



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Pembina County

Cavalier, North Dakota

Audit Report for the Year Ended December 31, 2023

*Client Code: PS34000*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# PEMBINA COUNTY

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For the Years Ended December 31, 2023

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# PEMBINA COUNTY

County Officials  
December 31, 2023

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## COUNTY OFFICIALS

At December 31, 2023

Jim Benjaminson	Chairperson
Andrew Cull	Vice-Chairperson
Laverne Doyle	Commissioner
Blaine W. Papenfuss	Commissioner
Darin Otto	Commissioner
Linda Schlittenhard	Auditor/Treasurer/Supt. Of Schools
Melissa Morden	Clerk of Court/Recorder
Terry Meidinger	Sheriff
Garret Fontaine	State's Attorney
Lisa Keney	Tax Director
Samantha Weeks	E-911/IT/GIS Coordinator
Revel Sapa	Veterans Services Officer/Human Resources Director
Jill Denault	Human Service Zone Director
Rachel Ramsay	Public Health Administrator
Kari Helgoe	County Extension Agent

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  
Pembina County  
Cavalier, North Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pembina 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 Pembina County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pembina 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 Pembina 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 Pembina County's basic financial statements. The *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures of federal awards* and *notes to the schedule of expenditures of federal awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025 on our consideration of Pembina 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 Pembina County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pembina County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
January 23, 2025

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

	Primary	Component Units	
	Government	Water	Job
	Governmental	Resource	Development
	Activities	District	Authority
<b>ASSETS</b>			
Cash and Investments	\$ 8,265,165	\$ 3,011,173	\$ 151,149
Intergovernmental Receivable	256,455	627,115	-
Accounts Receivable	41,030	-	-
Special Assessments Receivable	-	36,412	-
Road Accounts Receivable	49,772	-	-
Taxes Receivable	62,910	5,016	4,574
Loans Receivable	-	-	465,656
Capital Assets			
Nondepreciable	4,900	3,915,119	-
Depreciable, Net	14,025,321	14,308,132	-
<b>Total Assets</b>	<b>\$ 22,705,553</b>	<b>\$ 21,902,967</b>	<b>\$ 621,379</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions & OPEB	\$ 3,308,475	\$ 79,123	\$ -
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 26,014,028</b>	<b>\$ 21,982,090</b>	<b>\$ 621,379</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 155,073	\$ -	\$ -
Salaries Payable	31,080	6,161	-
Interest Payable	-	73,686	-
Grants Received in Advance	1,159,827	-	-
Retainage Payable	-	35,177	-
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	-	1,508,141	-
Compensated Absences Payable	15,628	760	-
Due After One Year			
Long-Term Debt	-	4,418,598	-
Compensated Absences Payable	140,652	6,842	-
Net Pension and OPEB Liability	4,635,491	110,984	-
<b>Total Liabilities</b>	<b>\$ 6,137,751</b>	<b>\$ 6,160,349</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received in Advance	\$ 788,422	\$ -	\$ -
Pensions & OPEB	3,590,931	85,975	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 10,517,104</b>	<b>\$ 6,246,324</b>	<b>\$ -</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 14,030,221	\$ 12,187,649	\$ -
Restricted			
Emergencies	669,446	-	-
Economic Development	-	-	155,723
Loans	-	-	465,656
General Government	8,641	-	-
Unrestricted	(2,336,276)	3,548,117	-
<b>Total Net Position</b>	<b>\$ 15,496,924</b>	<b>\$ 15,735,766</b>	<b>\$ 621,379</b>

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

**PEMBINA 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	Component Units	
					Governmental Activities	Water Resource District	Job Development Authority
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ 3,255,643	\$ 148,176	\$ -	\$ -	\$ (3,107,467)		
Public Safety	2,042,333	384,205	151,409	-	(1,506,719)		
Health and Welfare	683,279	309,897	123,690	-	(249,692)		
Economic Development	23,297	-	-	-	(23,297)		
Highways	2,099,563	134,196	3,648,341	-	1,682,974		
Flood Repair	1,698,005	-	1,914,621	-	216,616		
Conserv. of Natural Resources	380,843	19,009	46,652	-	(315,182)		
Emergency	11,237	-	-	-	(11,237)		
<b>Total Primary Government</b>	<b>\$ 10,194,200</b>	<b>\$ 995,483</b>	<b>\$ 5,884,713</b>	<b>\$ -</b>	<b>\$ (3,314,004)</b>		
<b>Component Units</b>							
Water Resource District	\$ 3,658,718	\$ 1,961,638	\$ 1,648,795	\$ 2,680,975		\$ 2,632,690	\$ -
Job Development Authority	292,759	883	-	-		-	(291,876)
<b>Total Component Units</b>	<b>\$ 3,951,477</b>	<b>\$ 1,962,521</b>	<b>\$ 1,648,795</b>	<b>\$ 2,680,975</b>		<b>\$ 2,632,690</b>	<b>\$ (291,876)</b>
<b>General Revenues</b>							
Property Taxes					\$ 3,321,353	\$ 270,997	\$ 256,928
Nonrestricted Grants and Contributions					1,274,988	11,613	11,511
Unrestricted Investment Earnings					144,903	105,023	-
Net Gain on Sale of Capital Assets					3,667	-	-
Miscellaneous Revenue					404,932	151,339	-
<b>Total General Revenues</b>					<b>\$ 5,149,843</b>	<b>\$ 538,972</b>	<b>\$ 268,439</b>
<b>Change in Net Position</b>					<b>\$ 1,835,839</b>	<b>\$ 3,171,662</b>	<b>\$ (23,437)</b>
<b>Net Position - January 1</b>					<b>\$ 13,661,085</b>	<b>\$ 12,114,282</b>	<b>\$ 599,224</b>
<b>Prior Period Adjustment</b>					<b>\$ -</b>	<b>\$ 449,822</b>	<b>\$ 45,592</b>
<b>Net Position - January 1, as restated</b>					<b>\$ 13,661,085</b>	<b>\$ 12,564,104</b>	<b>\$ 644,816</b>
<b>Net Position - December 31</b>					<b>\$ 15,496,924</b>	<b>\$ 15,735,766</b>	<b>\$ 621,379</b>

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



**PEMBINA COUNTY**

Balance Sheet – Governmental Funds

December 31, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 1,644,688	\$ 6,620,477	\$ 8,265,165
Intergovernmental Receivable	124,199	132,256	256,455
Accounts Receivable	30,507	10,523	41,030
Road Receivable	-	49,772	49,772
Taxes Receivable	44,532	18,378	62,910
<b>Total Assets</b>	<b>\$ 1,843,926</b>	<b>\$ 6,831,406</b>	<b>\$ 8,675,332</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 55,585	\$ 99,488	\$ 155,073
Salaries Payable	793	30,287	31,080
Grants Received in Advance	-	1,159,827	1,159,827
<b>Total Liabilities</b>	<b>\$ 56,378</b>	<b>\$ 1,289,602</b>	<b>\$ 1,345,980</b>
<b>Deferred Inflows of Resources</b>			
Road Receivable	\$ -	\$ 49,772	\$ 49,772
Taxes Receivable	44,532	18,378	62,910
Taxes Received in Advance	604,614	183,808	788,422
<b>Total Deferred Inflows of Resources</b>	<b>\$ 649,146</b>	<b>\$ 251,958</b>	<b>\$ 901,104</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 705,524</b>	<b>\$ 1,541,560</b>	<b>\$ 2,247,084</b>
<b>Fund Balances</b>			
<b>Restricted</b>			
Highways and Bridges	\$ -	\$ 4,039,027	\$ 4,039,027
Health and Welfare	-	267,155	267,155
Public Safety	-	156,455	156,455
Conservation of Natural Resources	-	149,414	149,414
Emergencies	-	669,154	669,154
General Government	-	8,641	8,641
Unassigned	1,138,402	-	1,138,402
<b>Total Fund Balances</b>	<b>\$ 1,138,402</b>	<b>\$ 5,289,846</b>	<b>\$ 6,428,248</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,843,926</b>	<b>\$ 6,831,406</b>	<b>\$ 8,675,332</b>

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

**PEMBINA 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 of Governmental Funds</b>		\$ 6,428,248
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		14,030,221
Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.		
Property Taxes Receivable	\$ 62,910	
Road Accounts Receivable	<u>49,772</u>	112,682
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred Outflows Derived From Pensions and OPEB	\$ 3,308,475	
Deferred Inflows Derived From Pensions and OPEB	<u>(3,590,931)</u>	(282,456)
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.		
Compensated Absences Payable	\$ (156,280)	
Net Pension and OPEB Liability	<u>(4,635,491)</u>	<u>(4,791,771)</u>
<b>Net Position of Governmental Activities</b>		<u>\$ 15,496,924</u>

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

**PEMBINA COUNTY**

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

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,383,155	\$ 935,046	\$ 3,318,201
Intergovernmental	1,098,512	6,061,189	7,159,701
Charges for Services	614,237	354,150	968,387
Licenses, Permits and Fees	3,475	-	3,475
Interest Income	144,903	-	144,903
Miscellaneous	278,121	126,811	404,932
<b>Total Revenues</b>	<b>\$ 4,522,403</b>	<b>\$ 7,477,196</b>	<b>\$ 11,999,599</b>
<b>EXPENDITURES</b>			
Current			
General Government	\$ 3,091,251	\$ 141,790	\$ 3,233,041
Public Safety	1,883,504	47,422	1,930,926
Health and Welfare	406,323	269,043	675,366
Economic Development	23,297	-	23,297
Highways	-	1,702,072	1,702,072
Flood Repair	-	1,698,005	1,698,005
Conserv. of Natural Resources	-	377,036	377,036
Emergency	-	11,237	11,237
Capital Outlay	-	12,390	12,390
<b>Total Expenditures</b>	<b>\$ 5,404,375</b>	<b>\$ 4,258,995</b>	<b>\$ 9,663,370</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (881,972)	\$ 3,218,201	\$ 2,336,229
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$ 165,103	\$ 90,000	\$ 255,103
Sale of Capital Assets	-	-	-
Transfers Out	(225,083)	(30,020)	(255,103)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (59,980)</b>	<b>\$ 59,980</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (941,952)</b>	<b>\$ 3,278,181</b>	<b>\$ 2,336,229</b>
Fund Balances - January 1	\$ 2,080,354	\$ 2,011,665	\$ 4,092,019
Fund Balances - December 31	\$ 1,138,402	\$ 5,289,846	\$ 6,428,248

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

## PEMBINA 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

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**Net Change in Fund Balances - Total Governmental Funds** \$ 2,336,229

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	\$ 218,027	
Depreciation Expense	<u>(673,362)</u>	(455,335)

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

Gain on Sale of Capital Assets		3,667
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences		5,814
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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	\$ 3,152	
Net Change in Road Accounts Receivable	<u>23,621</u>	26,773

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

Net Change in Net Pension and OPEB Liability	\$ 1,761,404	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(1,012,088)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>(830,625)</u>	<u>(81,309)</u>

**Change in Net Position of Governmental Activities** \$ 1,835,839

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

**PEMBINA 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	<u>\$ 3,040,028</u>
<b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b>	
Liabilities	
Funds Due to Other Governmental Units	<u>\$ 435,553</u>
Total Liabilities	<u>\$ 435,553</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 2,589,139</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,024,692</u>
<b>NET POSITION</b>	
Restricted	
Funds Held for Other Purposes	<u>\$ 15,336</u>
Total Net Position	<u>\$ 15,336</u>

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

**PEMBINA 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	\$ 16,050,701
Clerk of Court Collections	199,443
Intergovernmental Collections for Other Governments	1,356,191
Miscellaneous Collections	<u>78,853</u>
Total Additions	<u>\$ 17,685,188</u>
<b>DEDUCTIONS</b>	
Tax Disbursements to Other Governments	\$ 16,036,190
Clerk of Court Disbursements	199,443
Intergovernmental Disbursements to Other Governments	1,356,191
Miscellaneous Disbursements	<u>78,028</u>
Total Deductions	<u>\$ 17,669,852</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 15,336</u>
Net Position - Beginning	<u>\$ -</u>
Net Position - Ending	<u>\$ 15,336</u>

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

# PEMBINA 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 Pembina 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.

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

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

Pembina County Job Development Authority ("Job Development Authority") - The County's governing board appoints a voting majority of the members of the Job Development Authority. The County's governing body has the authority to approve or modify the Job Development Authority's operational and capital budgets. The County also must approve the tax levy established by the Job Development Authority.

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the basic financial statements. Complete financial statements of the individual component units can be obtained from the County Auditor (Office of Finance and Administration), Pembina County, 310 Dakota St W, Cavalier, ND 58220.

### 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

## PEMBINA COUNTY

### Notes to the Financial Statements – Continued

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paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

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

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

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

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

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

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

### Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

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



**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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**Capital Assets**

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives (amounts in years):

<b>Assets</b>	<b>County</b>	<b>Water Resource District</b>
Buildings	40	-
Machinery & Equipment	5-15	5-7
Vehicles	3-10	-
Office Equipment	3-5	-
Infrastructure	40	20

**Compensated Absences**

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end. Upon termination vacation benefits that have accrued through the last day of work will be paid. A liability for the vested or accumulated vacation leave is reported in the statement of net position.

Sick leave benefits are earned at the rate of one day per month regardless of the years of service. An unlimited number of sick leave hours may be carried over at each year-end. Sick leave benefits are not paid out upon termination.

**Long-Term Obligations**

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

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

**Pension**

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

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

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

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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**Fund Balances**

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

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

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

**Net Position**

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

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

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

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

**Interfund Transactions**

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

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

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

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Net Position of the Job Development Authority as of January 1, 2023 has been restated for adjustments to loans receivable as shown below. The results of the adjustments increased Net Position for the Job Development Authority.

<b>Job Development Authority</b>	<b>Amounts</b>
Beginning Net Position, as Previously Reported	\$ 599,224
Prior Period Adjustments	
Loans Receivable	45,592
Net Position, January 1, Restated	\$ 644,816

Net Position of the Water Resource District as of January 1, 2023 has been restated for adjustments to capital assets as shown below. The results of the adjustments increased Net Position for the Water Resource District.

<b>Water Resource District</b>	<b>Amounts</b>
Beginning Net Position, as Previously Reported	\$ 12,114,282
Prior Period Adjustments	
Capital Assets, Net	449,822
Net Position, January 1, Restated	\$ 12,564,104

**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 \$10,721,944 and the bank balances totaled \$10,026,649. Of the bank balances, \$1,000,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2023, the Water Resource District's carrying amount of deposits totaled \$3,011,173, and the bank balances totaled \$3,017,685. Of the bank balances, \$281,020 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.

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

**NOTE 4 PROPERTY TAXES**

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

**NOTE 5 CAPITAL ASSETS**

**Primary Government**

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

<b>Primary Government</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					
Land	\$ 4,900	\$ -	\$ -	\$ -	\$ 4,900
Construction in Progress	-	-	-	-	-
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 4,900</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,900</b>
Capital Assets Being Depreciated					
Buildings	\$ 3,362,016	\$ -	\$ -	\$ -	\$ 3,362,016
Equipment	4,889,037	234,027	20,000	-	5,103,064
Infrastructure	64,315,904	-	-	-	64,315,904
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 72,566,957</b>	<b>\$ 234,027</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 72,780,984</b>
Less Accumulated Depreciation					
Buildings	\$ 2,191,556	\$ 74,264	\$ -	\$ -	\$ 2,265,820
Equipment	3,019,479	266,450	7,667	-	3,278,262
Infrastructure	52,878,933	332,648	-	-	53,211,581
<b>Total Accumulated Depreciation</b>	<b>\$ 58,089,968</b>	<b>\$ 673,362</b>	<b>\$ 7,667</b>	<b>\$ -</b>	<b>\$ 58,755,663</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 14,476,989</b>	<b>\$ (439,335)</b>	<b>\$ 12,333</b>	<b>\$ -</b>	<b>\$ 14,025,321</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 14,481,889</b>	<b>\$ (439,335)</b>	<b>\$ 12,333</b>	<b>\$ -</b>	<b>\$ 14,030,221</b>

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

<b>Primary Government</b>	<b>Amounts</b>
General Government	\$ 50,389
Public Safety	131,881
Highways and Bridges	487,477
Health and Welfare	3,615
<b>Total Depreciation Expense</b>	<b>\$ 673,362</b>

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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

<b>Water Resource District</b>	<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					
Construction in Progress	\$ 2,622,199	\$ 3,729,137	\$ -	\$ (2,436,217)	\$ 3,915,119
Capital Assets Being Depreciated					
Equipment	\$ 74,391	\$ -	\$ -	\$ -	\$ 74,391
Infrastructure	21,450,237	-	-	2,436,217	23,886,454
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 21,524,628</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,436,217</b>	<b>\$ 23,960,845</b>
Less Accumulated Depreciation					
Equipment	\$ 74,391	\$ -	\$ -	\$ -	\$ 74,391
Infrastructure	8,383,999	1,194,323	-	-	9,578,322
<b>Total Accumulated Depreciation</b>	<b>\$ 8,458,390</b>	<b>\$ 1,194,323</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,652,713</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 13,066,238</b>	<b>\$ (1,194,323)</b>	<b>\$ -</b>	<b>\$ 2,436,217</b>	<b>\$ 14,308,132</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 15,688,437</b>	<b>\$ 2,534,814</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,223,251</b>

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

**NOTE 6 LONG-TERM LIABILITIES**

**Primary Government**

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

<b>Primary Government</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 162,094	\$ 142,445	\$ 148,259	\$ 156,280	\$ 15,628
Net Pension and OPEB Liability	6,396,895	-	1,761,404	4,635,491	-
<b>Total Primary Government</b>	<b>\$ 6,558,989</b>	<b>\$ 142,445</b>	<b>\$ 1,909,663</b>	<b>\$ 4,791,771</b>	<b>\$ 15,628</b>

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

**Discretely Presented Component Unit**

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

<b>Water Resource District</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Long Term Debt					
Line of Credit Payable	\$ 1,587,014	\$ 1,141,796	\$ 1,673,907	\$ 1,054,903	\$ 1,054,903
Bonds Payable	4,133,000	1,155,000	461,000	4,827,000	448,000
Bond Premium	44,174	5,900	5,238	44,836	5,238
<b>Total Long Term Debt</b>	<b>\$ 5,764,188</b>	<b>\$ 2,302,696</b>	<b>\$ 2,140,145</b>	<b>\$ 5,926,739</b>	<b>\$ 1,508,141</b>
Compensated Absences	\$ 7,750	\$ 6,386	\$ 6,534	\$ 7,602	\$ 760
Net Pension and OPEB Liability	156,487	-	45,503	110,984	-
<b>Total Water Resource District</b>	<b>\$ 5,928,425</b>	<b>\$ 2,309,082</b>	<b>\$ 2,192,182</b>	<b>\$ 6,045,325</b>	<b>\$ 1,508,901</b>

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

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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

Year Ending Dec 31	Bonds Payable		Line of Credit		Bond Premium
	Principal	Interest	Principal	Interest	
2024	\$ 448,000	\$ 130,939	\$ 1,054,903	\$ 87,819	5,238
2025	453,000	119,446	-	-	6,372
2026	459,000	107,803	-	-	4,411
2027	466,000	96,011	-	-	4,411
2028	482,000	83,924	-	-	4,411
2029-2033	1,709,000	248,849	-	-	12,782
2034-2038	745,000	82,513	-	-	6,906
2039-2043	65,000	1,463	-	-	305
Total	\$ 4,827,000	\$ 870,948	\$ 1,054,903	\$ 87,819	\$ 44,836

The Water Resource District issued two new revolving lines of credits in 2023 in the total amount of \$1,250,000. The unused portion of the lines of credit at year end was \$637,193. In addition, the Water Resource District entered into a non-revolving loan through the Bank of North Dakota’s Water Infrastructure Loan Program. The total available loan amount is for \$929,000. As of the end of 2023, the Water Resource District has drawn \$442,096 on the loan, leaving an additional \$486,904 available to the Water Resource District.

**NOTE 7: PENSION PLAN**

**General Information about the NDPERS Pension Plan**

***North Dakota Public Employees Retirement System (Main System)***

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was 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.

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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**Death and Disability Benefits**

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

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

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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

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

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

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

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

	<b>Net Pension Liability</b>
Primary Government	\$ 4,453,516
Water Resource District	106,627

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2022 Measurement</b>	<b>Pension Expense</b>
Primary Government	0.230961%	0.016816%	\$ 288,080
Water Resource District	0.005530%	0.000291%	6,897

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>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 144,977	\$ 24,561
Changes of Assumptions	2,455,721	3,380,333
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	116,852	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	325,713	150,383
Employer Contributions Subsequent to the Measurement Date	179,698	-
<b>Total Primary Government</b>	<b>\$ 3,222,961</b>	<b>\$ 3,555,277</b>

<b>Water Resource District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 3,471	\$ 588
Changes of Assumptions	58,795	80,932
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	2,798	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	7,798	3,601
Employer Contributions Subsequent to the Measurement Date	4,225	-
<b>Total Water Resource District</b>	<b>\$ 77,088</b>	<b>\$ 85,121</b>



**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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

Primary Government	\$ 179,698
Water Resource District	4,225

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

	Primary Government	Water Resource District
2024	\$ (37,769)	\$ (904)
2025	(415,392)	(9,945)
2026	162,484	3,890
2027	(221,338)	(5,299)
2028	-	-

**Actuarial Assumptions**

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

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

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

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

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

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

**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>
Primary Government	\$ 6,140,329	\$ 4,453,516	\$ 3,054,175
Water Resource District	147,013	106,627	73,123

**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 8: 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

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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

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

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

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

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

	<b>Net OPEB Liability</b>
Primary Government	\$ 181,975
Water Resource District	4,357

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</b>	<b>Increase (Decrease) in Proportion from June 30, 2022 Measurement</b>	<b>OPEB Expense</b>
Primary Government	0.182020%	-0.009069%	\$ 26,606
Water Resource District	0.004358%	-0.000317%	637

**PEMBINA 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>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 3,424	\$ 2,082
Changes of Assumptions	38,811	15,070
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	13,143	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,364	18,502
Employer Contributions Subsequent to the Measurement Date	28,772	-
<b>Total Primary Government</b>	<b>\$ 85,514</b>	<b>\$ 35,654</b>

<b>Water Resource District</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 82	\$ 50
Changes of Assumptions	929	361
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	315	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	33	443
Employer Contributions Subsequent to the Measurement Date	677	-
<b>Total Water Resource District</b>	<b>\$ 2,035</b>	<b>\$ 854</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:

Primary Government	\$ 28,772
Water Resource District	677

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>Primary Government</b>	<b>Water Resource District</b>
2024	\$ 5,623	\$ 135
2025	4,867	117
2026	16,179	387
2027	(5,581)	(134)
2028	-	-
Thereafter	-	-

**PEMBINA 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 Pension Liability	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Primary Government	\$ 239,159	\$ 181,975	\$ 133,833
Water Resource District	5,726	4,357	3,204

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

**NOTE 9 TRANSFERS**

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

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds</b>		
General Fund	\$ 165,103	\$ 225,083
Special Revenue Fund	90,000	30,020
<b>Total</b>	<b>\$ 255,103</b>	<b>\$ 255,103</b>

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs.

**NOTE 10 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (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. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRIF is limited to losses of five million dollars per occurrence for general liability, five million for automobile, and \$1,701,746 for public assets/mobile equipment and portable property. The County also insures machinery and equipment with Hartford Steam Boiler Inspection and Insurance Company. The coverage is limited to \$8,300,000.

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

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

**NOTE 11 CONSTRUCTION COMMITMENTS**

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

<b>County Projects</b>	<b>Contract Amount</b>	<b>Change Orders</b>	<b>Total Contract Amount</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>
Reed International MiniMac Paver	\$ 296,735	\$ -	\$ 296,735	\$ 74,184	\$ -	\$ 222,551
Vanguard Appraisals	1,022,605	-	1,022,605	198,439	-	824,166
Electro Watchman Inc	9,553	(13)	9,540	4,777	-	4,763
Sidwell	51,690	-	51,690	30,010	-	21,680
Old Highway 44 Bridge 28X50	82,484	-	82,484	20,621	-	61,863
BRP-BRC-3400(050)	177,225	-	177,225	-	-	177,225
<b>Total</b>	<b>\$ 1,640,292</b>	<b>\$ (13)</b>	<b>\$ 1,640,279</b>	<b>\$ 328,031</b>	<b>\$ -</b>	<b>\$ 1,312,248</b>

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

**Discretely Presented Component Unit**

The Water Resource District had open construction commitments as of December 31, 2023, as follows:

<b>Water Resource District Projects</b>	<b>Contract Amount</b>	<b>Change Orders</b>	<b>Total Contract Amount</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance Includes Retainage</b>
Drain 67C	\$ 154,120	\$ 6,800	\$ 160,920	\$ 160,920	\$ 7,721	\$ 7,721
Bourbanis Dam	1,958,390	62,000	2,020,390	1,978,363	-	42,027
Drain 16	132,000	-	132,000	132,000	6,600	6,600
Drain 66-1A and Drain 67A	72,200	-	72,200	72,200	3,610	3,610
Drain 82	1,003,554	88,280	1,091,834	1,037,243	-	54,591
Snagging and Clearing	180,000	2,500	182,500	182,500	-	-
Drain 67B	144,950	-	144,950	144,950	7,248	7,248
Drain 4	15,060	-	15,060	15,060	753	753
Drain 13	12,500	4,200	16,700	16,700	835	835
Snagging and Clearing	187,800	-	187,800	-	-	187,800
TR Cutoff Culvert	98,665	-	98,665	98,665	3,688	3,688
Drain 67A Erosion	84,700	9,750	94,450	94,450	4,723	4,723
Drain 16 Spoil Leveling	45,200	-	45,200	-	-	45,200
Drain 67A St Thomas	47,380	-	47,380	-	-	47,380
Drain 23/78	21,780	-	21,780	-	-	21,780
Drain 39	24,450	-	24,450	-	-	24,450
Drain 34	975,260	78,859	1,054,119	442,096	-	612,023
Drain 81 FEMA	1,959,937	-	1,959,937	817,462	-	1,142,475
<b>Total</b>	<b>\$ 7,117,946</b>	<b>\$ 252,389</b>	<b>\$ 7,370,335</b>	<b>\$ 5,192,609</b>	<b>\$ 35,178</b>	<b>\$ 2,212,904</b>

**NOTE 12 JOINT VENTURES**

**Red River Joint Water Resource District**

Under authorization of state statutes, the Water Resource District joined Southeast Cass Water Resource District, North Cass Water Resource District, Maple River Water Resource District, Rush River Water Resource District, and the water resource districts of Richland County, Traill County, Steele County, Pembina County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for the water management districts located within the Red River Valley. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2023:

Total Assets	\$ 20,817,974
Total Liabilities	79,012
Net Position	\$ 20,738,962
Total Revenues	\$ 3,296,645
Total Expenses	1,177,517
Change in Net Position	\$ 2,119,128

Complete financial statements for the Red River Joint Water Resource District may be obtained from the Treasurer's office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

**PEMBINA COUNTY**

Notes to the Financial Statements – Continued

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**Park River Joint Water Resource District**

Under authorization of state statutes, Walsh County and Pembina County formed the Park River Joint Water Resource District to address common water issues and problems with the portions of the Park River Watershed in those counties. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Under the agreement, and assessment project costs will be assessed and paid from the properties benefited by the project, and any excess costs of such project will be shared equally from the individual water resource district general funds. Other general and administrative costs will be paid by the individual water resource districts as described in the joint powers agreement.

The following is a summary of unaudited financial information on the joint venture as of and for the year ended December 31, 2022.

Total Assets	\$ 244,871
Total Liabilities	-
Net Position	\$ 244,871
Total Revenues	\$ 98,454
Total Expenses	38,782
Change in Net Position	\$ 59,672

Complete financial statements for the Park River Joint Water Resource District may be obtained from the Park River Joint Water Resource District, 308 Courthouse Drive #5, Cavalier, ND 58220.

**NOTE 13 SUBSEQUENT EVENTS**

Subsequent to December 31, 2023, Pembina County Water Resource District issued an open-ended line of credit in the amount of \$500,000 for 2024 operations in February 2024. Interest rate is fixed for one year at 5.00%.

Subsequent to December 31, 2023, Pembina County Water Resource District issued approved a cost share project for Highway 44 Bridge Project totaling \$706,000.



**PEMBINA COUNTY**

Budgetary Comparison Schedule - General Fund  
 December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,430,221	\$ 2,430,221	\$ 2,383,155	\$ (47,066)
Intergovernmental	777,433	777,433	1,098,512	321,079
Charges for Services	612,118	612,118	614,237	2,119
Licenses, Permits and Fees	5,050	5,050	3,475	(1,575)
Interest Income	-	-	144,903	144,903
Miscellaneous	274,096	274,096	278,121	4,025
<b>Total Revenues</b>	<b>\$ 4,098,918</b>	<b>\$ 4,098,918</b>	<b>\$ 4,522,403</b>	<b>\$ 423,485</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 3,399,870	\$ 3,474,506	\$ 3,091,251	\$ 383,255
Public Safety	1,945,812	2,047,861	1,883,504	164,357
Health and Welfare	379,537	430,399	406,323	24,076
Economic Development	23,200	23,200	23,297	(97)
<b>Total Expenditures</b>	<b>\$ 5,748,419</b>	<b>\$ 5,975,966</b>	<b>\$ 5,404,375</b>	<b>\$ 571,591</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,649,501)	\$ (1,877,048)	\$ (881,972)	\$ 995,076
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 165,103	\$ 165,103
Transfers Out	(20,000)	(20,000)	(225,083)	(205,083)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (20,000)</b>	<b>\$ (20,000)</b>	<b>\$ (59,980)</b>	<b>\$ (39,980)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,669,501)</b>	<b>\$ (1,897,048)</b>	<b>\$ (941,952)</b>	<b>\$ 955,096</b>
Fund Balances - January 1	\$ 2,080,354	\$ 2,080,354	\$ 2,080,354	\$ -
<b>Fund Balances - December 31</b>	<b>\$ 410,853</b>	<b>\$ 183,306</b>	<b>\$ 1,138,402</b>	<b>\$ 955,096</b>

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

**PEMBINA COUNTY**

## Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 962,139	\$ 962,139	\$ 935,046	\$ (27,093)
Intergovernmental	1,371,867	1,371,867	6,061,189	4,689,322
Charges for Services	325,800	325,800	354,150	28,350
Miscellaneous	25,000	25,000	126,811	101,811
<b>Total Revenues</b>	<b>\$ 2,684,806</b>	<b>\$ 2,684,806</b>	<b>\$ 7,477,196</b>	<b>\$ 4,792,390</b>
<b>EXPENDITURES</b>				
Current				
Public Safety	\$ 105,860	\$ 105,860	\$ 47,422	\$ 58,438
Health and Welfare	292,229	292,229	269,043	23,186
Highways and Bridges	2,402,572	2,402,572	1,702,072	700,500
Flood Repair	150,000	150,000	1,698,005	(1,548,005)
Conserv. of Natural Resources	137,466	137,466	377,036	(239,570)
Emergency	-	-	11,237	(11,237)
Capital Outlay	80,000	80,000	12,390	67,610
<b>Total Expenditures</b>	<b>\$ 3,828,127</b>	<b>\$ 3,828,127</b>	<b>\$ 4,258,995</b>	<b>\$ (430,868)</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ (1,143,321)</b>	<b>\$ (1,143,321)</b>	<b>\$ 3,218,201</b>	<b>\$ 4,361,522</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 90,000	\$ 90,000
Transfers Out	-	-	(30,020)	(30,020)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,980</b>	<b>\$ 59,980</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,143,321)</b>	<b>\$ (1,143,321)</b>	<b>\$ 3,278,181</b>	<b>\$ 4,421,502</b>
Fund Balances - January 1	\$ 2,011,665	\$ 2,011,665	\$ 2,011,665	\$ -
Fund Balances - December 31	<b>\$ 868,344</b>	<b>\$ 868,344</b>	<b>\$ 5,289,846</b>	<b>\$ 4,421,502</b>

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

**PEMBINA 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>Primary Government</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.230961%	\$ 4,453,516	\$ 2,824,355	157.68%	65.31%
2022	0.214145%	6,167,529	2,485,880	248.10%	54.47%
2021	0.210474%	2,193,774	2,383,391	92.04%	78.26%
2020	0.209452%	6,589,414	2,310,516	285.19%	48.91%
2019	0.274380%	3,215,932	2,854,021	112.68%	71.66%
2018	0.282429%	4,766,291	2,901,440	164.27%	62.80%
2017	0.277074%	4,453,494	2,828,490	157.45%	61.98%
2016	0.274259%	2,672,926	2,763,888	96.71%	70.46%
2015	0.283066%	1,924,801	2,521,772	76.33%	77.15%
2014	0.285196%	1,810,202	2,402,441	75.35%	77.70%

<b>Water Resource District</b>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.005530%	\$ 106,627	\$ 67,621	157.68%	65.31%
2022	0.005239%	150,876	60,812	248.10%	54.47%
2021	0.004898%	51,050	55,463	92.04%	78.26%
2020	0.004602%	144,771	50,763	285.19%	48.91%
2019	0.004525%	53,036	47,067	112.68%	71.66%
2018	0.006283%	106,039	64,551	164.27%	62.80%
2017	0.006349%	102,044	64,810	157.45%	61.98%
2016	0.004177%	40,704	42,090	96.71%	70.46%
2015	0.003961%	26,934	35,287	76.33%	77.15%
2014	0.003991%	25,330	33,618	75.35%	77.70%

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

**PEMBINA 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>Primary Government</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	\$ 214,779	\$ 214,779	\$ 0	\$ 2,824,201	7.60%
2022	175,560	178,078	(2,517)	2,900,766	7.48%
2021	175,765	178,285	(2,520)	2,843,236	7.48%
2020	163,605	197,526	(33,922)	2,782,770	8.55%
2019	206,412	211,041	(4,629)	2,854,021	7.39%
2018	213,704	207,017	6,686	2,901,440	7.13%
2017	205,100	209,749	(4,648)	2,828,490	7.42%
2016	200,101	201,442	(1,342)	2,763,888	7.29%
2015	191,549	190,876	673	2,521,772	7.57%
2014	171,053	171,053	-	2,402,441	7.12%

<b>Water Resource District</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	\$ 5,142	\$ 5,142	\$ 0	\$ 67,617	7.60%
2022	4,295	4,356	(62)	70,961	7.48%
2021	4,090	4,149	(59)	66,163	7.48%
2020	3,594	4,340	(745)	61,140	8.55%
2019	3,427	3,480	(54)	47,067	7.39%
2018	4,754	4,606	149	64,551	7.13%
2017	4,700	4,806	(107)	64,810	7.42%
2016	3,047	3,068	(20)	42,090	7.29%
2015	2,680	2,671	9	35,287	7.57%
2014	2,394	2,394	-	33,618	7.12%

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

**PEMBINA 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>Primary Government</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.182020%	\$ 181,975	\$ 1,829,639	9.95%	62.74%
2022	0.191089%	229,366	1,972,818	11.63%	56.28%
2021	0.190868%	106,156	2,080,960	5.10%	76.63%
2020	0.196524%	165,316	2,310,516	7.15%	63.38%
2019	0.253779%	203,832	2,831,813	7.20%	63.13%
2018	0.265162%	208,833	2,901,440	7.20%	61.89%
2017	0.261451%	206,811	2,828,490	7.31%	59.78%

<b>Water Resource District</b>	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.004358%	\$ 4,357	\$ 43,805	9.95%	62.74%
2022	0.004675%	5,611	48,261	11.63%	56.28%
2021	0.004442%	2,470	48,425	5.10%	76.63%
2020	0.004318%	3,632	50,763	7.15%	63.38%
2019	0.006208%	4,986	69,275	7.20%	63.13%
2018	0.005899%	4,646	64,551	7.20%	61.89%
2017	0.005991%	4,739	64,810	7.31%	59.78%

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

**PEMBINA COUNTY**

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

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

<b>Primary Government</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	\$ 22,534	\$ 22,534	\$ 0	\$ 1,976,662	1.00%
2022	24,995	26,133	(1,138)	2,900,766	0.90%
2021	25,024	26,163	(1,139)	2,843,236	0.92%
2020	26,319	31,404	(5,085)	2,782,770	1.13%
2019	32,934	33,528	(593)	2,831,813	1.18%
2018	34,032	33,147	885	2,901,440	1.14%
2017	32,880	33,583	(704)	2,828,490	1.19%

<b>Water Resource District</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	\$ 540	\$ 539	\$ 0	\$ 47,325	1.14%
2022	611	639	(28)	70,961	0.90%
2021	582	609	(27)	66,163	0.92%
2020	578	690	(112)	61,140	1.13%
2019	806	820	(15)	69,275	1.18%
2018	757	737	20	64,551	1.14%
2017	753	770	(16)	64,810	1.19%

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

## **PEMBINA 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**

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

#### **OPEB**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

**PEMBINA COUNTY**

Notes to the Required Supplementary Information - Continued

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

**Pension**

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**OPEB**

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**NOTE 5: LEGAL COMPLIANCE - BUDGETS**

**Budget Amendments**

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

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 5,748,419	\$ 227,547	\$ 5,975,966
Special Revenue Fund	3,828,127	-	3,828,127

**NOTE 6 EXPENDITURES IN EXCESS OF BUDGET**

During fiscal year 2023, Pembina County had the following fund Transfers Out and Expenditures in excess of budgeted amounts:

	Final Budget	Actual	Excess
<b>Major Fund</b>			
General Fund - Transfers Out	\$ 20,000	\$ 225,083	\$ 205,083
Special Revenue Fund - Expenditures	3,828,127	4,258,995	430,868



# PEMBINA COUNTY

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

Assistance Listing Number	Program Title	Pass-Through Grantor's Number	County Expenditures	Water Resource District Expenditures	Total Expenditures
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>					
Passed Through State Department of Human Services					
93.563	Child Support Services	N/A	\$ 155	\$ -	\$ 155
93.959	Block Grants for Preventive and Treatment of Substance Abuse	N/A	28,150	-	28,150
Total Department of Health and Human Services			\$ 28,305	\$ -	\$ 28,305
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>					
Direct Program					
10.916	Watershed Rehabilitation Program	N/A	\$ -	\$ 16,072	\$ 16,072
Total Department of Agriculture			\$ -	\$ 16,072	\$ 16,072
<b>U.S. DEPARTMENT OF LABOR:</b>					
Passed Through the State Job Service ND:					
17.225	Unemployment Insurance	N/A	\$ 335	\$ -	\$ 335
Total Department of Labor			\$ 335	\$ -	\$ 335
<b>U.S. DEPARTMENT OF INTERIOR:</b>					
Passed Through the State Department of Interior:					
15.904	Historic Preservation Fund Grants-In-Aid	N/A	\$ 6,420	\$ -	\$ 6,420
Total Department of Interior			\$ 6,420	\$ -	\$ 6,420
<b>US DEPARTMENT OF TRANSPORTATION:</b>					
Passed through the State Department of Transportation					
20.600	State and Community Highway Safety	N/A	\$ 6,228	\$ -	\$ 6,228
Total Department of Health and Human Services			\$ 6,228	\$ -	\$ 6,228
<b>US DEPARTMENT OF JUSTICE</b>					
Passed through the State Department of Corrections					
16.576	Crime Victim Assistance	N/A	\$ 35,599	\$ -	\$ 35,599
Total Department of Justice			\$ 35,599	\$ -	\$ 35,599
<b>US DEPARTMENT OF THE TREASURY</b>					
Direct Program					
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 290,113	\$ -	\$ 290,113
Total U.S. Department of the Treasurer			\$ 290,113	\$ -	\$ 290,113
<b>US DEPARTMENT OF HOMELAND SECURITY:</b>					
Passed through the State Department Emergency Management:					
97.042	Emergency Management Performance Grants	EMPG 2022, EMPG 2023	\$ 23,911	\$ -	\$ 23,911
97.067	Homeland Security Grant Programs	HLS 2021, HLS 2022	159,509	-	159,509
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4660	1,501,835	2,019,005	3,520,840
Total U.S. Department of Homeland Security			\$ 1,685,254	\$ 2,019,005	\$ 3,704,259
Total Expenditures of Federal Awards			\$ 2,045,499	\$ 2,019,005	\$ 4,064,504

See notes to the Schedule of Expenditures of Federal Awards

## **PEMBINA 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  
Pembina County  
Cavalier, 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 Pembina County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Pembina County's basic financial statements, and have issued our report thereon dated January 23, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pembina 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 Pembina County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pembina 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying *schedule of audit findings and questioned costs* as items 2023-001 through 2023-003 to be a material weakness.

**PEMBINA 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 Pembina 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Audit Findings and Questioned Costs* as item 2023-001.

**Pembina County’s Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on Pembina County’s response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Pembina 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  
January 23, 2025

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 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  
Pembina County  
Cavalier, North Dakota

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

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

We have audited Pembina 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 Pembina County's major federal programs for the year ended December 31, 2023. Pembina 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, Pembina 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 Pembina 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 Pembina 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 Pembina County's federal programs.

## PEMBINA 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 Pembina 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 Pembina County's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pembina 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 Pembina 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 Pembina 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  
January 23, 2025

**PEMBINA 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
Aggregate Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Internal control over financial reporting**

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

**Federal Awards**

Internal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None noted
Reportable conditions identified not considered to be material weaknesses?	<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
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

# PEMBINA COUNTY

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

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## SECTION I – FINANCIAL STATEMENT FINDINGS

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### 2023-001 LACK OF SUPPORT FOR BUDGETED ESTIMATED CASH – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE

#### Condition

Pembina County did not have supporting documentation for the estimated cash amount for the 2023 General Fund budget and the 2023 County Road & Bridge Fund/County Loan/F-M Fund budget.

#### Effect

The estimates for year-end cash are key components in the tax levy calculation in any budget year. Thus, Pembina County may have improperly calculated the tax levies for the General Fund and the Road & Bridge/County Loan/F-M Fund.

#### Cause

Pembina County did not have a process of calculating the estimated cash balance for the preliminary and final budget for the General Fund and Road & Bridge/County Loan/F-M Fund.

#### Criteria

N.D.C.C. §57-15-31(1) states, “The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes must be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance;
2. Estimated revenues from sources other than direct property taxes;
3. The total estimated collections from tax levies for previous years;
4. Expenditures that must be made from bond sources;
5. The amount of distributions received from an economic growth increment pool under section 57-15-61; and
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.”

#### Repeat Finding

Yes.

#### Recommendation

We recommend that Pembina County review budgeted cash estimates carefully to ensure proper documentation exists to support the estimated cash used in the preliminary and final budgets prior to approval to ensure compliance with all aspects of N.D.C.C. §57-15-31(1).

#### Pembina County’s Response

See Corrective Action Plan.



**PEMBINA COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**2023-002 – AUDIT ADJUSTMENTS - COMPONENT UNIT – MATERIAL WEAKNESS**

**Condition**

Auditor-identified adjusting entries related to receivables were proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustments and were approved by management.

**Effect**

The financial statements may have been misstated if the receivables had not been adjusted during the audit.

**Cause**

Pembina County Water Resource District does not have sufficient procedures in place to ensure an accurate listing of receivables which are used in the preparation of its financial statements.

**Criteria**

Pembina County Water Resource District is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with GAAP.

**Repeat Finding**

No.

**Recommendation**

We recommend Pembina County Water Resource District review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

**Pembina County Water Resource District's Response**

See Corrective Action Plan.

**PEMBINA COUNTY**

Schedule of Audit Findings and Questioned Costs - Continued

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**2023-003 – LACK OF SEGREGATION OF DUTIES - COMPONENT UNIT – MATERIAL WEAKNESS**

**Condition**

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

**Effect**

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

**Cause**

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

**Criteria**

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

**Repeat Finding**

Yes.

**Recommendation**

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

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

**Pembina County Water Resource District's Response**

See Corrective Action Plan.

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

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No matters were reported.

# PEMBINA COUNTY North Dakota

OFFICES OF AUDITOR/TREASURER  
SUPT OF SCHOOLS DESIGNEE

**Melissa Gapp**

Kelsey Dawson  
Deputy Auditor/Treasurer

Christine Henke  
Deputy Auditor/Treasurer



*Pembina County Courthouse  
Cavalier, North Dakota*

Telephone 701-265-4231 Fax 701-265-4876  
301 Dakota Street West #1, Cavalier, ND 58220  
Email: [gappmelissa@nd.gov](mailto:gappmelissa@nd.gov)  
[www.pembinacountynd.gov](http://www.pembinacountynd.gov)

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**Date:** January 16, 2025  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Melissa Gapp, County Auditor  
**RE:** Pembina County – FY2023 Corrective Action Plan

**Contact Person Responsible for Corrective Acton Plan: Melissa Gapp, County Auditor**

**Section I – Financial Statement Findings:**

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**2023-001 LACK OF SUPPORT FOR BUDGETED ESTIMATED CASH – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

**Condition:**

Pembina County did not have supporting documentation for the estimated cash amount for the 2023 General Fund budget and the 2023 County Road & Bridge Fund/County Loan/F-M Fund budget.

**Corrective Action Plan:**

We agree, Pembina County will attempt to implement these changes during the next budget preparation cycle.

**Anticipated Completion Date:**

FY 2024

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PEMBINA COUNTY  
**WATER RESOURCE DISTRICT**

308 Courthouse Drive #5  
Cavalier, North Dakota 58220

Phone: 701-265-4511  
Fax: 701-265-4165

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**Date:** January 16, 2025  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** LuAnn Kemp, WRD Secretary/Treasurer  
**RE:** Pembina County Water Resource District – FY2023 Corrective Action Plan

**Contact Person Responsible for Corrective Acton Plan: LuAnn Kemp, WRD Secretary/Treasurer**

**Section I – Financial Statement Findings:**

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**2023-002      AUDIT ADJUSTMENTS – COMPONENT UNIT – SIGNIFICANT DEFICIENCY**

**Condition:**

Auditor-identified adjusting entries related to receivables were proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustments and were approved by management.

**Corrective Action Plan:**

We agree, we will attempt to provide potential payable and receivable adjustments in the future.

**Anticipated Completion Date:**

FY2023

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**2023-003      LACK OF SEGREGATION OF DUTIES – COMPONENT UNIT – MATERIAL WEAKNESS**

**Condition:**

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

**Corrective Action Plan:**

We agree that a lack of segregation of duties exists and if the board does hire more administration that duties will be further segregated to the extent possible. We understand that this will be a repeated recommendation due to the limited number of staff employed by the Pembina County Water Resource District.

**Anticipated Completion Date:**

This will be considered yearly at budget time.

*Board Members:*  
*Randall Emanuelsen, Richard Kendall, Ted Juhl, Donald Kemp, William Gunderson*

**PEMBINA  
COUNTY**

OFFICES OF AUDITOR/TREASURER  
SUPT OF SCHOOLS DESIGNEE

**Linda Schlittenhard**

Celsey Dawson  
Deputy Auditor/Treasurer

Christine Henke  
Deputy Auditor/Treasurer



*Pembina County Courthouse  
Cavalier, North Dakota*

Telephone 701-265-4231 Fax 701-265-4876  
301 Dakota Street West #1, Cavalier, ND 58220  
Email: [lschlitt@nd.gov](mailto:lschlitt@nd.gov)  
[www.pembinacountynd.gov](http://www.pembinacountynd.gov)

September 10, 2024

To: Joshua C. Gallion, ND State Auditor

From: Linda Schlittenhard, County Auditor

RE: Pembina County – FY2023 Schedule of Prior Year Findings

**2022-001 LACK OF SUPPORT FOR BUDGETED ESTIMATED CASH – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE**

**Condition:**

Pembina County did not have supporting documentation for the estimated cash amount for the 2022 General Fund budget and the 2022 County Road & Bridge Fund/County Loan/F-M Fund budget.

**Recommendation:**

We recommend that Pembina County ensure its compliance with all aspects of N.D.C.C. §57-15-31(1) and resolve any current circumstances if deemed appropriate by management. We further recommend that Pembina County review budgeted cash estimates carefully to ensure proper documentation exists to support the estimated cash used in the preliminary and final budgets prior to approval.

**Current Status:**

I have partially implemented the State Auditor's budget paperwork. It will be fully implemented and used for the 2025 budget cycle.

PEMBINA COUNTY  
**WATER RESOURCE DISTRICT**

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308 Courthouse Drive #5  
Cavalier, North Dakota 58220

Phone: 701-265-4511

Fax: 701-265-4165

Date: August 28, 2024  
To: Joshua C. Gallion, ND State Auditor  
From: LuAnn Kemp, Secretary/Treasurer  
RE: Pembina County Water Resource District – FY2023 Schedule of Prior Year Findings

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**2022-002 AUDIT ADJUSTMENTS – COMPONENT UNIT – SIGNIFICANT DEFICIENCY**

**Condition:**

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

**Recommendation:**

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

**Current Status:**

Partially Implemented – working on procedures to ensure compliance.

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**2022-003 LACK OF SEGREGATION OF DUTIES – COMPONENT UNIT – MATERIAL WEAKNESS**

**Condition:**

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

**Recommendation:**

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

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

**Current Status:**

Not implemented – Not feasible at this time for hiring of additional employees.

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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