



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## Stutsman County

Jamestown, North Dakota

Audit Report for the Year Ended December 31, 2023

Client Code: PS47000



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Office of the  
State Auditor

# STUTSMAN COUNTY

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For the Years Ended December 31, 2023

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# STUTSMAN COUNTY

County Officials  
December 31, 2023

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## COUNTY OFFICIALS

At December 31, 2023

|                   |                              |
|-------------------|------------------------------|
| Mark T. Klose     | Commissioner - Chairman      |
| Jerry Bergquist   | Commissioner - Vice Chairman |
| Joan Morris       | Commissioner                 |
| Chad Wolsky       | Commissioner                 |
| Levi Taylor       | Commissioner                 |
| <br>              |                              |
| Jessica Alonge    | County Auditor/COO           |
| Mandi Freije      | Human Resources Director     |
| Maureen McGilvrey | Treasurer/Recorder           |
| Chad Kaiser       | Sheriff                      |
| Fritz Fremgen     | State's Attorney             |
| Jim Wentland      | Road Superintendent          |

STATE AUDITOR  
Joshua C. Gallion



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## INDEPENDENT AUDITOR'S REPORT

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

#### *Basis for Opinion*

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stutsman 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 Stutsman 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 Stutsman 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.

**STUTSMAN COUNTY**

Independent Auditor's Report – Continued

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***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stutsman 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 16, 2025 on our consideration of Stutsman 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 Stutsman 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 Stutsman County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
January 16, 2025

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

|  | Primary                 | Component Units         |                                   |
|--|-------------------------|-------------------------|-----------------------------------|
|  | Governmental Activities | Water Resource District | James River Valley Library System |
| <b>ASSETS</b>  |                         |                         |                                   |
| Cash and Investments   | \$ 40,572,052           | \$ 121,816              | \$ 718,743                        |
| Intergovernmental Receivables                                | 401,273                 | -                       | -                                 |
| Accounts Receivable  | 299,894                 | -                       | -                                 |
| Taxes Receivable   | 116,479                 | -                       | -                                 |
| Cerfitted Special Assessment Receivable                      | 435,513                 | -                       | -                                 |
| Uncertified Special Assessment Receivable                    | 6,316,825               | -                       | -                                 |
| Road Receivables   | 697,651                 | -                       | -                                 |
| Loans Receivable - Other                                     | 122,973                 | -                       | -                                 |
| JSDC Loans Receivable  | 1,164,550               | -                       | -                                 |
| Prepaid Expenses   | -                       | -                       | 10,637                            |
| Inventory  | 743,719                 | -                       | -                                 |
| Restricted Assets  |                         |                         |                                   |
| Hodge Fund   | -                       | -                       | 81,273                            |
| Centennial Initiative  | -                       | -                       | 2,562                             |
| Funds held by Jamestown Community Foundation                 | -                       | -                       | 262,289                           |
| Funds held by City   | -                       | -                       | 200,000                           |
| Capital Assets   |                         |                         |                                   |
| Nondepreciable   | 2,450,439               | -                       | 6,000                             |
| Depreciable, Net   | 54,512,594              | -                       | 779,627                           |
| <b>Total Assets</b>  | <b>\$ 107,833,962</b>   | <b>\$ 121,816</b>       | <b>\$ 2,061,131</b>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                        |                         |                         |                                   |
| Derived from Pensions & OPEB                                 | \$ 8,990,592            | \$ -                    | \$ 463,834                        |
| <b>LIABILITIES</b>   |                         |                         |                                   |
| Accounts Payable and Accrued Expenses                        | \$ 140,922              | \$ -                    | \$ 6,842                          |
| Salaries Payable   | 64,720                  | -                       | 25,697                            |
| Grants Received in Advance                                   | 3,485,201               | -                       | -                                 |
| Interest Payable   | 46,741                  | -                       | -                                 |
| Contract Payable   | 144,821                 | -                       | -                                 |
| Retainages Payable   | 72,920                  | -                       | -                                 |
| Long-Term Liabilities  |                         |                         |                                   |
| Due Within One Year  |                         |                         |                                   |
| Long-Term Debt   | 245,145                 | -                       | -                                 |
| Compensated Absences   | 308,987                 | -                       | -                                 |
| Due After One Year   |                         |                         |                                   |
| Long-Term Debt   | 5,147,572               | -                       | -                                 |
| Compensated Absences   | 463,480                 | -                       | 14,714                            |
| Net Pension and OPEB Liability                               | 13,266,317              | -                       | 692,895                           |
| <b>Total Liabilities</b>                                     | <b>\$ 23,386,826</b>    | <b>\$ -</b>             | <b>\$ 740,148</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                         |                         |                                   |
| Prepaid Taxes  | \$ 2,338,561            | \$ -                    | \$ -                              |
| Derived from Pensions & OPEB                                 | 10,370,243              | -                       | 568,975                           |
| <b>Total Deferred Inflows of Resources</b>                   | <b>\$ 12,708,804</b>    | <b>\$ -</b>             | <b>\$ 568,975</b>                 |
| <b>Total Liabilities &amp; Deferred Inflows of Resources</b> | <b>\$ 36,095,630</b>    | <b>\$ -</b>             | <b>\$ 1,309,123</b>               |
| <b>NET POSITION</b>  |                         |                         |                                   |
| Net Investment in Capital Assets                             | \$ 51,453,375           | \$ -                    | \$ 785,627                        |
| Restricted For   |                         |                         |                                   |
| Debt Service   | 6,764,515               | -                       | -                                 |
| Capital Projects   | 4,976,084               | -                       | -                                 |
| Highways and Bridges   | 12,840,936              | -                       | -                                 |
| Emergencies  | 1,193,368               | -                       | -                                 |
| Conservation of Natural Resources                            | 369,862                 | -                       | -                                 |
| Culture and Recreation                                       | 965,311                 | -                       | -                                 |
| Economic Development   | 2,216,750               | -                       | -                                 |
| Hodge Fund   | -                       | -                       | 87,560                            |
| Capital Campaign   | -                       | -                       | 37,289                            |
| Centennial Initiative  | -                       | -                       | 2,562                             |
| Building Fund Held by City                                   | -                       | -                       | 200,000                           |
| Unrestricted   | (51,277)                | 121,816                 | 102,804                           |
| <b>Total Net Position</b>                                    | <b>\$ 80,728,924</b>    | <b>\$ 121,816</b>       | <b>\$ 1,215,842</b>               |

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

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

| Functions/Programs                           | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                         |                                   |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|-------------------------|-----------------------------------|
|  | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                | Component Units         |                                   |
|  |                      |                      |                                    |                                  | Governmental Activities                           | Water Resource District | James River Valley Library System |
| <b>Primary Government</b>                    |                      |                      |                                    |                                  |   |                         |                                   |
| Governmental Activities                      |                      |                      |                                    |                                  |   |                         |                                   |
| General Government                           | \$ 3,096,728         | \$ 83,903            | \$ 22,763                          | \$ 28,348                        | \$ (2,961,714)                                    | \$ -                    | \$ -                              |
| Public Safety                                | 8,022,041            | 2,396,831            | 622,410                            | -                                | (5,002,800)                                       | -                       | -                                 |
| Highways                                     | 6,231,062            | 1,735,786            | 5,286,852                          | 1,379,750                        | 2,171,326   | -                       | -                                 |
| Flood Repair                                 | 150,373              | -                    | 150,373                            | -                                | -   | -                       | -                                 |
| Health and Welfare                           | 4,433,027            | 45                   | 3,997,581                          | 25,000                           | (410,401)   | -                       | -                                 |
| Culture and Recreation                       | 645,690              | 97,505               | 21,336                             | -                                | (526,849)   | -                       | -                                 |
| Conserv. of Natural Resources                | 730,222              | 238,562              | 50,028                             | -                                | (441,632)   | -                       | -                                 |
| Economic Development                         | 512,898              | -                    | -                                  | -                                | (512,898)   | -                       | -                                 |
| Interest on Long-Term Debt                   | 209,704              | -                    | -                                  | -                                | (209,704)   | -                       | -                                 |
| <b>Total Primary Government</b>              | <b>\$ 24,031,745</b> | <b>\$ 4,552,632</b>  | <b>\$ 10,151,343</b>               | <b>\$ 1,433,098</b>              | <b>\$ (7,894,672)</b>                             | <b>\$ -</b>             | <b>\$ -</b>                       |
| <b>Component Units</b>                       |                      |                      |                                    |                                  |   |                         |                                   |
| Water Resource District                      | \$ 32,181            | \$ -                 | \$ -                               | \$ -                             | \$ (32,181)                                       | \$ -                    | \$ -                              |
| James River Valley Library System            | 1,066,829            | 8,076                | 104,305                            | -                                | -   | -                       | (954,448)                         |
| <b>Total Component Units</b>                 | <b>\$ 1,099,010</b>  | <b>\$ 8,076</b>      | <b>\$ 104,305</b>                  | <b>\$ -</b>                      | <b>\$ (32,181)</b>                                | <b>\$ -</b>             | <b>\$ (954,448)</b>               |
| <b>General Revenues</b>                      |                      |                      |                                    |                                  |   |                         |                                   |
| Property Taxes                               |                      |                      |                                    |                                  | \$ 8,582,601                                      | \$ 34,720               | \$ 905,879                        |
| Non Restricted Grants And Contributions      |                      |                      |                                    |                                  | 3,699,169   | -                       | -                                 |
| Earnings on Investments                      |                      |                      |                                    |                                  | 1,457,365   | 2,955                   | 428                               |
| Miscellaneous Revenue                        |                      |                      |                                    |                                  | 467,770   | 149                     | 234,119                           |
| Change in Market Value                       |                      |                      |                                    |                                  | 144,333   | -                       | -                                 |
| Net Gain on Sale of Capital Assets           |                      |                      |                                    |                                  | 94,507  | -                       | -                                 |
| <b>Total General Revenues</b>                |                      |                      |                                    |                                  | <b>\$ 14,445,745</b>                              | <b>\$ 37,824</b>        | <b>\$ 1,140,426</b>               |
| <b>Change in Net Position</b>                |                      |                      |                                    |                                  | <b>\$ 6,551,073</b>                               | <b>\$ 5,643</b>         | <b>\$ 185,978</b>                 |
| <b>Net Position - January 1</b>              |                      |                      |                                    |                                  | <b>\$ 74,177,851</b>                              | <b>\$ 116,173</b>       | <b>\$ 1,009,424</b>               |
| <b>Prior Period Adjustment</b>               |                      |                      |                                    |                                  | <b>\$ -</b>                                       | <b>\$ -</b>             | <b>\$ 20,440</b>                  |
| <b>Net Position - January 1, as restated</b> |                      |                      |                                    |                                  | <b>\$ 74,177,851</b>                              | <b>\$ 116,173</b>       | <b>\$ 1,029,864</b>               |
| <b>Net Position - December 31</b>            |                      |                      |                                    |                                  | <b>\$ 80,728,924</b>                              | <b>\$ 121,816</b>       | <b>\$ 1,215,842</b>               |

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



# STUTSMAN COUNTY

## Balance Sheet – Governmental Funds

December 31, 2023

|  | General              | Special Revenue      | Debt Service        | Capital Projects    | Total Governmental Funds |
|--|----------------------|----------------------|---------------------|---------------------|--------------------------|
| <b>ASSETS</b>  |                      |                      |                     |                     |                          |
| Cash and Investments   | \$ 11,197,528        | \$ 24,435,346        | \$ 12,177           | \$ 4,927,001        | \$ 40,572,052            |
| Intergovernmental Receivables  | 223,829              | 177,444              | -                   | -                   | 401,273                  |
| Accounts Receivable  | 222,220              | 28,591               | -                   | 49,083              | 299,894                  |
| Taxes Receivable   | 82,532               | 33,947               | -                   | -                   | 116,479                  |
| Certified Special Assessment Receivable                              | -                    | -                    | 435,513             | -                   | 435,513                  |
| Uncertified Special Assessment Receivable                            | -                    | -                    | 6,316,825           | -                   | 6,316,825                |
| Road Receivable  | -                    | 697,651              | -                   | -                   | 697,651                  |
| Loans Receivable - Other   | 122,973              | -                    | -                   | -                   | 122,973                  |
| JSDC Loans Receivable  | -                    | 1,164,550            | -                   | -                   | 1,164,550                |
| Inventory  | -                    | 743,719              | -                   | -                   | 743,719                  |
| <b>Total Assets</b>  | <b>\$ 11,849,082</b> | <b>\$ 27,281,248</b> | <b>\$ 6,764,515</b> | <b>\$ 4,976,084</b> | <b>\$ 50,870,929</b>     |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                      |                      |                     |                     |                          |
| <b>Liabilities</b>   |                      |                      |                     |                     |                          |
| Accounts Payable   | \$ 30,684            | \$ 110,238           | \$ -                | \$ -                | \$ 140,922               |
| Salaries Payable   | 26,919               | 37,801               | -                   | -                   | 64,720                   |
| Contract Payable   | -                    | 144,821              | -                   | -                   | 144,821                  |
| Retainage Payable  | -                    | 72,920               | -                   | -                   | 72,920                   |
| Grants Received in Advance   | -                    | 3,485,201            | -                   | -                   | 3,485,201                |
| <b>Total Liabilities</b>   | <b>\$ 57,603</b>     | <b>\$ 3,850,981</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 3,908,584</b>      |
| <b>Deferred Inflows of Resources:</b>                                |                      |                      |                     |                     |                          |
| Taxes Receivable   | \$ 82,532            | \$ 33,947            | \$ -                | \$ -                | \$ 116,479               |
| Taxes Received in Advance  | 1,692,008            | 646,554              | -                   | -                   | 2,338,562                |
| Certified Special Assessment Receivable                              | -                    | -                    | 435,513             | -                   | 435,513                  |
| Uncertified Special Assessment Receivable                            | -                    | -                    | 6,316,825           | -                   | 6,316,825                |
| Road Receivables   | -                    | 697,651              | -                   | -                   | 697,651                  |
| <b>Total Deferred Inflows of Resources</b>                           | <b>\$ 1,774,540</b>  | <b>\$ 1,378,152</b>  | <b>\$ 6,752,338</b> | <b>\$ -</b>         | <b>\$ 9,905,030</b>      |
| <b>Total Liabilities and Deferred Inflows of Resources</b>           | <b>\$ 1,832,143</b>  | <b>\$ 5,229,133</b>  | <b>\$ 6,752,338</b> | <b>\$ -</b>         | <b>\$ 13,813,614</b>     |
| <b>Fund Balances</b>   |                      |                      |                     |                     |                          |
| <b>Non-Spendable</b>   |                      |                      |                     |                     |                          |
| Loans Receivable   | \$ 122,973           | \$ 1,164,550         | \$ -                | \$ -                | \$ 1,287,523             |
| Inventory  | -                    | 743,719              | -                   | -                   | 743,719                  |
| <b>Restricted</b>  |                      |                      |                     |                     |                          |
| Debt Service   | -                    | -                    | 12,177              | -                   | 12,177                   |
| Capital Project Funds  | -                    | -                    | -                   | 4,976,084           | 4,976,084                |
| General Government   | -                    | 145,104              | -                   | -                   | 145,104                  |
| Public Safety  | -                    | 1,251,830            | -                   | -                   | 1,251,830                |
| Highways and Bridges   | -                    | 13,435,016           | -                   | -                   | 13,435,016               |
| Health and Welfare   | -                    | 997,967              | -                   | -                   | 997,967                  |
| Emergencies  | -                    | 1,193,368            | -                   | -                   | 1,193,368                |
| Conservation of Natural Resources                                    | -                    | 881,933              | -                   | -                   | 881,933                  |
| Culture and Recreation   | -                    | 1,192,063            | -                   | -                   | 1,192,063                |
| Economic Development   | -                    | 1,046,565            | -                   | -                   | 1,046,565                |
| <b>Assigned</b>  |                      |                      |                     |                     |                          |
| General Government   | 4,827,415            | -                    | -                   | -                   | 4,827,415                |
| <b>Unassigned</b>  |                      |                      |                     |                     |                          |
| General Fund   | 5,066,551            | -                    | -                   | -                   | 5,066,551                |
| <b>Total Fund Balances</b>   | <b>\$ 10,016,939</b> | <b>\$ 22,052,115</b> | <b>\$ 12,177</b>    | <b>\$ 4,976,084</b> | <b>\$ 37,057,315</b>     |
| <b>Total Liabilities and Fund Balances</b>                           | <b>\$ 11,849,082</b> | <b>\$ 27,281,248</b> | <b>\$ 6,764,515</b> | <b>\$ 4,976,084</b> | <b>\$ 50,870,929</b>     |

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

# STUTSMAN COUNTY

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

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|   |                     |                             |
|---|---------------------|-----------------------------|
| <b>Total Fund Balances for Governmental Funds</b>   |                     | <b>\$ 37,057,315</b>        |
| Total <i>net position</i> reported for government activities in the statement of net position is different because:   |                     |                             |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |                     | 56,963,033                  |
| Certain receivables will be collected after year-end, but are not available soon enough to  |                     |                             |
| Taxes Receivable  | \$ 116,479          |                             |
| Special Assessments Receivable  | 6,752,338           |                             |
| Road Receivables  | <u>697,652</u>      | 7,566,469                   |
| Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.  |                     |                             |
| Deferred Outflows Related to Pensions and OPEB  | \$ 8,990,592        |                             |
| Deferred Inflows Related to Pensions and OPEB   | <u>(10,370,243)</u> | (1,379,651)                 |
| Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position. |                     |                             |
| Long Term Debt  | \$ (5,392,717)      |                             |
| Interest Payable  | (46,741)            |                             |
| Net Pension and OPEB Liability  | (13,266,317)        |                             |
| Compensated Absences  | <u>(772,467)</u>    | <u>(19,478,242)</u>         |
| <b>Total Net Position of Governmental Activities</b>  |                     | <b><u>\$ 80,728,924</u></b> |

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

# STUTSMAN COUNTY

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

|  | General              | Special Revenue       | Debt Service      | Capital Projects    | Total Governmental Funds |
|--|----------------------|-----------------------|-------------------|---------------------|--------------------------|
| <b>REVENUES</b>                                      |                      |                       |                   |                     |                          |
| Taxes and Special Assessments                        | \$ 6,087,434         | \$ 2,472,203          | \$ 434,914        | \$ -                | \$ 8,994,551             |
| Intergovernmental                                    | 3,061,649            | 11,763,634            | -                 | 81,024              | 14,906,307               |
| Charges for Services                                 | 2,104,947            | 2,256,536             | -                 | -                   | 4,361,483                |
| Licenses, Permits and Fees                           | 7,045                | 6,440                 | -                 | -                   | 13,485                   |
| Interest Income                                      | 561,661              | 694,146               | 10,631            | 190,927             | 1,457,365                |
| Miscellaneous  | 209,803              | 210,586               | -                 | 47,380              | 467,769                  |
| <b>Total Revenues</b>                                | <b>\$ 12,032,539</b> | <b>\$ 17,403,545</b>  | <b>\$ 445,545</b> | <b>\$ 319,331</b>   | <b>\$ 30,200,960</b>     |
| <b>EXPENDITURES</b>                                  |                      |                       |                   |                     |                          |
| Current  |                      |                       |                   |                     |                          |
| General Government                                   | \$ 3,160,871         | \$ 89,188             | \$ -              | \$ 298,682          | \$ 3,548,741             |
| Public Safety  | 6,428,514            | 238,763               | -                 | 1,308,089           | 7,975,366                |
| Highways and Bridges                                 | -                    | 4,435,447             | -                 | 570,523             | 5,005,970                |
| Flood Repair   | -                    | 150,373               | -                 | -                   | 150,373                  |
| Health and Welfare                                   | 123,976              | 4,163,833             | -                 | -                   | 4,287,809                |
| Culture and Recreation                               | -                    | 602,951               | -                 | -                   | 602,951                  |
| Conserv. of Natural Resources                        | -                    | 667,893               | -                 | 53,969              | 721,862                  |
| Economic Development                                 | -                    | 512,898               | -                 | -                   | 512,898                  |
| Debt Service   |                      |                       |                   |                     |                          |
| Principal  | 5,783                | -                     | 235,000           | -                   | 240,783                  |
| Interest and Fees                                    | 11,909               | -                     | 200,145           | -                   | 212,054                  |
| <b>Total Expenditures</b>                            | <b>\$ 9,731,053</b>  | <b>\$ 10,861,346</b>  | <b>\$ 435,145</b> | <b>\$ 2,231,263</b> | <b>\$ 23,258,807</b>     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 2,301,486         | \$ 6,542,199          | \$ 10,400         | \$ (1,911,932)      | \$ 6,942,153             |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                      |                       |                   |                     |                          |
| Transfers In   | \$ 146,387           | \$ 2,859,522          | \$ -              | \$ 2,862,893        | \$ 5,868,802             |
| Investment Market Value Change                       | 53,062               | 67,491                | (259)             | 24,040              | 144,334                  |
| Transfers Out  | (1,112,784)          | (4,756,018)           | -                 | -                   | (5,868,802)              |
| <b>Total Other Financing Sources and Uses</b>        | <b>\$ (913,335)</b>  | <b>\$ (1,829,005)</b> | <b>\$ (259)</b>   | <b>\$ 2,886,933</b> | <b>\$ 144,334</b>        |
| <b>Net Changes in Fund Balance</b>                   | <b>\$ 1,388,151</b>  | <b>\$ 4,713,194</b>   | <b>\$ 10,141</b>  | <b>\$ 975,001</b>   | <b>\$ 7,086,487</b>      |
| Fund Balance - January 1                             | \$ 8,628,788         | \$ 17,338,921         | \$ 2,036          | \$ 4,001,083        | \$ 29,970,828            |
| Fund Balance - December 31                           | \$ 10,016,939        | \$ 22,052,115         | \$ 12,177         | \$ 4,976,084        | \$ 37,057,315            |

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

# STUTSMAN COUNTY

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 7,086,487

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. This is the amount by which capital asset transfers and depreciation exceeded capital outlay and capital contribution in the current period.

|                       |                    |        |
|-----------------------|--------------------|--------|
| Capital Outlay        | \$ 1,065,349       |        |
| Capital Contributions | 1,404,750          |        |
| Depreciation Expense  | <u>(2,452,028)</u> | 18,071 |

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

|                                |  |        |
|--------------------------------|--|--------|
| Gain on Sale of Capital Assets |  | 94,507 |
|--------------------------------|--|--------|

The proceeds of debt issuances are reporting as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|                   |  |         |
|-------------------|--|---------|
| Repayment of Debt |  | 240,783 |
|-------------------|--|---------|

The net pension 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 Liability and OPEB                              | \$ 5,071,558       |           |
| Net Change in Deferred Outflows of Resources Related to Pensions and OPEB | (3,083,014)        |           |
| Net Change in Deferred Intflows of Resources Related to Pensions and OPEB | <u>(2,605,547)</u> | (617,003) |

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 Liability | \$ (39,842)  |          |
| Net Change in Interest Payable               | <u>2,350</u> | (37,492) |

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               | \$ 22,964      |                  |
| Net Change in Special Assessments Receivable | (434,911)      |                  |
| Net Change in Road Receivable                | <u>177,667</u> | <u>(234,280)</u> |

**Change in Net Position of Governmental Activities** \$ 6,551,073

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

# STUTSMAN COUNTY

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

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|  | <u>Custodial<br/>Funds</u> |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and cash equivalents                              | <u>\$ 7,210,289</u>        |
| <b>LIABILITIES &amp; DERRERED INFLOWS OF RESOURCES</b> |                            |
| Liabilities  |                            |
| Funds Due To Other Governments                         | <u>\$ 540,970</u>          |
| Deferred Inflows of Resources                          |                            |
| Taxes Received in Advance                              | <u>\$ 6,669,319</u>        |
| Total Liabilities and Deferred Inflows of Resources    | <u>\$ 7,210,289</u>        |
| Total Net Position                                     | <u>\$ -</u>                |

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

**STUTSMAN COUNTY**

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

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|   | <u>Custodial<br/>Funds</u> |
|---|----------------------------|
| <b>ADDITIONS</b>                                      |                            |
| Tax Collections for Other Governments                 | \$ 15,673,197              |
| Intergovernmental Collections for Other Governments   | 14,245,488                 |
| Grant Collections for Other Governments               | <u>173,255</u>             |
| Total Additions                                       | <u>\$ 30,091,940</u>       |
| <b>DEDUCTIONS</b>                                     |                            |
| Tax Disbursements to Other Government Units           | \$ 15,673,197              |
| Intergovernmental Disbursements for Other Governments | 14,245,488                 |
| Grant Disbursements to Other Government Units         | <u>173,255</u>             |
| Total Deductions                                      | <u>\$ 30,091,940</u>       |
| Net Increase (Decrease) in Fiduciary Net Position     | <u>\$ -</u>                |
| Net Position - Beginning                              | <u>\$ -</u>                |
| Net Position - Ending                                 | <u>\$ -</u>                |

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

# STUTSMAN 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 Stutsman 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 two component units. This component unit is reported in a separate column to emphasize that it is legally separate from the County.

James River Valley Library System - The County's governing board appoints a voting majority of the members of the James River Valley Library System's governing board. Although the County does not have the authority to approve or modify the library board operational and capital budgets, the tax levy established by the library board must be approved by the County's governing board.

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

Complete financial statements of James River Valley Library System are included in these financial statements. Additional information may be obtained from the County Auditor; 511 2<sup>nd</sup> Avenue SE; Jamestown, ND 58401-4298.

### Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted

## STUTSMAN COUNTY

### Notes to the Financial Statements – Continued

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to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

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

The County reports the following major governmental funds:

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

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

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

Capital Projects Fund – This fund accounts for the costs associated with construction of buildings and infrastructure.

Additionally, the County reports the following fund type:

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

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

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

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

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.

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**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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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. County investments also include investments in government obligation bonds and municipal bonds stated at market value.

**Inventories**

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

**Capital Assets**

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

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

| <b>Assets</b>         | <b>Years</b> |
|-----------------------|--------------|
| Land                  | Indefinite   |
| Buildings             | 15-50 Years  |
| Machinery & Equipment | 8-10 Years   |
| Infrastructure        | 50 Years     |
| Vehicles              | 7-10 Years   |
| Office Equipment      | 5-20 Years   |

**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. 10% of the sick leave benefits are 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.

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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

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

**Fund Balances**

*Minimum Fund Balance Policy.* The County established a 15% - 20% general fund carryover balance target to help with financial stability. The 15% - 20% fund balance range is a part of the county's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county.

*Replenishing deficiencies* – when fund balance falls below the minimum 15% range, the County will replenish shortages/deficiencies using the budget strategies and time frames described below.

The following budgetary strategies shall be utilized by the County to replenish funding fund balance deficiencies:

- The County will reduce recurring expenditures to eliminate any structural deficit or;
- The County will increase revenues or pursue other funding sources, or;
- Some combination of the two options above

Minimum fund balance deficiencies shall be replenished within the following time frames:

- Deficiency resulting in a minimum fund balance between 12.5 percent and 15 percent shall be replenished over a period not to exceed one year
- Deficiency resulting in a minimum fund balance between 10 percent and 12.5 percent shall be replenished over a period not to exceed three years
- Deficiency resulting in a minimum fund balance of less than 10 percent shall be replenished over a period not to exceed five years

*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.

*Non-Spendable Fund Balances.* Amounts that cannot be spent because they are legally or contractually required to be maintained intact and is shown for inventory in the special revenue fund.

*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).

*Assigned Fund Balances.* Amounts reported as assigned fund balance in the general fund are for general government purposes based on a management determined formula as a percentage of cash flows (20% of total expenditures and transfers out), and compensated absences and accounts payable.

*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.

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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.

**NOTE 2 PRIOR PERIOD ADJUSTMENTS**

Net Position of the James River Valley Library System as of January 1, 2022 has been restated for adjustments to capital assets as shown below. The results of the adjustments increased Net Position for the Library.

| <b>James River Valley Library System</b>       | <b>Government Wide</b> |
|--|------------------------|
| Beginning Net Position, as Previously Reported | \$ 1,009,424           |
| Prior Period Adjustment                        |                        |
| Capital Assets, Net                            | 20,440                 |
| Net Position January 1, Restated               | \$ 1,029,864           |

**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 \$45,580,669 and the bank balances totaled \$46,683,000. Of the bank balances, \$28,714,508 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.

**STUTSMAN COUNTY**

## Notes to the Financial Statements – Continued

At year ended December 31, 2023, the Water Resource District's carrying amount of deposits totaled \$121,817, and the bank balances totaled \$126,080. All of the bank balance was covered by Federal Depository Insurance.

At year ended December 31, 2023, the James River Valley Library System's carrying amount of deposits totaled \$802,297 and the bank balances totaled \$809,103. Of the bank balances, \$662,586 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.

**NOTE 4 INVESTMENTS**

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

| 2023<br>Investment Type | Moody's or<br>S&P Rating | Investment Maturities |              |              | Percent of<br>Investments | Fair Value<br>Hierarchy |
|-------------------------|--------------------------|-----------------------|--------------|--------------|---------------------------|-------------------------|
|                         |                          | Less than One<br>Year | 1-5 Years    | Fair Value   |                           |                         |
| US Treasury Notes       | AAA                      | \$ 748,757            | \$ 525,102   | \$ 1,273,858 | 15%                       | Level 2                 |
| US Government Agency    | Not Rated                | 558                   | -            | 558          | 0%                        | Level 2                 |
| Municipal Bond          | Aa1                      | 486,157               | 990,744      | 1,476,901    | 18%                       | Level 2                 |
| Municipal Bond          | Aa2                      | 199,092               | 678,658      | 877,750      | 11%                       | Level 2                 |
| Municipal Bond          | Aa3                      | 489,870               | 93,116       | 582,986      | 7%                        | Level 2                 |
| Municipal Bond          | AAA                      | 99,887                | 1,224,609    | 1,324,496    | 16%                       | Level 2                 |
| Municipal Bond          | AA-                      | 195,230               | 331,983      | 527,213      | 6%                        | Level 2                 |
| Municipal Bond          | AA+                      | 97,268                | 380,066      | 477,334      | 6%                        | Level 2                 |
| Municipal Bond          | AA                       | 593,387               | 709,770      | 1,303,157    | 16%                       | Level 2                 |
| Money Market Fund       | Not Rated                | 397,922               | -            | 397,922      | 5%                        | Level 1                 |
| Total Investments       |                          | \$ 3,308,128          | \$ 4,934,046 | \$ 8,242,173 | 100%                      |                         |

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

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

**Interest Rate Risk**

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

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

---

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Fair Value Measurement**

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

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

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

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

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

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

**NOTE 5 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.

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

**NOTE 6 CAPITAL ASSETS**

**Primary Government**

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

| <b>Primary Government</b>                          | <b>Balance<br/>January 1</b> | <b>Increases</b>      | <b>Decreases</b>    | <b>Transfers</b>      | <b>Balance<br/>December 31</b> |
|--|------------------------------|-----------------------|---------------------|-----------------------|--------------------------------|
| Capital Assets Not Being Depreciated               |                              |                       |                     |                       |                                |
| Land   | \$ 596,200                   | \$ -                  | \$ -                | \$ -                  | \$ 596,200                     |
| Vehicle in Transit                                 | -                            | 56,600                | -                   | -                     | 56,600                         |
| Construction in Progress                           | 3,052,684                    | 1,547,617             | -                   | (2,802,662)           | 1,797,639                      |
| <b>Total Capital Assets, Not Being Depreciated</b> | <b>\$ 3,648,884</b>          | <b>\$ 1,604,217</b>   | <b>\$ -</b>         | <b>\$ (2,802,662)</b> | <b>\$ 2,450,439</b>            |
| Capital Assets Being Depreciated                   |                              |                       |                     |                       |                                |
| Buildings  | \$ 12,032,815                | \$ 92,842             | \$ -                | \$ -                  | \$ 12,125,657                  |
| Equipment  | 10,748,460                   | 937,728               | (512,312)           | -                     | 11,173,876                     |
| Infrastructure                                     | 75,993,731                   | 44,930                | -                   | 2,802,662             | 78,841,323                     |
| <b>Total Capital Assets, Being Depreciated</b>     | <b>\$ 98,775,006</b>         | <b>\$ 1,075,500</b>   | <b>\$ (512,312)</b> | <b>\$ 2,802,662</b>   | <b>\$ 102,140,856</b>          |
| Less Accumulated Depreciation                      |                              |                       |                     |                       |                                |
| Buildings  | \$ 7,320,539                 | \$ 215,608            | \$ -                | \$ -                  | \$ 7,536,147                   |
| Equipment  | 5,703,190                    | 858,964               | (397,200)           | -                     | 6,164,954                      |
| Infrastructure                                     | 32,549,707                   | 1,377,454             | -                   | -                     | 33,927,161                     |
| <b>Total Accumulated Depreciation</b>              | <b>\$ 45,573,436</b>         | <b>\$ 2,452,026</b>   | <b>\$ (397,200)</b> | <b>\$ -</b>           | <b>\$ 47,628,262</b>           |
| <b>Total Capital Assets Being Depreciated, Net</b> | <b>\$ 53,201,570</b>         | <b>\$ (1,376,526)</b> | <b>\$ (115,112)</b> | <b>\$ 2,802,662</b>   | <b>\$ 54,512,594</b>           |
| <b>Governmental Capital Assets, Net</b>            | <b>\$ 56,850,454</b>         | <b>\$ 227,691</b>     | <b>\$ (115,112)</b> | <b>\$ -</b>           | <b>\$ 56,963,033</b>           |

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

|                                   |                     |
|-----------------------------------|---------------------|
| General Government                | \$ 224,412          |
| Public Safety                     | 250,998             |
| Highways and Bridges              | 1,853,109           |
| Health and Welfare                | 16,759              |
| Conservation of Natural Resources | 30,292              |
| Culture and Recreation            | 76,456              |
| <b>Total Depreciation Expense</b> | <b>\$ 2,452,026</b> |

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

| <b>Library</b>                                     | <b>Restated<br/>Balance<br/>January 1</b> | <b>Increases</b>   | <b>Decreases</b> | <b>Balance<br/>December 31</b> |
|--|---|--------------------|------------------|--------------------------------|
| Capital Assets Not Being Depreciated               |   |                    |                  |                                |
| Land   | \$ 6,000                                  | \$ -               | \$ -             | \$ 6,000                       |
| Capital Assets Being Depreciated                   |   |                    |                  |                                |
| Buildings and Building Improvements                | \$ 519,656                                | \$ -               | \$ -             | \$ 519,656                     |
| Books and Other Reading Materials                  | 591,944                                   | -                  | 3,348            | 588,596                        |
| Equipment and Vehicles                             | 1,409,823                                 | 66,823             | 70,013           | 1,406,633                      |
| <b>Total Capital Assets, Being Depreciated</b>     | <b>\$ 2,521,423</b>                       | <b>\$ 66,823</b>   | <b>\$ 73,361</b> | <b>\$ 2,514,885</b>            |
| Less Accumulated Depreciation                      |   |                    |                  |                                |
| Buildings and Building Improvements                | \$ 343,019                                | \$ 10,303          | \$ -             | \$ 353,322                     |
| Books and Other Reading Materials                  | 327,260                                   | 47,867             | 2,725            | 372,402                        |
| Equipment and Vehicles                             | 982,805                                   | 96,741             | 70,013           | 1,009,533                      |
| <b>Total Accumulated Depreciation</b>              | <b>\$ 1,653,084</b>                       | <b>\$ 154,911</b>  | <b>\$ 72,738</b> | <b>\$ 1,735,257</b>            |
| <b>Total Capital Assets Being Depreciated, Net</b> | <b>\$ 868,339</b>                         | <b>\$ (88,088)</b> | <b>\$ 623</b>    | <b>\$ 779,628</b>              |
| <b>Governmental Capital Assets, Net</b>            | <b>\$ 874,339</b>                         | <b>\$ (88,088)</b> | <b>\$ 623</b>    | <b>\$ 785,628</b>              |

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

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

**NOTE 7 LONG-TERM LIABILITIES**

**Primary Government**

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

| <b>Primary Government</b>       | <b>Balance<br/>Jan 1</b> | <b>Increases</b> | <b>Decreases</b>    | <b>Balance<br/>Dec 31</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------|--------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Long-Term Debt                  |                          |                  |                     |                           |                                |
| Special Assessments Bonds       | \$ 5,625,000             | \$ -             | \$ 235,000          | \$ 5,390,000              | \$ 245,000                     |
| Special Assessment Payable      | 8,500                    | -                | 5,783               | 2,717                     | 145                            |
| <b>Total Long-Term Debt</b>     | <b>\$ 5,633,500</b>      | <b>\$ -</b>      | <b>\$ 240,783</b>   | <b>\$ 5,392,717</b>       | <b>\$ 245,145</b>              |
| Compensated Absences *          | \$ 732,625               | \$ 39,842        | \$ -                | \$ 772,467                | \$ 308,987                     |
| Net Pension and OPEB Liability  | 18,337,875               | -                | 5,071,558           | 13,266,317                | -                              |
| <b>Total Primary Government</b> | <b>\$24,704,000</b>      | <b>\$ 39,842</b> | <b>\$ 5,312,341</b> | <b>\$ 19,431,501</b>      | <b>\$ 554,132</b>              |

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

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

| <b>Year Ending<br/>Dec 31</b> | <b>Special Assessments<br/>Bonds Payable</b> |                     | <b>Special Assessments<br/>Payable</b> |                 |
|-------------------------------|--|---------------------|--|-----------------|
|                               | <b>Principal</b>                             | <b>Interest</b>     | <b>Principal</b>                       | <b>Interest</b> |
| 2024                          | \$ 245,000                                   | \$ 186,963          | \$ 145                                 | \$ 95           |
| 2025                          | 250,000                                      | 177,163             | 145                                    | 90              |
| 2026                          | 260,000                                      | 169,663             | 145                                    | 85              |
| 2027                          | 520,000                                      | 161,863             | 145                                    | 80              |
| 2028                          | 535,000                                      | 146,262             | 145                                    | 75              |
| 2029-2033                     | 2,930,000                                    | 455,375             | 723                                    | 293             |
| 2034-2038                     | 650,000                                      | 25,999              | 423                                    | 186             |
| 2039-2043                     | -  | -                   | 423                                    | 114             |
| 2044-2048                     | -  | -                   | 423                                    | 43              |
| <b>Total</b>                  | <b>\$ 5,390,000</b>                          | <b>\$ 1,323,288</b> | <b>\$ 2,717</b>                        | <b>\$ 1,061</b> |

**Discretely Presented Component Unit**

During the year ended December 31, 2023, the following changes occurred in governmental long-term liabilities of the James River Valley Library System:

| <b>Library</b>                  | <b>Balance<br/>Jan 1</b> | <b>Increases</b> | <b>Decreases</b>  | <b>Balance<br/>Dec 31</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------|--------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Compensated Absences *          | \$ 15,755                | \$ -             | \$ 1,041          | \$ 14,714                 | \$ -                           |
| Net Pension and OPEB Liability  | 1,132,013                | -                | 439,118           | 692,895                   | -                              |
| <b>Total Primary Government</b> | <b>\$ 1,147,768</b>      | <b>\$ -</b>      | <b>\$ 440,159</b> | <b>\$ 707,609</b>         | <b>\$ -</b>                    |

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

**NOTE 8: 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.

**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.



**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

**Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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 | \$ 12,675,367                |
| Library            | 658,267                      |

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, 2021 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 | 0.657350%         | 0.044083%   | \$ 1,116,689           |
| Library            | 0.034138%         | -0.003481%  | 57,445                 |

**STUTSMAN 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  | \$ 412,624                            | \$ 69,904                            |
| Changes in Assumptions  | 6,989,346                             | 9,620,925                            |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments                   | 332,579                               | -                                    |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 797,863                               | 600,079                              |
| Employer Contributions Subsequent to the Measurement Date   | 224,517                               | -                                    |
| <b>Total Primary Government</b>   | <b>\$ 8,756,929</b>                   | <b>\$ 10,290,908</b>                 |

| <b>Library</b>  | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|---|---------------------------------------|--------------------------------------|
| Differences Between Expected and Actual Experience  | \$ 21,428                             | \$ 3,630                             |
| Changes in Assumptions  | 362,976                               | 499,641                              |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments                   | 17,272                                | -                                    |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 30,080                                | 59,212                               |
| Employer Contributions Subsequent to the Measurement Date   | 16,024                                | -                                    |
| <b>Total Library System</b>   | <b>\$ 447,780</b>                     | <b>\$ 562,483</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 | \$ 224,517 |
| Library            | 16,024     |

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

|      | <b>Primary Government</b> | <b>Library</b> |
|------|---------------------------|----------------|
| 2024 | \$ 101,463                | \$ 2,604       |
| 2025 | (1,492,659)               | (85,848)       |
| 2026 | 274,638                   | (1,739)        |
| 2027 | (641,938)                 | (45,744)       |
| 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                               |

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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

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

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

**Discount Rate**

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

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

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

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

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

| <b>Proportionate Share of the Net Pension Liability</b> | <b>1% Decrease (5.50%)</b> | <b>Current Discount Rate (6.50%)</b> | <b>1% Increase (7.50%)</b> |
|---|----------------------------|--------------------------------------|----------------------------|
| Primary Government                                      | \$ 17,476,286              | \$ 12,675,367                        | \$ 8,692,632               |
| Library   | 907,592                    | 658,267                              | 451,432                    |

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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**Pension Plan Fiduciary Net Position**

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

**NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

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

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

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

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

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. 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.

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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

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

|                    | <b>Net OPEB Liability</b> |
|--------------------|---------------------------|
| Primary Government | \$ 590,950                |
| Library            | 34,628                    |

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 | 0.591097%         | 0.028428%   | \$ 113,389          |
| Library            | 0.034637%         | -0.005820%  | 7,147               |

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  | \$ 11,118                             | \$ 6,763                             |
| Changes in Assumptions  | 126,036                               | 48,938                               |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments                   | 42,683                                | -                                    |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 17,878                                | 23,634                               |
| Employer Contributions Subsequent to the Measurement Date   | 35,948                                | -                                    |
| <b>Total Primary Government</b>   | <b>\$ 233,663</b>                     | <b>\$ 79,335</b>                     |

| <b>Library</b>  | <b>Deferred Outflows of Resources</b> | <b>Deferred Inflows of Resources</b> |
|---|---------------------------------------|--------------------------------------|
| Differences Between Expected and Actual Experience  | \$ 653                                | \$ 396                               |
| Changes in Assumptions  | 7,385                                 | 2,868                                |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments                   | 2,501                                 | 3,228                                |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 2,949                                 | -                                    |
| Employer Contributions Subsequent to the Measurement Date   | 2,566                                 | -                                    |
| <b>Total Library System</b>   | <b>\$ 16,054</b>                      | <b>\$ 6,492</b>                      |

**STUTSMAN 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 | \$ 35,948 |
| Library            | 2,566     |

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

|      | Primary Government | Library  |
|------|--------------------|----------|
| 2024 | \$ 45,468          | \$ 3,153 |
| 2025 | 34,608             | 2,386    |
| 2026 | 52,899             | 2,859    |
| 2027 | (14,595)           | (1,402)  |

**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%                                  |

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

**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:

| <b>Proportionate Share of the Net OPEB Liability</b> | <b>1% Decrease (4.75%)</b> | <b>Current Discount Rate (5.75%)</b> | <b>1% Increase (6.75%)</b> |
|--|----------------------------|--------------------------------------|----------------------------|
| Primary Government                                   | \$ 776,653                 | \$ 590,950                           | \$ 434,611                 |
| Library  | 45,510                     | 34,628                               | 25,467                     |

**NOTE 10 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                | \$ 146,387          | \$ 1,112,784         |
| Special Revenue        | 2,859,522           | 4,756,018            |
| Capital Projects       | 2,862,893           | -                    |
| <b>Total Transfers</b> | <b>\$ 5,868,802</b> | <b>\$ 5,868,802</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 11 CONSTRUCTION COMMITMENTS**

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

| <b>Project</b>                        | <b>Contract Amount</b> | <b>Total Completed</b> | <b>Retainage</b> | <b>Remaining Balance</b> |
|---------------------------------------|------------------------|------------------------|------------------|--------------------------|
| LEC Air Handler                       | \$ 529,650             | \$ 476,685             | \$ -             | \$ 52,965                |
| Emergency Services Building           | 1,247,439              | 712,131                | 71,231           | 606,539                  |
| SC-4717(099) - Full Depth Reclamation | 86,000                 | 85,330                 | 1,707            | 2,377                    |
| <b>Total</b>                          | <b>\$ 1,863,089</b>    | <b>\$ 1,274,146</b>    | <b>\$ 72,938</b> | <b>\$ 661,881</b>        |

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

**NOTE 12 RISK MANAGEMENT**

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (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 and automobile, and \$7,205,532 for public assets/mobile equipment and portable property.

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

The County and the James River Valley Library have worker’s compensation with the North Dakota Workforce Safety and Insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

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

**NOTE 13 CONTRACTS PAYABLE**

**Primary Government**

The County had contracts payable related to gravel royalties for inventory at year-end:

| <b>Primary Government</b> | <b>Balance<br/>Jan 1</b> | <b>Increases</b> | <b>Decreases</b> | <b>Balance<br/>Dec 31</b> |
|---------------------------|--------------------------|------------------|------------------|---------------------------|
| Contracts Payable         | \$ 188,669               | \$ -             | \$ 43,848        | \$ 144,821                |

**NOTE 14 LOANS RECEIVABLE**

The Job Development Authority provides loans to businesses for either startup costs or expansion costs. The Job Development Authority had the following loans receivable activity for the year ended December 31, 2023.

|                  | <b>Balance<br/>January 1</b> | <b>New<br/>Loans</b> | <b>Principal<br/>Payments</b> | <b>Balance<br/>December 31</b> |
|------------------|------------------------------|----------------------|-------------------------------|--------------------------------|
| Loans Receivable | \$ 1,214,884                 | \$ -                 | \$ 50,334                     | \$ 1,164,550                   |



**NOTE 15      CONDUIT DEBT OBLIGATIONS**

**Community Development Block Grant Loans**

From time to time, the County has issued Community Development Block Grant Loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the acquired facilities transfers to the private sector entity served by the loan issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements. At December 31, 2023, there were three Community Development Block Grant Loans outstanding with a principal amount outstanding of \$67,250.

**Housing Finance Agency Bonds**

From time to time, the County has issued Housing Finance Bonds which is a program that issues tax-exempt bonds that state and local governments issue through housing finance agencies to help fund below-market-interest-rate mortgages for first-time qualifying homebuyers. Eligible borrowers are first-time homebuyers with low to moderate incomes below 115 percent of median family income. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2023, there was one nontaxable issuance with a balance of \$3,153,210.

**Facility Passenger Fee Revenue Bonds**

From time to time, the County has issued Facility Passenger Fee Revenue Bonds to provide financial assistance for Airport facilities and projects. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2023, there were two Facility Passenger Fee Revenue Bonds with a principal amount outstanding of \$565,000.

**Senior Housing Revenue Bonds**

From time to time, the County has issued Senior Housing Revenue Bonds which is a program that issues tax-exempt bonds that state and local governments issue through nonprofit agencies to help fund the acquisition and construction of housing facilities for senior housing and assisted living. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2023, there was one nontaxable issuance with a balance of \$5,449,880.

**Municipal Industrial Development Bonds**

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

As of December 31, 2023, there were 1 outstanding issuances with a total balance of \$3,700,000.

**STUTSMAN COUNTY**

Notes to the Financial Statements – Continued

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**NOTE 17 JOINT VENTURES**

**Jamestown/Stutsman Development Corporation**

Under authorization of state statutes, the County and the City of Jamestown established and jointly operate a Job Development Authority, known as the Jamestown/Stutsman Development Corporation (JSDC). The agreement was established for the mutual advantage of the governments. Each government appoints two members 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 can be determined as to the location of the separate loan applicants. The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2021, which is the most current audited information available:

|                        | <b>JSDC</b>   |
|------------------------|---------------|
| Total Assets           | \$ 14,818,716 |
| Total Liabilities      | 6,759,078     |
| Total Net Position     | \$ 8,059,638  |
| Total Revenues         | \$ 2,044,737  |
| Total Expenses         | 1,279,491     |
| Change in Net Position | \$ 765,246    |

**Central Valley Health District**

Under authorization of state statutes, the County, Logan County, and the City of Jamestown established and jointly operate a Health District, known as the Central Valley Health District. The agreement was established for the mutual advantage of the governments. 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 can be determined as to the location of the separate loan applicants. The following is a summary of financial information on the joint venture as of and for the year ended June 30, 2023, which is the most current audited information available:

|                                  | <b>Central Valley<br/>Health District</b> |
|----------------------------------|---|
| Total Assets & Def. Outflows     | \$ 6,476,656                              |
| Total Liabilities & Def. Inflows | 4,630,897                                 |
| Total Net Position               | \$ 1,845,759                              |
| Total Revenues                   | \$ 3,169,443                              |
| Total Expenses                   | 3,340,546                                 |
| Change in Net Position           | \$ (171,103)                              |

**STUTSMAN COUNTY**

Budgetary Comparison Schedule - General Fund  
 December 31, 2023

|  | Original<br>Budget  | Final<br>Budget     | Actual               | Variance with<br>Final Budget |
|--|---------------------|---------------------|----------------------|-------------------------------|
| <b>REVENUES</b>                                      |                     |                     |                      |                               |
| Taxes  | \$ 6,014,825        | \$ 6,014,825        | \$ 6,087,434         | \$ 72,609                     |
| Intergovernmental                                    | 2,370,226           | 2,370,226           | 3,061,649            | 691,423                       |
| Charges for Services                                 | 1,239,190           | 1,239,190           | 2,104,947            | 865,757                       |
| Licenses, Permits and Fees                           | 5,700               | 5,700               | 7,045                | 1,345                         |
| Interest Income                                      | -                   | -                   | 561,661              | 561,661                       |
| Miscellaneous  | 83,701              | 83,701              | 209,803              | 126,102                       |
| <b>Total Revenues</b>                                | <b>\$ 9,713,642</b> | <b>\$ 9,713,642</b> | <b>\$ 12,032,539</b> | <b>\$ 2,318,897</b>           |
| <b>EXPENDITURES</b>                                  |                     |                     |                      |                               |
| Current  |                     |                     |                      |                               |
| General Government                                   | \$ 3,313,926        | \$ 3,117,988        | \$ 3,160,871         | \$ (42,883)                   |
| Public Safety  | 6,395,220           | 6,433,551           | 6,428,514            | 5,037                         |
| Health and Welfare                                   | 207,060             | 153,625             | 123,976              | 29,649                        |
| Debt Service   |                     |                     |                      |                               |
| Principal  | 6,176               | 6,176               | 5,783                | 393                           |
| Interest   | -                   | 11,516              | 11,909               | (393)                         |
| <b>Total Expenditures</b>                            | <b>\$ 9,922,382</b> | <b>\$ 9,722,856</b> | <b>\$ 9,731,053</b>  | <b>\$ (8,197)</b>             |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (208,740)        | \$ (9,214)          | \$ 2,301,486         | \$ 2,310,700                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                     |                      |                               |
| Transfers In   | \$ 134,600          | \$ 134,600          | \$ 146,387           | \$ 11,787                     |
| Transfers Out  | (812,784)           | (512,784)           | (1,112,784)          | (600,000)                     |
| Change in Market Value                               | -                   | 53,062              | 53,062               | -                             |
| <b>Total Other Financing Sources and Uses</b>        | <b>\$ (678,184)</b> | <b>\$ (325,122)</b> | <b>\$ (913,335)</b>  | <b>\$ (588,213)</b>           |
| <b>Net Change in Fund Balances</b>                   | <b>\$ (886,924)</b> | <b>\$ (334,336)</b> | <b>\$ 1,388,151</b>  | <b>\$ 1,722,487</b>           |
| Fund Balance - January 1                             | \$ 8,628,788        | \$ 8,628,788        | \$ 8,628,788         | \$ -                          |
| Prior Period Adjustment                              | -                   | -                   | -                    | -                             |
| Fund Balance - January 1, as restated                | \$ 8,628,788        | \$ 8,628,788        | \$ 8,628,788         | \$ -                          |
| Fund Balance - December 31                           | \$ 7,741,864        | \$ 8,294,452        | \$ 10,016,939        | \$ 1,722,487                  |

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

**STUTSMAN COUNTY**

Budgetary Comparison Schedule - Special Revenue Fund  
 December 31, 2023

|   | Original<br>Budget   | Final<br>Budget      | Actual                | Variance with<br>Final Budget |
|---|----------------------|----------------------|-----------------------|-------------------------------|
| <b>REVENUES</b>                                       |                      |                      |                       |                               |
| Taxes   | \$ 2,465,605         | \$ 2,476,705         | \$ 2,472,203          | \$ (4,502)                    |
| Intergovernmental                                     | 9,458,796            | 9,458,796            | 11,763,634            | 2,304,838                     |
| Charges for Services                                  | 1,670,700            | 1,670,700            | 2,256,536             | 585,836                       |
| Licenses, Permits and Fees                            | 5,000                | 5,000                | 6,440                 | 1,440                         |
| Interest Income                                       | -                    | -                    | 694,146               | 694,146                       |
| Miscellaneous   | 188,400              | 188,400              | 210,586               | 22,186                        |
| <b>Total Revenues</b>                                 | <b>\$ 13,788,501</b> | <b>\$ 13,799,601</b> | <b>\$ 17,403,545</b>  | <b>\$ 3,603,944</b>           |
| <b>EXPENDITURES</b>                                   |                      |                      |                       |                               |
| Current:  |                      |                      |                       |                               |
| General Government                                    | \$ 150               | \$ 150               | \$ 89,188             | \$ (89,038)                   |
| Public Safety   | 369,809              | 371,457              | 238,763               | 132,694                       |
| Highways and Bridges                                  | 5,411,864            | 5,490,833            | 4,435,447             | 1,055,386                     |
| Health and Welfare                                    | 4,232,742            | 4,232,742            | 4,163,833             | 68,909                        |
| Culture and Recreation                                | 794,285              | 794,285              | 602,951               | 191,334                       |
| Conser. Of Natural Resources                          | 708,937              | 734,654              | 667,893               | 66,761                        |
| Flood Repair  | -                    | 221,359              | 150,373               | 70,986                        |
| Economic Development                                  | 522,005              | 522,005              | 512,898               | 9,107                         |
| <b>Total Expenditures</b>                             | <b>\$ 12,039,792</b> | <b>\$ 12,367,485</b> | <b>\$ 10,861,346</b>  | <b>\$ 1,506,139</b>           |
| Excess (Deficiency) of Revenues<br>Over Expenditures  | \$ 1,748,709         | \$ 1,432,116         | \$ 6,542,199          | \$ 5,110,083                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                      |                      |                       |                               |
| Transfers In  | \$ 3,893,648         | \$ 3,893,648         | \$ 2,859,522          | \$ (1,034,126)                |
| Change in Market Value                                | -                    | -                    | 67,491                | 67,491                        |
| Transfers Out   | (2,036,697)          | (3,321,904)          | (4,756,018)           | (1,434,114)                   |
| <b>Total Other Financing Sources and Uses</b>         | <b>\$ 1,856,951</b>  | <b>\$ 571,744</b>    | <b>\$ (1,829,005)</b> | <b>\$ (2,400,749)</b>         |
| <b>SPECIAL ITEMS</b>                                  |                      |                      |                       |                               |
| Revenue Related to Development Agreement Default      | \$ -                 | \$ -                 | \$ -                  | \$ -                          |
| Expenditures Related to Development Agreement Default | -                    | -                    | -                     | -                             |
| <b>Total Special Items</b>                            | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ -</b>                   |
| <b>Net Change in Fund Balances</b>                    | <b>\$ 3,605,660</b>  | <b>\$ 2,003,860</b>  | <b>\$ 4,713,194</b>   | <b>\$ 2,709,334</b>           |
| Fund Balance - January 1                              | \$ 17,338,921        | \$ 17,338,921        | \$ 17,338,921         | \$ -                          |
| Fund Balance - December 31                            | \$ 20,944,581        | \$ 19,342,781        | \$ 22,052,115         | \$ 2,709,334                  |

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

**STUTSMAN 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>County</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          | 0.657350%                                       | 12,675,367   | \$ 8,038,545             | 157.68%  | 65.31%   |
| 2022          | 0.613267%                                       | 17,662,498   | 7,119,022                | 248.10%  | 54.47%   |
| 2021          | 0.671708%                                       | 7,001,216  | 7,606,357                | 92.04%   | 78.26%   |
| 2020          | 0.668928%                                       | 21,044,618   | 7,379,082                | 285.19%  | 48.91%   |
| 2019          | 0.628618%                                       | 7,367,858  | 6,538,693                | 112.68%  | 71.66%   |
| 2018          | 0.633009%                                       | 10,682,717   | 6,503,013                | 164.27%  | 62.80%   |
| 2017          | 0.627922%                                       | 10,092,767   | 6,410,102                | 157.45%  | 61.98%   |
| 2016          | 0.634690%                                       | 6,185,673  | 6,396,175                | 96.71%   | 70.46%   |
| 2015          | 0.644744%                                       | 4,384,149  | 5,743,887                | 76.33%   | 77.15%   |
| 2014          | 0.602349%                                       | 3,823,238  | 5,074,056                | 75.35%   | 77.70%   |

| <b>James River Valley Library System</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                                     | 0.034138%                                       | \$ 658,267   | \$ 417,465               | 157.68%  | 65.31%   |
| 2022                                     | 0.034138%                                       | 1,083,452  | 436,692                  | 248.10%  | 54.47%   |
| 2021                                     | 0.035619%                                       | 371,257  | 403,348                  | 92.04%   | 78.26%   |
| 2020                                     | 0.035653%                                       | 1,121,651  | 393,292                  | 285.20%  | 48.91%   |
| 2019                                     | 0.031232%                                       | 366,062  | 324,868                  | 112.68%  | 71.66%   |
| 2018                                     | 0.030641%                                       | 517,100  | 314,780                  | 164.27%  | 62.80%   |
| 2017                                     | 0.030216%                                       | 485,670  | 308,456                  | 157.45%  | 61.98%   |
| 2016                                     | 0.032932%                                       | 320,954  | 331,876                  | 96.71%   | 70.46%   |
| 2015                                     | 0.027713%                                       | 193,744  | 246,891                  | 78.47%   | 77.15%   |
| 2014                                     | 0.024979%                                       | 158,547  | 210,422                  | 75.35%   | 77.70%   |

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

**STUTSMAN 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>County</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          | \$ 599,366                             | \$ 624,530  | \$ (25,164)                             | \$ 8,418,065                    | 7.42%  |
| 2022          | 536,184                                | 566,642   | (30,458)                                | 7,853,256                       | 7.22%  |
| 2021          | 560,936                                | 552,935   | 8,001                                   | 7,778,027                       | 7.11%  |
| 2020          | 522,503                                | 519,635   | 2,868                                   | 7,708,607                       | 6.74%  |
| 2019          | 476,054                                | 477,146   | (1,092)                                 | 6,538,693                       | 7.30%  |
| 2018          | 478,974                                | 471,996   | 6,978                                   | 6,503,013                       | 7.26%  |
| 2017          | 464,810                                | 462,905   | 1,905                                   | 6,410,102                       | 7.22%  |
| 2016          | 463,073                                | 457,888   | 5,185                                   | 6,396,175                       | 7.16%  |
| 2015          | 436,294                                | 434,840   | 1,454                                   | 5,743,887                       | 7.57%  |
| 2014          | 361,273                                | 361,273   | -                                       | 5,074,056                       | 7.12%  |

| <b>James River Valley Library System</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                                     | \$ 31,996                              | \$ 29,486   | \$ 2,510                                | \$ 449,381                      | 6.56%  |
| 2022                                     | 32,891                                 | 29,940  | 2,951                                   | 436,692                         | 6.86%  |
| 2021                                     | 29,745                                 | 28,794  | 951                                     | 403,348                         | 7.14%  |
| 2020                                     | 27,849                                 | 26,647  | 1,202                                   | 393,292                         | 6.78%  |
| 2019                                     | 23,652                                 | 24,263  | (611)                                   | 324,868                         | 7.47%  |
| 2018                                     | 23,185                                 | 22,679  | 506                                     | 314,780                         | 7.20%  |
| 2017                                     | 22,367                                 | 23,664  | (1,297)                                 | 308,456                         | 7.67%  |
| 2016                                     | 24,027                                 | 22,688  | 1,339                                   | 331,876                         | 6.84%  |
| 2015                                     | 18,753                                 | 20,246  | (1,493)                                 | 246,891                         | 8.20%  |
| 2014                                     | 14,982                                 | 14,982  | -                                       | 210,422                         | 7.12%  |

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

**STUTSMAN 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>County</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          | 0.591097%                                    | \$ 590,950                                  | \$ 5,941,609             | 9.95%   | 62.74%  |
| 2022          | 0.562669%                                    | 675,377                                     | 5,809,020                | 11.63%  | 56.28%  |
| 2021          | 0.627513%                                    | 349,006                                     | 6,841,508                | 5.10%   | 76.63%  |
| 2020          | 0.627123%                                    | 527,534                                     | 7,149,012                | 7.38%   | 63.38%  |
| 2019          | 0.589949%                                    | 473,840                                     | 6,582,988                | 7.20%   | 63.13%  |
| 2018          | 0.598169%                                    | 471,099                                     | 6,545,261                | 7.20%   | 61.89%  |
| 2017          | 0.592518%                                    | 468,688                                     | 6,410,102                | 7.31%   | 59.78%  |

| <b>James River Valley Library System</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                                     | 0.034637%                                    | \$ 34,628                                   | \$ 348,161               | 9.95%   | 62.74%  |
| 2022                                     | 0.034637%                                    | 48,561                                      | 417,679                  | 11.63%  | 56.28%  |
| 2021                                     | 0.036966%                                    | 20,576                                      | 403,348                  | 5.10%   | 76.63%  |
| 2020                                     | 0.034500%                                    | 29,021                                      | 393,291                  | 7.38%   | 63.38%  |
| 2019                                     | 0.029114%                                    | 23,384                                      | 324,868                  | 7.20%   | 63.13%  |
| 2018                                     | 0.028768%                                    | 22,657                                      | 314,780                  | 7.20%   | 61.89%  |
| 2017                                     | 0.028512%                                    | 22,553                                      | 308,456                  | 7.31%   | 59.78%  |

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

**STUTSMAN 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>County</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          | \$ 70,802                              | \$ 70,802   | (0)                                     | \$ 6,210,672                    | 1.14%  |
| 2022          | 70,703                                 | 75,442  | (4,739)                                 | 6,275,715                       | 1.20%  |
| 2021          | 82,271                                 | 82,369  | (98)                                    | 7,778,027                       | 1.06%  |
| 2020          | 83,986                                 | 82,962  | 1,024                                   | 7,708,607                       | 1.08%  |
| 2019          | 76,560                                 | 76,902  | (342)                                   | 6,582,988                       | 1.17%  |
| 2018          | 76,772                                 | 75,572  | 1,200                                   | 6,545,261                       | 1.15%  |
| 2017          | 74,513                                 | 74,116  | 397                                     | 6,410,102                       | 1.16%  |

| <b>James River Valley Library System</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                                     | \$ 4,192                               | 4,721   | (529)                                   | 367,693                         | 1.28%  |
| 2022                                     | 5,084                                  | 4,764   | 320                                     | 417,679                         | 1.14%  |
| 2021                                     | 4,850                                  | 4,610   | 240                                     | 403,348                         | 1.14%  |
| 2020                                     | 4,620                                  | 4,267   | 353                                     | 393,291                         | 1.08%  |
| 2019                                     | 3,778                                  | 3,885   | (107)                                   | 324,868                         | 1.20%  |
| 2018                                     | 3,692                                  | 3,631   | 61                                      | 314,780                         | 1.15%  |
| 2017                                     | 3,586                                  | 3,789   | (203)                                   | 308,456                         | 1.23%  |

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



## **STUTSMAN 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.

**STUTSMAN 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:

|                      | REVENUES/TRANSFER IN |           |                |
|----------------------|----------------------|-----------|----------------|
|                      | Original Budget      | Amendment | Amended Budget |
| <b>Major Funds</b>   |                      |           |                |
| Special Revenue Fund | \$ 17,682,149        | \$ 11,100 | \$ 17,693,249  |

|                      | EXPENDITURES/TRANSFER OUT/<br>CHANGE IN MARKET VALUE |              |                |
|----------------------|--|--------------|----------------|
|                      | Original Budget                                      | Amendment    | Amended Budget |
| <b>Major Funds</b>   |  |              |                |
| General Fund         | \$ 10,735,166  | \$ (552,588) | \$ 10,182,578  |
| Special Revenue Fund | 14,076,489   | 1,631,718    | 15,708,207     |

**STUTSMAN COUNTY**

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

| Federal<br>ALN<br>Number                               | Program Title   | Pass-Through<br>Grantor's<br>Number | Expenditures               |
|--|---|-------------------------------------|----------------------------|
| <b>U.S. DEPARTMENT OF LABOR:</b>                       |   |                                     |                            |
| Passed Through State Department of Labor:              |   |                                     |                            |
| 17.225   | Unemployment Insurance (UI)   | N/A                                 | \$ 300                     |
| Total U.S. Department of Health and Human Services     |   |                                     | <u>\$ 300</u>              |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>           |   |                                     |                            |
| Passed Through State Department of Emergency Services: |   |                                     |                            |
| 97.036   | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | DR4660, DR4475                      | \$ 208,035                 |
| 97.067   | Homeland Security Grant Program   | HLS2022                             | 9,348                      |
| 97.042   | Emergency Management Performance Grants                                 | EMPG 2022, EMPG 2023                | <u>34,001</u>              |
| Total U.S. Department of Homeland Security             |   |                                     | <u>\$ 251,384</u>          |
| <b>U.S. DEPARTMENT OF TRANSPORTATION:</b>              |   |                                     |                            |
| Passed Through State Highway Department:               |   |                                     |                            |
| 20.600   | State & Highway Community Safety  | N/A                                 | \$ 2,431                   |
| 20.616   | National Priority Safety Programs                                       | N/A                                 | <u>1,816</u>               |
| Total U.S. Department of Transportation                |   |                                     | <u>\$ 4,247</u>            |
| <b>U.S. DEPARTMENT OF TREASURY</b>                     |   |                                     |                            |
| Direct Program   |   |                                     |                            |
| 21.027   | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds            | SLFRP4622                           | <u>\$ 1,309,604</u>        |
| Total U.S. Department of Treasurer                     |   |                                     | <u>\$ 1,309,604</u>        |
| <b>Total Expenditures of Federal Awards</b>            |   |                                     | <u><u>\$ 1,565,534</u></u> |

See notes to the Schedule of Expenditures of Federal Awards

## **STUTSMAN 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.

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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  
Stutsman County  
Jamestown, 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 Stutsman County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Stutsman County's basic financial statements, and have issued our report thereon dated January 16, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

**Stutsman County's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on Stutsman County's response to the findings identified in our audit and described in the accompanying *schedule of audit findings and questions costs*. Stutsman 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 16, 2025

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

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### Independent Auditor's Report

Board of County Commissioners  
Stutsman County  
Jamestown, North Dakota

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

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

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

## STUTSMAN 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 Stutsman 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 Stutsman 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 Stutsman 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 Stutsman 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 Stutsman 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 16, 2025



**STUTSMAN 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 Unit | Unmodified |
| Major Funds                                   | Unmodified |
| Aggregate Remaining Fund Information          | Unmodified |

**Internal control over financial reporting**

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

**Federal Awards**

Internal Control Over Major Programs

|  |              |                 |       |
|--|--------------|-----------------|-------|
| Material weaknesses identified?  | <u> </u> Yes | <u> X </u> None | noted |
| 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                |
|------------|---|
| 21.027     | Coronavirus State and Local Fiscal Recovery Funds |

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

# **STUTSMAN COUNTY**

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

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## **SECTION I – FINANCIAL STATEMENT FINDINGS**

---

### **2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**

#### **Condition**

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

#### **Effect**

There is an increased risk of material misstatement to Stutsman County's financial statements.

#### **Cause**

Stutsman County may not have had procedures in place to ensure the financial statements are complete and accurate.

#### **Criteria**

Stutsman County is responsible for the presentation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

#### **Repeat Finding**

Yes.

#### **Recommendation**

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

#### **Stutsman County's Response**

See Corrective Action Plan.

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

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No matters were reported.



**STUTSMAN  
COUNTY**

**Auditor's Office**

511 2<sup>nd</sup> Ave SE Suite 102  
Jamestown, ND 58401  
(701) 252-9035  
auditor@stutsmancounty.gov  
www.stutsmancounty.gov

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**Date:** January 10, 2025  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Jessica Alonge, County Auditor  
**RE:** Stutsman County – FY2023 Corrective Action Plan  
**Contact Person Responsible for Corrective Action Plan:** Jessica Alonge, County Auditor

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**Section I – Financial Statement Findings:**

**2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**

**Condition:**

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

**Corrective Action Plan:**

We Agree and will continue to review all adjusting entries to ensure each one is classified correctly.

**Anticipated Completion Date:**

FY 2024 and each year thereafter.

**Section II – Federal Award Findings and Questioned Costs:**

No matters were reported for the County.

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**County Commissioners**  
Jerry Bergquist – Jamestown  
Chad Wolsky – Jamestown  
Levi Taylor – Ypsilanti  
Michael Hansen – Montpelier  
Amanda Hastings – Jamestown

**County Officials**  
Jessica Alonge – Auditor/COO  
Maureen Pederson – Treasurer/Recorder  
Tyler Perleberg – Tax Director  
Fritz Fremgen – States Attorney  
Chad Kaiser – Sheriff

Josh Smaage – Dir. Of Information Technology  
Shannon Davis – Human Resource Director  
Mandi Freije – Human Service Zone Director  
Chad Jackson – Jail Administrator  
Jessica Moser – 911/Emergency Manager

David Bratton – Veterans Service Officer  
Jesse Christianson – Int. Road Superintendent  
Karl Bergh – Park Superintendent  
Ashley Kjellberg – Extension Agent  
Brenda Jarski-Weber – Extension Agent



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**Date:** January 10, 2025  
**To:** Joshua C. Gallion, ND State Auditor  
**From:** Jessica Alonge, County Auditor  
**RE:** Stutsman County – FY2023 Schedule of Prior Year Findings

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**2022-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS**

**Condition:**

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

**Recommendation:**

Stutsman County is responsible for the presentation of its financial statements and related note disclosures to ensure it is reliable, accurate, free of material misstatement, and in accordance with GAAP.

**Current Status of Recommendation:**

Not implemented. Issue was repeated in FY2023 audit.

Jessica Alonge  
County Auditor, Stutsman County

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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