

LOGAN COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2022
WITH INDEPENDENT AUDITOR'S REPORT

LOGAN COUNTY
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FOR THE YEAR ENDED DECEMBER 31, 2022

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LOGAN COUNTY
COUNTY OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2022

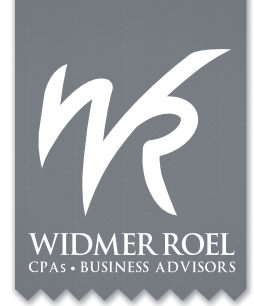
Current

Blanche A. Schumacher
Charles Johs
John Wald

Commissioner-Chairperson
Commissioner-Vice Chair
Commissioner

Jody Kristiansen
Laura Henry
Andrew Bartholomaus
Isaac Zimmerman

Treasurer/Auditor
County Recorder/Clerk of Court
Sheriff
States Attorney



4220 31st Avenue S.
Fargo, ND 58104-8725

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INDEPENDENT AUDITOR'S REPORT

County Commission
Logan County
Napoleon, 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 **Logan County** as of and for the year ended December 31, 2022 and the related notes to the financial statements which collectively comprise **Logan County's** basic financial statements as listed in the table of contents.

Summary of Opinions

| <i>Opinion Unit</i> | <i>Type of Opinion</i> |
|--|------------------------|
| Governmental Activities | Qualified |
| Aggregate Discretely Presented Component Units | Unmodified |
| Major Funds | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

Unmodified Opinions on the Major Funds, Aggregate Discretely Presented Component Units and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information for **Logan County**, as of December 31, 2022, 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.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion(s) on Governmental activity section, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities of **Logan County**, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Basis for Qualified Opinion on Governmental Activities

Management has not recorded infrastructure assets in the governmental activities. The amount by which this departure would affect the governmental activities has not been determined.

Emphasis of matter

As discussed in Note 16 to the financial statements, the 2021 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Logan County's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Logan 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 **Logan County's** ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Share of Net Pension and OPEB Liability, Schedule of Employer Contributions, Budgetary Comparison Schedules - General Fund, County Road and Bridge Fund, Highway Fund, and Unorganized Road Fund, and Notes to the Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Logan County's** basic financial statements. The County Officials listing and Schedule of Fund Activity Arising from Cash Transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements. The County Officials listing has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Schedule of Fund Activity Arising from Cash Transactions 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. Such 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 Fund Activity Arising from Cash Transactions is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025 on our consideration of the **Logan County's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Logan County's** internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Widmer Roel" followed by a stylized flourish.

Widmer Roel, PC
Fargo, North Dakota
May 22, 2025

LOGAN COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

| | Primary Government Governmental Activities | Component Unit Water Resource District | Job Development Authority |
|--|---|---|--------------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 5,941,774 | \$ 222,649 | \$ 46,923 |
| Accounts receivable | 17,070 | - | - |
| Taxes receivable | 41,528 | 2,117 | 1,618 |
| Economic development loans receivable | - | - | 144,920 |
| Capital assets, not being depreciated | | | |
| Land | 13,350 | - | - |
| Capital assets, net of accumulated depreciation | | | |
| Buildings | 5,982 | - | - |
| Machinery, vehicles, and equipment | 355,435 | - | - |
| Total assets | <u>6,375,139</u> | <u>224,766</u> | <u>193,461</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | <u>1,050,596</u> | - | - |
| Total assets and deferred outflows of resources | <u>\$ 7,425,735</u> | <u>\$ 224,766</u> | <u>\$ 193,461</u> |
| LIABILITIES | | | |
| Salaries payable | \$ 18,032 | \$ - | \$ - |
| Long-term liabilities | | | |
| Portion due or payable within one year | | | |
| Compensated absences payable | 1,495 | - | - |
| Note payable | 48,972 | - | - |
| City sales tax loan | - | - | 19,400 |
| Portion due or payable after one year | | | |
| Compensated absences payable | 13,451 | - | - |
| Note payable | 102,716 | - | - |
| Net pension liability | 1,472,146 | - | - |
| Net OPEB liability | 53,399 | - | - |
| Total liabilities | <u>1,710,211</u> | <u>-</u> | <u>19,400</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred tax revenue | 498,570 | - | - |
| Deferred inflows of resources related to pensions | <u>754,865</u> | - | - |
| Total deferred inflows of resources | <u>1,253,435</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | 223,079 | - | - |
| Restricted for | | | |
| General government | 9,010 | - | - |
| Highways and public improvements | 2,157,375 | - | - |
| Public safety | 345,223 | - | - |
| Culture and recreation | 25,844 | - | - |
| Conservation and economic development | 121,187 | - | - |
| Emergency services | 957,138 | - | - |
| Debt service | 2,542 | - | - |
| Unrestricted | <u>620,691</u> | <u>224,766</u> | <u>174,061</u> |
| Total net position | <u>4,462,089</u> | <u>224,766</u> | <u>174,061</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 7,425,735</u> | <u>\$ 224,766</u> | <u>\$ 193,461</u> |

LOGAN COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | | | | |
|--|--|-----------------------------|---|--------------------------------|--------------------------------|----------------------------------|
| | Program Revenues | | Primary | Component Units | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Water Resource District | Job Development Authority |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 1,219,720 | \$ 50,740 | \$ 100,241 | \$ (1,068,739) | \$ - | \$ - |
| Public safety | 199,641 | 37,808 | 95,849 | (65,984) | - | - |
| Highways and public improvement | 1,170,776 | 18,742 | 1,147,625 | (4,409) | - | - |
| Health and welfare | 1,265 | - | - | (1,265) | - | - |
| Culture and recreation | 54,903 | 2,374 | 6,073 | (46,456) | - | - |
| Conservation and economic development | 2,726 | - | - | (2,726) | - | - |
| Other | 129,815 | - | - | (129,815) | - | - |
| Interest on long-term debt | 6,412 | - | - | (6,412) | - | - |
| Total governmental activities | <u>2,785,258</u> | <u>109,664</u> | <u>1,349,788</u> | <u>(1,325,806)</u> | <u>-</u> | <u>-</u> |
| Component Units: | | | | | | |
| Water resource district | 104,738 | - | 39,496 | - | (65,242) | - |
| Job development authority | <u>47,048</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(47,048)</u> |
| Total component units | <u>\$ 151,786</u> | <u>\$ -</u> | <u>\$ 39,496</u> | <u>-</u> | <u>(65,242)</u> | <u>(47,048)</u> |
| GENERAL REVENUES | | | | | | |
| Property taxes; levied for general purposes | | | | 1,513,196 | 82,214 | 65,047 |
| Property taxes; levied for special purposes | | | | 21,966 | - | - |
| Federal aid not restricted to specific program | | | | 232,124 | - | - |
| State aid not restricted to specific program | | | | 414,862 | - | - |
| Earnings on Investments and other revenue | | | | <u>64,752</u> | <u>928</u> | <u>6,654</u> |
| Total general revenues | | | | <u>2,246,900</u> | <u>83,142</u> | <u>71,701</u> |
| Change in net position | | | | 921,094 | 17,900 | 24,653 |
| Net position - January 1 | | | | <u>3,540,995</u> | <u>206,866</u> | <u>149,408</u> |
| Net position - December 31 | | | | <u>\$ 4,462,089</u> | <u>\$ 224,766</u> | <u>\$ 174,061</u> |

See Notes to Financial Statements

LOGAN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

| | Major Funds | | | | | Other | Total |
|--|---------------------|-------------------|-----------------------------|-------------------------------------|---|------------------------------|-----------------------------|
| | General | Highway | Unorganized Road | County Road & Bridge | County Road & Bridge HB 1505 | Governmental Fund | Government Funds |
| ASSETS | | | | | | | |
| Cash and investments | \$ 2,138,284 | \$ 716,970 | \$ 745,317 | \$ 367,552 | \$ 440,300 | \$ 1,533,351 | \$ 5,941,774 |
| Accounts receivable | - | 17,070 | - | - | - | - | 17,070 |
| Taxes receivable | <u>27,860</u> | <u>-</u> | <u>8,567</u> | <u>5,101</u> | <u>-</u> | <u>-</u> | <u>41,528</u> |
| Total assets | <u>\$ 2,166,144</u> | <u>\$ 734,040</u> | <u>\$ 753,884</u> | <u>\$ 372,653</u> | <u>\$ 440,300</u> | <u>\$ 1,533,351</u> | <u>\$ 6,000,372</u> |
| LIABILITIES | | | | | | | |
| Salaries payable | <u>\$ 14,611</u> | <u>\$ 3,415</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6</u> | <u>\$ 18,032</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred tax revenue | <u>327,611</u> | <u>-</u> | <u>78,426</u> | <u>61,661</u> | <u>-</u> | <u>72,401</u> | <u>540,099</u> |
| FUND BALANCES | | | | | | | |
| Restricted for: | | | | | | | |
| General government | - | - | - | - | - | 9,010 | 9,010 |
| Highway and public improvement | - | 730,625 | 675,458 | 310,992 | 440,300 | - | 2,157,375 |
| Public safety | - | - | - | - | - | 345,223 | 345,223 |
| Culture and recreation | - | - | - | - | - | 25,844 | 25,844 |
| Conservation and economic development | - | - | - | - | - | 121,187 | 121,187 |
| Emergency Services | - | - | - | - | - | 957,138 | 957,138 |
| Debt service | - | - | - | - | - | 2,542 | 2,542 |
| Unassigned | <u>1,823,922</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,823,922</u> |
| Total fund balances | <u>1,823,922</u> | <u>730,625</u> | <u>675,458</u> | <u>310,992</u> | <u>440,300</u> | <u>1,460,944</u> | <u>5,442,241</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,166,144</u> | <u>\$ 734,040</u> | <u>\$ 753,884</u> | <u>\$ 372,653</u> | <u>\$ 440,300</u> | <u>\$ 1,533,351</u> | <u>\$ 6,000,372</u> |

LOGAN COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

| | | |
|---|----|-----------|
| Total fund balances for governmental funds | \$ | 5,442,241 |
|---|----|-----------|

Amounts reported for governmental activities in the statement of net position are different because:

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

| | | |
|-------------------------------|--------------------|---------|
| Cost of capital assets | 2,091,448 | |
| Less accumulated depreciation | <u>(1,716,681)</u> | |
| Net capital assets | | 374,767 |

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

| | | |
|------------------|--|--------|
| Taxes receivable | | 41,528 |
|------------------|--|--------|

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

| | | |
|--|------------------|---------|
| Total deferred outflows of resources | 1,050,596 | |
| Total deferred inflows of resources | <u>(754,865)</u> | |
| Net deferred outflows/inflows of resources | | 295,731 |

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position. Balances at December 31, 2022 are:

| | | |
|------------------------------|-----------------|--------------------|
| Compensated absences payable | (14,946) | |
| Note payable | (151,688) | |
| Net pension liability | (1,472,145) | |
| Net OPEB liability | <u>(53,399)</u> | |
| Net long-term liabilities | | <u>(1,692,178)</u> |

| | | |
|--|----|-------------------------|
| Total net position of governmental activities | \$ | <u><u>4,462,089</u></u> |
|--|----|-------------------------|

LOGAN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Major Funds | | | | | Other | Total |
|---|---------------------|-------------------|-------------------------|---------------------------------|---|--------------------------|-------------------------|
| | General | Highway | Unorganized Road | County Road & Bridge | County Road & Bridge HB 1505 | Governmental Fund | Government Funds |
| REVENUES | | | | | | | |
| Taxes | \$ 942,024 | \$ - | \$ 206,125 | \$ 176,549 | \$ - | \$ 221,150 | \$ 1,545,848 |
| Licenses, permits and fees | 12,058 | - | 263 | 248 | - | 991 | 13,560 |
| Intergovernmental | 457,356 | 359,589 | 307,183 | 457,437 | - | 401,936 | 1,983,501 |
| Charges for services | 50,740 | 2,625 | 1,637 | - | - | 70,937 | 125,939 |
| Miscellaneous | 1,202 | 19,815 | - | - | - | 27,173 | 48,190 |
| Total revenues | <u>1,463,380</u> | <u>382,029</u> | <u>515,208</u> | <u>634,234</u> | <u>-</u> | <u>722,187</u> | <u>3,717,038</u> |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| General government | 1,007,376 | - | - | - | - | 38,540 | 1,045,916 |
| Public safety | 33,461 | - | - | - | - | 152,313 | 185,774 |
| Highways and public improvements | - | 402,700 | 556,471 | 76,104 | 17,137 | 94,660 | 1,147,072 |
| Health and welfare | - | - | - | - | - | 1,265 | 1,265 |
| Culture and recreation | 2,550 | - | - | - | - | 52,353 | 54,903 |
| Conservation and economic development | - | - | - | - | - | 2,726 | 2,726 |
| Other | 71,151 | - | - | - | - | 58,664 | 129,815 |
| Debt Service | | | | | | | |
| Principal | - | 47,444 | - | - | - | - | 47,444 |
| Interest | - | 6,412 | - | - | - | - | 6,412 |
| Total expenditures | <u>1,114,538</u> | <u>456,556</u> | <u>556,471</u> | <u>76,104</u> | <u>17,137</u> | <u>400,521</u> | <u>2,621,327</u> |
| Excess (deficiency) of revenues over expenditures | <u>348,842</u> | <u>(74,527)</u> | <u>(41,263)</u> | <u>558,130</u> | <u>(17,137)</u> | <u>321,666</u> | <u>1,095,711</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 4,474 | 10,200 | - | - | 457,437 | 91,519 | 563,630 |
| Transfers out | (74,511) | - | - | (457,437) | - | (31,682) | (563,630) |
| Total other financing sources (uses) | <u>(70,037)</u> | <u>10,200</u> | <u>-</u> | <u>(457,437)</u> | <u>457,437</u> | <u>59,837</u> | <u>-</u> |
| Net change in fund balances | <u>278,805</u> | <u>(64,327)</u> | <u>(41,263)</u> | <u>100,693</u> | <u>440,300</u> | <u>381,503</u> | <u>1,095,711</u> |
| FUND BALANCES - JANUARY 1 | <u>1,545,117</u> | <u>794,952</u> | <u>716,721</u> | <u>210,299</u> | <u>-</u> | <u>1,079,441</u> | <u>4,346,530</u> |
| FUND BALANCES - DECEMBER 31 | <u>\$ 1,823,922</u> | <u>\$ 730,625</u> | <u>\$ 675,458</u> | <u>\$ 310,992</u> | <u>\$ 440,300</u> | <u>\$ 1,460,944</u> | <u>\$ 5,442,241</u> |

See Notes to Financial Statements

LOGAN COUNTY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds \$ 1,095,711

Amount reported for governmental activities in the statement of activities are different because:

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

Depreciation expense (102,237)

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

Decrease in interest payable 5,076
Debt payments 47,444

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 decrease in compensated absences (2,033)

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

Decrease in net pension and OPEB liability 170,067
Decrease in deferred outflows of resources 13,630
Increase in deferred inflows of resources (295,878)

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 decrease in taxes receivable (10,686)

Change in net position of governmental activities \$ 921,094

LOGAN COUNTY
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022

| | Custodial Funds |
|--------------------------|----------------------------|
| ASSETS | |
| Cash and investments | \$ <u>763,915</u> |
| Liabilities | |
| Due to other governments | \$ <u>763,915</u> |
| Total net position | \$ <u><u>-</u></u> |

LOGAN COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Custodial Funds |
|---|----------------------------|
| ADDITIONS | |
| Property tax collections for other governments | \$ 2,753,115 |
| State medical levy collections | 18,268 |
| Pass-through collections | <u>12,721</u> |
| Total additions | <u>2,784,104</u> |
| DEDUCTIONS | |
| Payments of property tax to other governments | 2,740,075 |
| Payments made for the purpose of public service | 18,268 |
| Costs related to pass-through funds | 12,721 |
| Payout of employee benefits | <u>13,040</u> |
| Total deductions | <u>2,784,104</u> |
| Change in net position | <u>-</u> |
| NET POSITION - JANUARY 1 | <u>1,204,943</u> |
| Prior year adjustments | <u>(1,204,943)</u> |
| NET POSITION - JANUARY 1, as restated | <u>-</u> |
| NET POSITION - DECEMBER 31 | <u><u>\$ -</u></u> |

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Discretely Presented Component Units

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

Logan County Water Resource District

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

Logan County Job Development Authority

The Logan County Job Development Authority’s governing board is appointed by the County’s governing board. The County’s governing body has the authority to disapprove, amend, or approve the job development authority budget. The job development authority has the authority to issue its own debt.

The financial statements of each of the two discretely presented component units are presented in the basic financial statements. Additional information may be obtained at Logan County Auditor; 301 Broadway; Napoleon, ND 58561.

Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Logan 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.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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.

Highway Fund: This fund accounts for the Highway Tax distribution from the State of North Dakota and other grants received from the state to be used for the maintenance and repair of roads within the county.

Unorganized Road: This is the County's primary road maintenance fund. It accounts for a special levy, various grants from the state of North Dakota and all financial resources related to highway maintenance, except those required to be accounted for in another fund.

County Road & Bridge: This fund accounts for financial resources dedicated to the construction of new buildings, additions to old buildings, or the making of major repairs to existing buildings.

County Road & Bridge HB1505: This fund accounts for financial resources dedicated to the construction of new buildings, additions to old buildings, or the making of major repairs to existing buildings.

The County reports the following fiduciary fund:

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Cash and Investments

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

Capital Assets

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

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

| | |
|----------------------------------|-----------------|
| Buildings | 75 to 100 years |
| Machinery, Vehicles, & Equipment | 5 to 30 years |

Compensated Absences

Vested or accumulated vacation leave is reported in government-wide statement of net position. Employees are allowed to accumulate a maximum of 30 days of vacation leave and compensation for unused leave will be granted to all full-time employees upon termination of employment with the county. Upon termination of employment, employees will be paid for unused vacation benefits that have accumulated through the last day of work at the employee's current rate of pay. Compensated absences represent the liability of the county for this employee benefit.

No liability is recorded for nonvesting accumulating rights to receive sick leave benefits.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts and issuance costs are recognized in the current period since the amounts are not material.

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

Pension

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

Other Post-Employment Benefits (“OPEB”)

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

Fund Equity

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

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

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

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

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

1. Committed
2. Assigned
3. Unassigned

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

Interfund Transactions

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

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

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

At year ended December 31, 2022, the County's carrying amount of deposits was \$6,705,689 and the bank balances were \$6,918,259. Of the bank balance, \$697,668 was covered by Federal Depository Insurance. The remaining balance of \$6,220,591 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2022, the County held certificates of deposit in the amount of \$345,737 which are all considered deposits.

Concentration of Credit Risk

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

NOTE 3 – TAXES RECEIVABLE

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

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

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5.0% discount is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent, and penalties are assessed.

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

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

Primary Government:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|---------------------|---------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 13,350 | \$ - | \$ - | \$ 13,350 |
| Capital assets, being depreciated | | | | |
| Buildings | 96,030 | - | - | 96,030 |
| Machinery, vehicles, and equipment | 1,982,068 | - | - | 1,982,068 |
| Total capital assets, being depreciated | 2,078,098 | - | - | 2,078,098 |
| Less accumulated depreciation for | | | | |
| Buildings | 88,578 | 1,470 | - | 90,048 |
| Machinery, vehicles, and equipment | 1,525,866 | 100,767 | - | 1,626,633 |
| Total accumulated depreciation | 1,614,444 | 102,237 | - | 1,716,681 |
| Total capital assets, being depreciated, net | 463,654 | (102,237) | - | 361,417 |
| Governmental activities capital assets, net | \$ 477,004 | \$ (102,237) | \$ - | \$ 374,767 |

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

Depreciation Expenses

| | |
|--------------------|-------------------|
| General government | \$ 1,470 |
| Highways | 86,900 |
| Public safety | 13,867 |
| | <u>\$ 102,237</u> |

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 – LONG-TERM DEBT

Primary Government:

Changes in Long-Term Liabilities

During the year ended December 31, 2022, the following changes occurred in liabilities reported in the long-term liabilities – Governmental Activities:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Note payable | \$ 199,132 | \$ - | \$ 47,444 | \$ 151,688 | \$ 48,972 |
| Compensated absences * | 12,913 | 2,033 | - | 14,946 | 1,495 |
| Net pension liability * | 1,695,611 | - | 223,465 | 1,472,146 | - |
| Net OPEB liability * | - | 53,399 | - | 53,399 | - |
| Total | <u>\$ 1,907,656</u> | <u>\$ 55,432</u> | <u>\$ 270,909</u> | <u>\$ 1,692,179</u> | <u>\$ 50,467</u> |

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

NOTE 6 – NOTE PAYABLE

The county has entered into the following note agreement:

Note payable agreement for a Cat 140 M3 motor grader
due in annual installments of \$53,856.36, which includes
interest at 3.22% through April 15 2025; secured by
the motor grader.

\$ 151,688

The following is a schedule of the future minimum payments under this note payable at December 31, 2022.

| <u>Period Ending December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-------------------|-----------------|----------------|
| 2023 | \$ 48,972 | \$ 4,884 | \$ 53,856 |
| 2024 | 50,540 | 3,316 | 53,856 |
| 2025 | 52,176 | 1,680 | 53,856 |
| Total | <u>\$ 151,688</u> | <u>\$ 9,880</u> | <u>161,568</u> |

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7 – TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2022:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------------|--------------------|---------------------|
| General fund | \$ 4,474 | \$ 74,511 |
| Debt service funds | | |
| County FAS/ER disaster loan | 8,332 | - |
| Special revenue funds | | |
| Farm to market road | 8,332 | 15,832 |
| County road and bridge HB1505 | 457,437 | - |
| Highway | 10,200 | - |
| Homeland security | 8,300 | 4,150 |
| County agent | 14,700 | - |
| Document preservation | 1,855 | - |
| Courthouse building | 25,000 | - |
| Courthouse vehicle replacement | 5,000 | - |
| Patrol care replacement | 20,000 | - |
| Heavy equipment replacement | - | 2,700 |
| County road and bridge | - | 457,437 |
| County weed control | - | 9,000 |
| | <u>\$ 563,630</u> | <u>\$ 563,630</u> |

NOTE 8 – DEFICIT FUND BALANCES

The following funds had a deficit balance as of December 31, 2022:

| <u>Non-major Governmental Funds</u> | <u>2022</u> |
|-------------------------------------|-----------------|
| Document preservation | \$ (53) |
| Homeland security | <u>(510)</u> |
| Total | <u>\$ (563)</u> |

The County plans to eliminate these deficits with future revenue collections and/or transfers from other funds.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 – RISK MANAGEMENT

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

In 1986, the state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (“NDIRF”), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$1,448,276 for public assets.

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

The County has worker’s compensation with the Department of Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

NOTE 10 – PENSION PLANS

North Dakota Public Employees Retirement System (Main Systems)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to North Dakota Century Code (“NDCC”) Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees 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 NDPERS 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 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.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member is 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 7.00% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.00% and employer contribution rates are 8.26% of covered compensation.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, the County reported a liability of \$1,472,146 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2022, the County's proportion was 0.051115 percent, which was an increase of 0.003824 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County recognized pension expense of \$74,310. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 7,679 | \$ 28,121 |
| Changes of assumptions | 880,365 | 545,778 |
| Net difference between projected and actual earnings on pension plan investments | 53,880 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 61,998 | 171,201 |
| County contributions subsequent to the measurement date | <u>21,381</u> | <u>-</u> |
| | \$ <u><u>1,025,303</u></u> | \$ <u><u>745,100</u></u> |

\$21,381 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.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

| | |
|---------------------|-----------|
| Year Ended June 30: | |
| 2023 | \$ 44,766 |
| 2024 | 65,968 |
| 2025 | 3,229 |
| 2026 | 144,859 |
| 2027 | - |
| Thereafter | - |

Actuarial Assumptions

The total pension liability in the July 1, 2022, 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 | 5.10%, net of investment expenses |
| Cost-of-living adjustments | None |

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

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

| Asset Class - Main | Target Allocation | Long-term Expected Real Rate of Return |
|----------------------------|----------------------|---|
| Domestic equity | 30.00% | 5.75% |
| International equity | 21.00% | 6.45% |
| Private equity | 7.00% | 9.20% |
| Domestic fixed income | 23.00% | 0.34% |
| International fixed income | 0.00% | 0.00% |
| Global real assets | 19.00% | 4.35% |
| Cash equivalents | 0.00% | 0.00% |

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 5.10 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 (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

| | <u>1% Decrease (4.10%)</u> | <u>Current Discount Rate (5.10%)</u> | <u>1% Increase (6.10%)</u> |
|---|---------------------------------------|---|---------------------------------------|
| Employer's proportionate share of net pension liability | \$ <u>1,943,132</u> | \$ <u>1,472,146</u> | \$ <u>1,085,483</u> |

Pension Plan Fiduciary Net Position

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

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS PLANS

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to North Dakota Administrative Code (“NDAC”) Chapter 71-06 for more complete information.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

OPEB Benefits

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

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

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the 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.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

At December 31, 2022, the County reported a liability of \$53,399 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2022, the County's proportion was 0.044488 percent, which was a decrease of 0.003379 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the County recognized OPEB expense of \$5,865. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 1,265 | \$ 459 |
| Changes of assumptions | 13,451 | - |
| Net difference between projected and actual earnings on pension plan investments | 7,190 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 643 | 9,306 |
| County contributions subsequent to the measurement date | <u>2,744</u> | <u>-</u> |
| | \$ <u>25,293</u> | \$ <u>9,765</u> |

\$2,744 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023.

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

| | |
|---------------------|----------|
| Year Ended June 30: | |
| 2023 | \$ 2,576 |
| 2024 | 2,222 |
| 2025 | 2,440 |
| 2026 | 5,546 |

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Actuarial Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

For active members, inactive members and healthy retirees, mortality rates were based on the Mortality Pub-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 weighing 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, 2022 are summarized in the following table:

| Asset Class - Main | Target Allocation | Long-term Expected Real Rate of Return |
|---------------------------|--------------------------|---|
| Broad US equity | 39.00% | 5.75% |
| International equities | 26.00% | 6.00% |
| Core-plus fixed income | 35.00% | 0.22% |

Discount Rate

The discount rate used to measure the total OPEB liability was 5.39%. 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.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

| | 1% Decrease (4.39%) | Current Discount Rate (5.39%) | 1% Increase (6.39%) |
|---|--------------------------------|--|--------------------------------|
| Employer's proportionate share of net pension liability | \$ <u>68,161</u> | \$ <u>53,399</u> | \$ <u>41,007</u> |

NOTE 12 – RELATED ORGANIZATIONS

The County is also responsible for levying a property tax for the Logan County Senior Citizens and Logan County Historical Society. However, the County's accountability for these entities does not extend beyond levying the tax. In 2022, the County remitted \$41,599 to the Senior Citizens and \$4,516 to the Historical Society respectively.

NOTE 13 – ECONOMIC DEVELOPMENT LOANS RECEIVABLE

Economic development loans receivable consists of loans made to area businesses from the Logan County Job Development Authority. The following amounts are outstanding at December 31, 2022:

| Borrower | Balance |
|-------------------------|-------------------|
| Lin Wolfe Wood Products | \$ 58,340 |
| Mabel's Bakery | 25,578 |
| Napoleon Drug | 19,650 |
| JM Auto Body | 15,000 |
| Lucas Wald | 11,894 |
| Downtowner | 8,033 |
| AW Excavating | 6,425 |
| Total | \$ <u>144,920</u> |

NOTE 14 – DEFERRED TAX REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes.

NOTE 15 – TAX ABATEMENTS

The county has not entered into any tax abatement agreements that would reduce the county's tax revenues for the year ended December 31, 2022.

LOGAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 – ERROR CORRECTIONS

The 2024 beginning net position has been restated to adjust for errors in the calculation of fiduciary net position. This resulted in an adjustment to the January 1, 2022, net position as follows

| | | Custodial Funds |
|--|----|----------------------------|
| | | <hr/> |
| Beginning of year net position, as previously reported | \$ | 1,204,943 |
| Adjustment to net position | | <hr/> (1,204,943) |
| Beginning of year net position, as restated | \$ | <hr/> <hr/> - |

LOGAN COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

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

Schedule of Employer's Share of Net Pension Liability

| <u>Pension Plan</u> | <u>Measurement Date</u> | <u>Employer's Proportion of the Net Pension Liability</u> | <u>Employer's Proportionate Share of the Net Pension Liability</u> | <u>Employer's Covered-Employee Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|-----------------------|-------------------------|---|--|--|--|---|
| ND PERS - Main System | 6/30/2022 | 0.051115% | \$ 1,472,146 | \$ 593,363 | 248.10% | 54.47% |
| ND PERS - Main System | 6/30/2021 | 0.047291% | \$ 492,914 | \$ 535,517 | 92.04% | 78.26% |
| ND PERS - Main System | 6/30/2020 | 0.053897% | \$ 1,695,611 | \$ 730,784 | 232.03% | 48.91% |
| ND PERS - Main System | 6/30/2019 | 0.075248% | \$ 881,961 | \$ 787,715 | 111.96% | 71.66% |
| ND PERS - Main System | 6/30/2018 | 0.072434% | \$ 1,222,403 | \$ 773,798 | 157.97% | 62.80% |
| ND PERS - Main System | 6/30/2017 | 0.074686% | \$ 1,200,449 | \$ 751,183 | 159.81% | 61.98% |
| ND PERS - Main System | 6/30/2016 | 0.074708% | \$ 726,102 | \$ 746,160 | 97.31% | 70.46% |
| ND PERS - Main System | 6/30/2015 | 0.070577% | \$ 479,912 | \$ 685,088 | 70.05% | 77.15% |
| ND PERS - Main System | 6/30/2014 | 0.066262% | \$ 420,579 | \$ 613,421 | 68.56% | 77.70% |

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of Employer's Share of Net OPEB Liability

| <u>Pension Plan</u> | <u>Measurement Date</u> | <u>Employer's Proportion of the Net OPEB Liability</u> | <u>Employer's Proportionate Share of the Net OPEB Liability</u> | <u>Employer's Covered-Employee Payroll</u> | <u>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u> |
|---------------------|-------------------------|--|---|--|---|--|
| OPEB | 6/30/2022 | 0.044488% | \$ 53,399 | \$ 459,299 | 11.63% | 56.28% |
| OPEB | 6/30/2021 | 0.047867% | \$ 26,622 | \$ 521,877 | 5.10% | 76.63% |
| OPEB | 6/30/2020 | 0.052154% | \$ 43,872 | \$ 594,544 | 7.38% | 71.66% |
| OPEB | 6/30/2019 | 0.070144% | \$ 56,339 | \$ 782,711 | 7.20% | 62.80% |
| OPEB | 6/30/2018 | 0.068006% | \$ 53,559 | \$ 744,131 | 7.20% | 61.98% |
| OPEB | 6/30/2017 | 0.070475% | \$ 55,746 | \$ 762,428 | 7.31% | 70.46% |

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

LOGAN COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS*

Schedule of Employer's Contributions

| <u>Pension Plan</u> | <u>Measurement Date</u> | <u>Statutorily Required Contribution</u> | <u>Contributions in Relation to the Statutorily Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered-Employee Payroll</u> | <u>Contributions as a Percentage of Covered-Employee Payroll</u> |
|-----------------------|-------------------------|--|---|---|--|--|
| ND PERS - Main System | 6/30/2022 | \$ 44,690 | \$ 42,782 | \$ 1,908 | \$ 593,363 | 7.21% |
| ND PERS - Main System | 6/30/2021 | \$ 39,492 | \$ 43,026 | \$ (3,534) | \$ 535,517 | 8.03% |
| ND PERS - Main System | 6/30/2020 | \$ 52,032 | \$ 52,032 | \$ - | \$ 730,784 | 7.12% |
| ND PERS - Main System | 6/30/2019 | \$ 56,085 | \$ 56,085 | \$ - | \$ 787,715 | 7.12% |
| ND PERS - Main System | 6/30/2018 | \$ 55,094 | \$ 55,094 | \$ - | \$ 773,798 | 7.12% |
| ND PERS - Main System | 6/30/2017 | \$ 53,484 | \$ 53,484 | \$ - | \$ 751,183 | 7.12% |
| ND PERS - Main System | 6/30/2016 | \$ 53,127 | \$ 53,127 | \$ - | \$ 746,160 | 7.12% |
| ND PERS - Main System | 6/30/2015 | \$ 48,778 | \$ 48,778 | \$ - | \$ 685,088 | 7.12% |
| ND PERS - Main System | 6/30/2014 | \$ 40,866 | \$ 40,866 | \$ - | \$ 613,421 | 6.66% |

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of Employer's Contributions

| <u>Pension Plan</u> | <u>Measurement Date</u> | <u>Statutorily Required Contribution</u> | <u>Contributions in Relation to the Statutorily Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered-Employee Payroll</u> | <u>Contributions as a Percentage of Covered-Employee Payroll</u> |
|---------------------|-------------------------|--|---|---|--|--|
| OPEB | 6/30/2022 | \$ 5,590 | \$ 5,494 | \$ 96 | \$ 459,299 | 1.20% |
| OPEB | 6/30/2021 | \$ 6,276 | \$ 6,787 | \$ (511) | \$ 521,877 | 1.30% |
| OPEB | 6/30/2020 | \$ 6,985 | \$ 8,438 | \$ (1,453) | \$ 594,544 | 1.42% |
| OPEB | 6/30/2019 | \$ 9,103 | \$ 8,980 | \$ 123 | \$ 782,711 | 1.15% |
| OPEB | 6/30/2018 | \$ 8,728 | \$ 8,821 | \$ (93) | \$ 744,131 | 1.19% |
| OPEB | 6/30/2017 | \$ 8,863 | \$ 8,564 | \$ 299 | \$ 762,428 | 1.12% |

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Final Budget</u> |
|--|----------------------------|----------------------------|----------------------------|--------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 912,448 | \$ 912,448 | \$ 942,024 | \$ 29,576 |
| Licenses, permits and fees | 77,325 | 77,325 | 12,058 | (65,267) |
| Intergovernmental | 351,045 | 351,045 | 457,356 | 106,311 |
| Charges and services | 29,250 | 29,250 | 50,740 | 21,490 |
| Miscellaneous | <u>13,100</u> | <u>13,100</u> | <u>1,202</u> | <u>(11,898)</u> |
| Total revenues | <u>1,383,168</u> | <u>1,383,168</u> | <u>1,463,380</u> | <u>80,212</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,210,483 | 1,210,483 | 1,007,376 | (203,107) |
| Public safety | 71,250 | 71,250 | 33,461 | (37,789) |
| Culture and recreation | 1,700 | 1,700 | 2,550 | 850 |
| Other | <u>123,000</u> | <u>123,000</u> | <u>71,151</u> | <u>(51,849)</u> |
| Total expenditures | <u>1,406,433</u> | <u>1,406,433</u> | <u>1,114,538</u> | <u>(291,895)</u> |
| Excess (deficiency) of revenues over expenditures | (23,265) | (23,265) | 348,842 | 372,107 |
| OTHER FINANCING USES | | | | |
| Transfers in | - | - | 4,474 | 4,474 |
| Transfers out | <u>(109,027)</u> | <u>(109,027)</u> | <u>(74,511)</u> | <u>34,516</u> |
| Net change in fund balance | (132,292) | (132,292) | 278,805 | 411,097 |
| FUND BALANCE, JANUARY 1 | <u>1,545,117</u> | <u>1,545,117</u> | <u>1,545,117</u> | <u>-</u> |
| FUND BALANCE, DECEMBER 31 | \$ <u><u>1,412,825</u></u> | \$ <u><u>1,412,825</u></u> | \$ <u><u>1,823,922</u></u> | \$ <u><u>411,097</u></u> |

LOGAN COUNTY

BUDGETARY COMPARISON SCHEDULE - COUNTY ROAD AND BRIDGE FUND FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Final Budget</u> |
|--|----------------------------|--------------------------|--------------------------|--------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 172,160 | \$ 172,160 | \$ 176,549 | \$ 4,389 |
| Licenses, permits and fees | 115 | 115 | 248 | 133 |
| Intergovernmental | <u>-</u> | <u>-</u> | <u>457,437</u> | <u>-</u> |
| Total revenues | <u>172,275</u> | <u>172,275</u> | <u>634,234</u> | <u>4,522</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highway and public improvement | 75,000 | 75,000 | 76,104 | 1,104 |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>75,000</u> | <u>75,000</u> | <u>76,104</u> | <u>1,104</u> |
| Excess (deficiency) of revenues over expenditures | <u>97,275</u> | <u>97,275</u> | <u>558,130</u> | <u>3,418</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(457,437)</u> | <u>(457,437)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(457,437)</u> | <u>(457,437)</u> |
| Net change in fund balances | <u>97,275</u> | <u>97,275</u> | <u>100,693</u> | <u>(454,019)</u> |
| FUND BALANCE, JANUARY 1 | <u>210,299</u> | <u>210,299</u> | <u>210,299</u> | <u>-</u> |
| FUND BALANCE, DECEMBER 31 | \$ <u><u>307,574</u></u> | \$ <u><u>307,574</u></u> | \$ <u><u>310,992</u></u> | \$ <u><u>(454,019)</u></u> |

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULE – HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Final Budget</u> |
|--|----------------------------|--------------------------|--------------------------|--------------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 297,060 | \$ 297,060 | \$ 359,589 | \$ 62,529 |
| Charges for services | 2,500 | 2,500 | 2,625 | 125 |
| Miscellaneous | <u>15,000</u> | <u>15,000</u> | <u>19,815</u> | <u>4,815</u> |
| Total revenues | <u>314,560</u> | <u>314,560</u> | <u>382,029</u> | <u>67,469</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highway and public improvement | 705,000 | 705,000 | 402,700 | (302,300) |
| Debt service | | | | |
| Principal | - | - | 47,444 | 47,444 |
| Interest and service charges | <u>-</u> | <u>-</u> | <u>6,412</u> | <u>6,412</u> |
| Total expenditures | <u>705,000</u> | <u>705,000</u> | <u>456,556</u> | <u>(248,444)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(390,440)</u> | <u>(390,440)</u> | <u>(74,527)</u> | <u>315,913</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>10,200</u> | <u>10,200</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>10,200</u> | <u>10,200</u> |
| Net change in fund balances | (390,440) | (390,440) | (64,327) | 326,113 |
| FUND BALANCE, JANUARY 1 | <u>794,952</u> | <u>794,952</u> | <u>794,952</u> | <u>-</u> |
| FUND BALANCE, DECEMBER 31 | <u><u>\$ 404,512</u></u> | <u><u>\$ 404,512</u></u> | <u><u>\$ 730,625</u></u> | <u><u>\$ 326,113</u></u> |

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULE – UNORGANIZED ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Final Budget</u> |
|--|----------------------------|--------------------------|--------------------------|--------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 193,867 | \$ - | \$ 206,125 | \$ 206,125 |
| Licenses, permits and fees | 136 | 136 | 263 | 127 |
| Intergovernmental | 101,318 | 101,318 | 307,183 | 205,865 |
| Miscellaneous | <u>1,637</u> | <u>1,637</u> | <u>1,637</u> | <u>-</u> |
| Total revenues | <u>296,958</u> | <u>103,091</u> | <u>515,208</u> | <u>412,117</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highway and public improvement | <u>505,000</u> | <u>505,000</u> | <u>556,471</u> | <u>51,471</u> |
| Total expenditures | <u>505,000</u> | <u>505,000</u> | <u>556,471</u> | <u>51,471</u> |
| Excess (deficiency) of revenues over expenditures | <u>(208,042)</u> | <u>(401,909)</u> | <u>(41,263)</u> | <u>360,646</u> |
| FUND BALANCE, JANUARY 1 | <u>716,721</u> | <u>716,721</u> | <u>716,721</u> | <u>-</u> |
| FUND BALANCE, DECEMBER 31 | \$ <u><u>508,679</u></u> | \$ <u><u>314,812</u></u> | \$ <u><u>675,458</u></u> | \$ <u><u>360,646</u></u> |

LOGAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT BUDGET POLICIES

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

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

NOTE 2 – LEGAL COMPLIANCE

Expenditures exceeded budget in the following funds for the year ended December 31, 2022:

| <u>Fund</u> | <u>Budget</u> | <u>Actual</u> | <u>Excess</u> |
|------------------------|---------------|---------------|---------------|
| County Road and Bridge | \$ 75,000 | \$ 76,104 | \$ (1,104) |
| Unorganized Road | 505,000 | 556,471 | (51,471) |

NOTE 3 – PENSIONS AND OPEB

Changes of Assumptions

Main System

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other 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 the first use commencing with the actuarial valuation as of July 1, 2020.

OPEB

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

LOGAN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

Changes of Benefit Terms

Main System and Law Enforcement System

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

OPEB

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

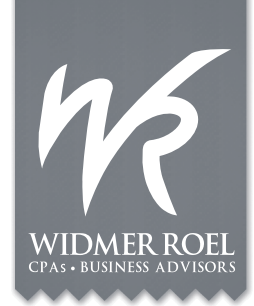
LOGAN COUNTY
SCHEDULE OF FUND ACTIVITY
ARISING FROM CASH TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Balance 01/01/22</u> | <u>Receipts</u> | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Disbursements</u> | <u>Balance 12/31/22</u> |
|-------------------------------------|-----------------------------|------------------|-------------------------|--------------------------|----------------------|-----------------------------|
| MAJOR GOVERNMENTAL FUNDS | | | | | | |
| General fund | \$ 1,545,117 | \$ 1,463,381 | \$ 4,474 | \$ (74,511) | \$ (1,114,539) | \$ 1,823,922 |
| Highway fund | 794,952 | 382,030 | 10,200 | - | (456,557) | 730,625 |
| Unorganized road fund | 716,721 | 515,208 | - | - | (556,471) | 675,458 |
| County road and bridge fund | 210,299 | 634,234 | - | (457,437) | (76,104) | 310,992 |
| County road and bridge fund HB1505 | - | - | 457,437 | - | (17,137) | 440,300 |
| | <u>3,267,089</u> | <u>2,994,853</u> | <u>472,111</u> | <u>(531,948)</u> | <u>(2,220,808)</u> | <u>3,981,297</u> |
| NON-MAJOR GOVERNMENTAL FUNDS | | | | | | |
| Farm to market roads | 19,666 | 88,889 | 8,332 | (15,832) | (94,673) | 6,382 |
| County FAS/ER disaster loan | (3,525) | - | 8,332 | - | (4,807) | - |
| Emergency 911 | 65,257 | 36,126 | - | - | (58,482) | 42,901 |
| Veteran's service officer | 7,104 | 11,651 | - | - | (11,130) | 7,625 |
| County agent | 2,476 | 36,696 | 14,700 | - | (53,201) | 671 |
| County weed control | 95,488 | 57,014 | - | (9,000) | (45,479) | 98,023 |
| Courthouse building | 81,536 | - | 25,000 | - | (32,070) | 74,466 |
| County emergency | 192,785 | 30,193 | - | - | (9) | 222,969 |
| County jail | 57,153 | 35,753 | - | - | (25,981) | 66,925 |
| Patrol Car replacement | (16,355) | 25,000 | 20,000 | - | - | 28,645 |
| County vehicle replacement | 39,712 | - | 5,000 | - | (296) | 44,416 |
| 24/7 sobriety program | 3,272 | 2,272 | - | - | (1,265) | 4,279 |
| Load pass | 1,214 | 672 | - | - | (500) | 1,386 |
| Logan county food pantry | 13,900 | 9,770 | - | - | (4,208) | 19,462 |
| County extension | 1,715 | 299 | - | - | (398) | 1,616 |
| ARPA | - | 179,671 | - | - | - | 179,671 |
| LATCF | - | 50,000 | - | - | - | 50,000 |
| Estate tax | 27,723 | - | - | - | (6,174) | 21,549 |
| Heavy equipment replacement | 41,643 | 31,530 | - | (2,700) | - | 70,473 |
| Document preservation | 1,221 | 6,073 | 1,855 | - | (9,202) | (53) |
| Homeland security | - | 9,995 | 8,300 | (4,150) | (14,655) | (510) |
| FEMA - 4444 DR 2049 | 94,726 | - | - | - | (24,812) | 69,914 |
| FEMA - 4475 DR 2019 | 24,724 | 56,830 | - | - | (5,935) | 75,619 |
| FEMA - 4553 DR 2020 | 290,648 | 28,346 | - | - | (2,930) | 316,064 |
| HS indirect cost share | 36,439 | 23,779 | - | - | (4,310) | 55,908 |
| Interest and sinking | 919 | 1,624 | - | - | - | 2,543 |
| | <u>1,079,441</u> | <u>722,183</u> | <u>91,519</u> | <u>(31,682)</u> | <u>(400,517)</u> | <u>1,460,944</u> |
| Total non-major governmental funds | <u>1,079,441</u> | <u>722,183</u> | <u>91,519</u> | <u>(31,682)</u> | <u>(400,517)</u> | <u>1,460,944</u> |
| Total governmental funds | <u>4,346,530</u> | <u>3,717,036</u> | <u>563,630</u> | <u>(563,630)</u> | <u>(2,621,325)</u> | <u>5,442,241</u> |

(Continued)

LOGAN COUNTY
SCHEDULE OF FUND ACTIVITY
ARISING FROM CASH TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Balance 01/01/22 | Receipts | Transfers In | Transfers Out | Disbursements | Balance 12/31/22 |
|---|-----------------------------|------------------|-------------------------|--------------------------|----------------------|-----------------------------|
| CUSTODIAL FUNDS | | | | | | |
| County health nurse | 27,231 | 90,475 | - | - | (89,240) | 28,466 |
| County water resource dist | 22,727 | 77,799 | - | - | (82,432) | 18,094 |
| County job development auth | 19,853 | 65,242 | - | - | (64,597) | 20,498 |
| County soil conservation | 14,056 | 52,032 | - | - | (51,236) | 14,852 |
| County senior citizens | 8,253 | 44,715 | - | - | (41,599) | 11,369 |
| County library | 12,275 | 42,099 | - | - | (40,716) | 13,658 |
| State medical center | 5,458 | 18,268 | - | - | (18,030) | 5,696 |
| Health insurance | - | 13,040 | - | - | (13,040) | - |
| General expense | - | 12,721 | - | - | (12,721) | - |
| Mobile home | - | 5,451 | - | - | (5,451) | - |
| County historical society | 1,440 | 4,525 | - | - | (4,517) | 1,448 |
| Contract policing: napoleon | 185 | 3,078 | - | - | (2,558) | 705 |
| Victim witness fee | 150 | 525 | - | - | (650) | 25 |
| Hazardous chemical | 4,420 | 425 | - | - | (541) | 4,304 |
| Domestic violence | - | 315 | - | - | (315) | - |
| Prepaid property tax | - | 140 | - | - | (140) | - |
| Sales tax | 158 | 35 | - | - | (115) | 78 |
| Total cities and park districts | 113,434 | 593,158 | - | - | (590,807) | 115,785 |
| Total school districts | 390,621 | 1,351,749 | - | - | (1,322,106) | 420,264 |
| Total townships, fire & ambulance districts | 98,200 | 408,312 | - | - | (397,839) | 108,673 |
| Total custodial funds | 718,461 | 2,784,104 | - | - | (2,738,650) | 763,915 |
| TOTAL GOVERNMENTAL FUNDS | 5,064,991 | 6,501,140 | 563,630 | (563,630) | (5,359,975) | 6,206,156 |
| Discretely Presented Component Units | | | | | | |
| Water Resource District | 206,866 | 122,638 | - | - | (104,737) | 224,767 |
| Job Development Authority | 149,408 | 71,700 | - | - | (47,048) | 174,060 |
| | | 46,150 | | | | |
| Total discretely presented component units | 356,274 | 194,338 | - | - | (151,785) | 398,827 |
| Total reporting entity | \$ 5,421,265 | \$ 6,695,478 | \$ 563,630 | \$ (563,630) | \$ (5,511,760) | \$ 6,604,983 |



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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

County Commission
Logan County
Napoleon, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **Logan County**, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise **Logan County's** basic financial statements and have issued our report thereon dated May 22, 2025.

Report on Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of audit findings and responses as items 2022-01, 2022-03, 2022-04, and 2022-005 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of audit findings and responses as item 2022-02 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Logan 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*.

Logan County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **Logan County's** response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. **Logan 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.

A handwritten signature in black ink, appearing to read "Widmer Pool" followed by a stylized flourish.

Fargo, North Dakota
May 22, 2025

LOGAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

| | |
|--|------------|
| Governmental Activities | Qualified |
| Aggregate Discretely Presented Component Units | Unmodified |
| Major Funds | Unmodified |
| Aggregate Remaining Fund information | Unmodified |

Internal control over financial reporting:

| | | |
|---|------------------|-----------------------------|
| Material weakness(es) identified? | <u> X </u> yes | <u> </u> no |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | <u> X </u> yes | <u> </u> none reported |

| | | |
|---|-------------------|-----------------|
| Noncompliance material to financial statements noted? | <u> </u> yes | <u> X </u> no |
|---|-------------------|-----------------|

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-001 (MATERIAL WEAKNESS) – GAAP FINANCIAL STATEMENT PREPARATION

Condition

Widmer Roel assists **Logan County** with preparation of its financial statements and related disclosures in accordance with Accounting Principles Generally Accepted in the United States of America (“GAAP”).

Criteria

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

Cause

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

Effect

This is a common occurrence within organizations of a size and structure similar to that of Logan County. This could potentially lead to inaccuracies, particularly in terms of missing or incomplete disclosures.

Recommendation

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

LOGAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Views of Responsible Officials

The County will continue to have the external auditors prepare the financial statements, including note disclosures, but will review and approve them prior to external distribution.

2022-002 (SIGNIFICANT DEFICIENCY) – APPROVAL OF EXPENDITURES BY THE BOARD

Condition

Two out of twenty of the expenditures tested for board approval were not approved by the board.

Criteria

Per the N.D.C.C 11-11-35, the County commissioners shall keep a “record of the proceedings of the board of County commissioners”. Approval of orders and vouchers shall be recorded in the record of the proceedings and this shall be sufficient to indicate approval without requiring a majority of the board to sign or initial the orders and vouchers.

Cause

The prior County management failed to submit necessary paperwork for prepaid expenses to the board for inclusion in the minutes.

Effect

The expenditures in question were not endorsed by the board, and therefore not in compliance with N.D.C.C 11-11-35.

Recommendation

Widmer Roel recommends instituting a thorough and standardized process for the board's review and approval of all expenditures.

Views of Responsible Officials

Management will carefully review the draft financial statements, ensure future reports to the board are complete and discuss any questions with the outside auditor.

2022-003 (MATERIAL WEAKNESS) – CAPITAL ASSET RECORDS

Condition

The County does not currently have sufficient capital asset records for infrastructure to enable presentation of infrastructure assets and related depreciation in the County financial statements.

Criteria

Government GAAP (GASB 34) requires the inclusion of infrastructure in the government-wide financial statements.

LOGAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Cause

The County has not previously had adequate processes in place to accurately record, track and reconcile infrastructure records suitable for financial statement presentation.

Effect

The government-wide financial statements of the County are misstated to the extent infrastructure assets and related depreciation are not presented.

Recommendation

We recommend management develop and implement policies and processes for identifying, recording, reconciling and reporting infrastructure assets in accordance with GAAP.

Views of Responsible Officials

The County will consider this going forward and will work on gathering the necessary information for reporting purposes.

2022-004 (MATERIAL WEAKNESS) – SEGREGATION OF DUTIES

Condition

Logan County has one individual as the county auditor and treasurer. These roles are responsible in conjunction with each other for numerous functions related to financial reporting. A lack of segregation of duties exist as one employee is responsible to issue checks, send checks to vendors, record receipts and disbursements in the journals, maintain the general ledger, perform bank reconciliations, and prepare financial statements.

Criteria

Proper internal control according to the COSO framework include controls surrounding the custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements. The framework dictates there should be sufficient accounting personnel so that duties of employees are properly segregated.

Cause

Logan County has chosen to allocate its economic resources to other functions of the County.

Effect

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

LOGAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Recommendation

It is not unusual for smaller counties to have one individual as the auditor and treasurer. We recommend management be aware of the lack of segregation of duties and implement controls wherever possible to mitigate this risk. For example, we recommend the board continue and/or adopt the following:

- Review and approve all significant contracts and disbursements
- Careful review of budgeted items compared to actual results, investigating unusual discrepancies
- Dual signatures on all significant checks
- Periodic review of savings/CD statements and review of completed bank reconciliations
- Periodic review of counties policies, including consideration of whether county policies are sufficient to mitigate risk of financial statement errors or fraud, or noncompliance with laws, regulations and contracts

Views of Responsible Officials

The County will consider this going forward and make necessary changes as needed.

2022-005 (MATERIAL WEAKNESS) – MATERIAL AUDIT ADJUSTMENTS

Condition

During the audit 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.

Criteria

Logan 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.

Cause

Logan County did not have procedures in place to reconcile financial statement and account balances to ensure the financial statements are complete and accurate.

Effect

There is an increased risk of material misstatement to Logan County's financial statements whether due to error of fraud.

Recommendation

We recommend Logan County review its procedures for reconciling the financial statement and account balances to ensure the financial statements are complete and accurate in accordance with GAAP.

Views of Responsible Officials

I agree. Logan County will continue to update its procedures to ensure the financial statements are in accordance with GAAP.