,794)	(38,843)	5,538,116	7.94%
2015	394,986	(374,863)	20,123	5,200,057	7.60%

<b>Law Enforcement System - Pension</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered-employee payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>
2023	\$ 172,203	\$ (172,203)	\$ 0	\$ 2,171,536	7.93%
2022	149,087	(159,320)	(10,233)	2,021,699	7.88%
2021	155,802	(151,570)	4,232	1,967,702	7.70%
2020	162,581	(141,088)	21,493	1,896,082	7.44%
2019	108,991	(139,995)	(31,004)	1,591,802	8.79%
2018	131,922	(134,018)	(2,096)	1,709,406	7.84%
2017	145,242	(168,921)	(23,679)	1,722,041	9.81%
2016	176,774	(183,681)	(6,907)	2,023,713	9.08%
2015	143,678	(146,640)	(2,962)	1,753,650	8.19%

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



**MORTON COUNTY**

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

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

<b>Main System - OPEB</b>	<b>Proportion of the net OPEB liability (asset)</b>	<b>Proportionate share of the net OPEB liability (asset)</b>	<b>Covered-employee payroll</b>	<b>Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>
2023	0.721945%	\$ 721,765	\$ 7,256,862	9.95%	62.74%
2022	0.681023%	817,438	7,030,917	11.63%	56.28%
2021	0.666168%	370,505	7,262,949	5.10%	76.63%
2020	0.635148%	534,285	7,240,502	7.38%	63.38%
2019	0.662707%	532,278	7,394,862	7.20%	63.13%
2018	0.680987%	536,324	7,451,469	7.20%	61.89%

<b>Main System - OPEB</b>	<b>Statutory required contribution</b>	<b>Contributions in relation to the statutory required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered-employee payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>
2023	\$ 84,093	\$ (84,092)	\$ 1	7,376,568	-1.14%
2022	85,574	(84,344)	1,230	6,818,455	-1.24%
2021	87,339	(86,375)	964	6,429,893	-1.34%
2020	85,061	(86,666)	(1,605)	7,240,502	-1.20%
2019	86,003	(94,218)	(8,215)	7,394,862	-1.27%
2018	87,402	(85,646)	1,756	7,451,469	-1.15%

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

## **MORTON COUNTY**

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

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### **NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **Budgetary Information**

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

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

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

### **NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB**

#### **Pension**

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

#### **OPEB**

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

**MORTON COUNTY**

Notes to the Required Supplementary Information - Continued

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

**Pension**

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

**OPEB**

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

**NOTE 5: LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

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

	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
Special Revenue Fund	\$ 21,372,287	\$ 1,226,578	\$ 22,598,865

**MORTON COUNTY**

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

Federal ALN Number	Program Title	Pass-Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through the State Department of Human Services			
93.563	Child Support Enforcement	N/A	\$ 393
93.778	Medical Assistance Program	N/A	<u>37</u>
Total U.S. Department of Health and Human Services			<u>\$ 430</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the State Department of Emergency Services			
97.042	Emergency Management Performance Grants	EMPG2021, EMPG2022, EMPG2023	\$ 68,156
97.067	Homeland Security Grant Program	N/A	<u>100,800</u>
Total U.S. Department of Homeland Security			<u>\$ 168,956</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through the State Department of Labor			
17.225	Unemployment Insurance (UI)	N/A	<u>\$ 1,300</u>
Total U.S. Department of Labor			<u>\$ 1,300</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed Through the State Department of Transportation			
20.600	State and Community Highway Safety	PHSPOP2005, PHSPID2010, PHSPDD2011	\$ 4,993
20.616	National Priority Safety Programs	PHSPOP2005, PHSPID2010, PHSPDD2011	<u>3,285</u>
Total U.S. Department of Transportation			<u>\$ 8,278</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed Through the State Department of the Treasurer:			
21.027	Coronavirus State and Local Fiscal Recovery Funds	N/A	<u>\$ 3,410,511</u>
Total U.S. Department of the Treasury Pass-Through Programs			<u>\$ 3,410,511</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,589,475</u></u>

See notes to the Schedule of Expenditures of Federal Awards

## **MORTON COUNTY**

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

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### **NOTE 1 BASIS OF PRESENTATION / ACCOUNTING**

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

### **NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

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

### **NOTE 3 PASS-THROUGH GRANT NUMBER**

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

### **NOTE 4 INDIRECT COST RATE**

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

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

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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***

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Independent Auditor's Report

Board of County Commissioners  
Morton County  
Mandan, 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 Morton County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Morton County's basic financial statements, and have issued our report thereon dated October 2, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**MORTON COUNTY**

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

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**Report on Compliance and Other Matters**

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

**Morton County's Response to Findings**

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

**Purpose of this Report**

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
October 2, 2024

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

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OFFICE OF THE STATE AUDITOR  
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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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### Independent Auditor's Report

Board of County Commissioners  
Morton County  
Mandan, North Dakota

#### **Report on Compliance for Each Major Federal Program**

##### **Opinion on Each Major Federal Program**

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

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

##### **Basis for Opinion on Each Major Federal Program**

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

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

##### **Responsibilities of Management for Compliance**

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



## MORTON COUNTY

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

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#### Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we

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

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

#### Report on Internal Control Over Compliance

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

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

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

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
October 2, 2024

**MORTON COUNTY**  
 Summary of Auditor's Results  
 For the Year Ended December 31, 2023

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**Financial Statements**

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

**Internal control over financial reporting**

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

**Federal Awards**

Internal Control Over Major Programs

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

**Identification of Major Programs**

ALN Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

**MORTON COUNTY**

Schedule of Audit Findings

For the Year Ended December 31, 2023

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**SECTION I – FINANCIAL STATEMENT FINDINGS**

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**2023-001 – MATERIAL AUDIT ADJUSTMENTS – COUNTY AND LOWER HEART WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

**Condition**

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

**Effect**

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

**Cause**

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

**Criteria**

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

**Repeat Finding**

No.

**Recommendation**

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

**Morton County's Response**

See Corrective Action Plan.

**SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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No matters were reported.



# Morton County

STATE OF NORTH DAKOTA  
OFFICE OF COUNTY AUDITOR

Dawn R Rhone, CPA  
County Auditor

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**Date:** September 19, 2024  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Dawn Rhone, County Auditor  
**RE:** Morton County – FY2023 Management's Response

**Contact Person Responsible for Corrective Acton Plan: Dawn Rhone, County Auditor**

**Section I – Financial Statement Findings:**

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**2023-001 – MATERIAL AUDIT ADJUSTMENTS – COUNTY AND LOWER HEART WATER RESOURCE DISTRICT – MATERIAL WEAKNESS**

**Condition:**

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

**Management's Response:**

We Agree. We will review the adjustments needed for presentation in the financial statements.

**Anticipated Completion Date:**

FY 2024



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

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