



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Stutsman County

Jamestown, North Dakota

Audit Report for the Year Ended December 31, 2023

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Office of the
State Auditor

STUTSMAN COUNTY

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STUTSMAN COUNTY

County Officials
December 31, 2023

COUNTY OFFICIALS

At December 31, 2023

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

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

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

ndsao@nd.gov

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stutsman County's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stutsman County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025 on our consideration of Stutsman County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stutsman County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stutsman County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 16, 2025

STUTSMAN COUNTY
Statement of Net Position
December 31, 2023

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

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

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

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

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

STUTSMAN COUNTY

Balance Sheet – Governmental Funds

December 31, 2023

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

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

STUTSMAN COUNTY

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

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

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

STUTSMAN COUNTY

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

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

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

STUTSMAN COUNTY

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

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

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset transfers and depreciation exceeded capital outlay and capital contribution in the current period.

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

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

Gain on Sale of Capital Assets		94,507
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The proceeds of debt issuances are reporting as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of Debt		240,783
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The net pension liability and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

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

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

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

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

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

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

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

STUTSMAN COUNTY

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

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

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

STUTSMAN COUNTY

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

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

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

STUTSMAN COUNTY

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Component Units

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

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

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

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

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

Basis of Presentation

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

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

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Notes to the Financial Statements – Continued

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

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

The County reports the following major governmental funds:

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

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

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

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

Additionally, the County reports the following fund type:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

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Notes to the Financial Statements – Continued

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

Inventories

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

Capital Assets

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

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

Assets	Years
Land	Indefinite
Buildings	15-50 Years
Machinery & Equipment	8-10 Years
Infrastructure	50 Years
Vehicles	7-10 Years
Office Equipment	5-20 Years

Compensated Absences

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

Sick leave benefits are earned at the rate of one day per month regardless of the years of service. An unlimited number of sick leave hours may be carried over at each year-end. 10% of the sick leave benefits are paid out upon termination

Long-Term Obligations

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

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

Pension

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

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Notes to the Financial Statements – Continued

Other Post-Employment Benefits (OPEB)

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

Fund Balances

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

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

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

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

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

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

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

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

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

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

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

Net Position

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

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

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Notes to the Financial Statements – Continued

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

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

Interfund Transactions

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

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

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

NOTE 2 PRIOR PERIOD ADJUSTMENTS

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

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

NOTE 3 DEPOSITS

Custodial Credit Risk

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

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

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

At year ended December 31, 2023, the County’s carrying amount of deposits totaled \$45,580,669 and the bank balances totaled \$46,683,000. Of the bank balances, \$28,714,508 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

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Notes to the Financial Statements – Continued

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

At year ended December 31, 2023, the James River Valley Library System’s carrying amount of deposits totaled \$802,297 and the bank balances totaled \$809,103. Of the bank balances, \$662,586 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

NOTE 4 INVESTMENTS

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

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

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

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

Interest Rate Risk

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

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Notes to the Financial Statements – Continued

Credit Risk

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

Concentration of Credit Risk

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

Fair Value Measurement

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

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

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

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

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

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

NOTE 5 PROPERTY TAXES

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

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Notes to the Financial Statements – Continued

NOTE 6 CAPITAL ASSETS

Primary Government

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

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

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

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

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

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

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

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Notes to the Financial Statements – Continued

NOTE 7 LONG-TERM LIABILITIES

Primary Government

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

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

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

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

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

Discretely Presented Component Unit

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

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

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

NOTE 8: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

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Notes to the Financial Statements – Continued

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

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

	Net Pension Liability
Primary Government	\$ 12,675,367
Library	658,267

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2021 and reported the following pension expense for the year ended December 31, 2023:

	Proportion	Increase (Decrease) in Proportion from June 30, 2022 Measurement	Pension Expense
Primary Government	0.657350%	0.044083%	\$ 1,116,689
Library	0.034138%	-0.003481%	57,445

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

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

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

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

Primary Government	\$ 224,517
Library	16,024

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

	Primary Government	Library
2024	\$ 101,463	\$ 2,604
2025	(1,492,659)	(85,848)
2026	274,638	(1,739)
2027	(641,938)	(45,744)
2028	-	-

Actuarial Assumptions

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

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

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

Discount Rate

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

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

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

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

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

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

Pension Plan Fiduciary Net Position

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

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

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

	Net OPEB Liability
Primary Government	\$ 590,950
Library	34,628

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

	Proportion	Increase (Decrease) in Proportion from June 30, 2022 Measurement	OPEB Expense
Primary Government	0.591097%	0.028428%	\$ 113,389
Library	0.034637%	-0.005820%	7,147

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

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	\$ 35,948
Library	2,566

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

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

Actuarial Assumptions

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

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

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

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Discount Rate

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

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

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

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

NOTE 10 TRANSFERS

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

	Transfers In	Transfers Out
Major Funds		
General	\$ 146,387	\$ 1,112,784
Special Revenue	2,859,522	4,756,018
Capital Projects	2,862,893	-
Total Transfers	\$ 5,868,802	\$ 5,868,802

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

NOTE 11 CONSTRUCTION COMMITMENTS

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (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. For the County the coverage by NDIRF is limited to losses of five million dollars per occurrence for general liability and automobile, and \$7,205,532 for public assets/mobile equipment and portable property.

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

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

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

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

NOTE 13 CONTRACTS PAYABLE

Primary Government

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

	Balance Jan 1	Increases	Decreases	Balance Dec 31
Contracts Payable	\$ 188,669	\$ -	\$ 43,848	\$ 144,821

NOTE 14 LOANS RECEIVABLE

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

	Balance January 1	New Loans	Principal Payments	Balance December 31
Loans Receivable	\$ 1,214,884	\$ -	\$ 50,334	\$ 1,164,550

NOTE 15 CONDUIT DEBT OBLIGATIONS

Community Development Block Grant Loans

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

Housing Finance Agency Bonds

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

Facility Passenger Fee Revenue Bonds

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

Senior Housing Revenue Bonds

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

Municipal Industrial Development Bonds

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 17 JOINT VENTURES

Jamestown/Stutsman Development Corporation

Under authorization of state statutes, the County and the City of Jamestown established and jointly operate a Job Development Authority, known as the Jamestown/Stutsman Development Corporation (JSDC). The agreement was established for the mutual advantage of the governments. Each government appoints two members of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity can be determined as to the location of the separate loan applicants. The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2021, which is the most current audited information available:

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

Central Valley Health District

Under authorization of state statutes, the County, Logan County, and the City of Jamestown established and jointly operate a Health District, known as the Central Valley Health District. The agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity can be determined as to the location of the separate loan applicants. The following is a summary of financial information on the joint venture as of and for the year ended June 30, 2023, which is the most current audited information available:

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

STUTSMAN COUNTY

Budgetary Comparison Schedule - General Fund
December 31, 2023

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

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

STUTSMAN COUNTY

Budgetary Comparison Schedule - Special Revenue Fund
December 31, 2023

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

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

STUTSMAN COUNTY

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

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

County	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.657350%	12,675,367	\$ 8,038,545	157.68%	65.31%
2022	0.613267%	17,662,498	7,119,022	248.10%	54.47%
2021	0.671708%	7,001,216	7,606,357	92.04%	78.26%
2020	0.668928%	21,044,618	7,379,082	285.19%	48.91%
2019	0.628618%	7,367,858	6,538,693	112.68%	71.66%
2018	0.633009%	10,682,717	6,503,013	164.27%	62.80%
2017	0.627922%	10,092,767	6,410,102	157.45%	61.98%
2016	0.634690%	6,185,673	6,396,175	96.71%	70.46%
2015	0.644744%	4,384,149	5,743,887	76.33%	77.15%
2014	0.602349%	3,823,238	5,074,056	75.35%	77.70%

James River Valley Library System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.034138%	\$ 658,267	\$ 417,465	157.68%	65.31%
2022	0.034138%	1,083,452	436,692	248.10%	54.47%
2021	0.035619%	371,257	403,348	92.04%	78.26%
2020	0.035653%	1,121,651	393,292	285.20%	48.91%
2019	0.031232%	366,062	324,868	112.68%	71.66%
2018	0.030641%	517,100	314,780	164.27%	62.80%
2017	0.030216%	485,670	308,456	157.45%	61.98%
2016	0.032932%	320,954	331,876	96.71%	70.46%
2015	0.027713%	193,744	246,891	78.47%	77.15%
2014	0.024979%	158,547	210,422	75.35%	77.70%

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

STUTSMAN COUNTY

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

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 599,366	\$ 624,530	\$ (25,164)	\$ 8,418,065	7.42%
2022	536,184	566,642	(30,458)	7,853,256	7.22%
2021	560,936	552,935	8,001	7,778,027	7.11%
2020	522,503	519,635	2,868	7,708,607	6.74%
2019	476,054	477,146	(1,092)	6,538,693	7.30%
2018	478,974	471,996	6,978	6,503,013	7.26%
2017	464,810	462,905	1,905	6,410,102	7.22%
2016	463,073	457,888	5,185	6,396,175	7.16%
2015	436,294	434,840	1,454	5,743,887	7.57%
2014	361,273	361,273	-	5,074,056	7.12%

James River Valley Library System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 31,996	\$ 29,486	\$ 2,510	\$ 449,381	6.56%
2022	32,891	29,940	2,951	436,692	6.86%
2021	29,745	28,794	951	403,348	7.14%
2020	27,849	26,647	1,202	393,292	6.78%
2019	23,652	24,263	(611)	324,868	7.47%
2018	23,185	22,679	506	314,780	7.20%
2017	22,367	23,664	(1,297)	308,456	7.67%
2016	24,027	22,688	1,339	331,876	6.84%
2015	18,753	20,246	(1,493)	246,891	8.20%
2014	14,982	14,982	-	210,422	7.12%

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

STUTSMAN COUNTY

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

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

County	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.591097%	\$ 590,950	\$ 5,941,609	9.95%	62.74%
2022	0.562669%	675,377	5,809,020	11.63%	56.28%
2021	0.627513%	349,006	6,841,508	5.10%	76.63%
2020	0.627123%	527,534	7,149,012	7.38%	63.38%
2019	0.589949%	473,840	6,582,988	7.20%	63.13%
2018	0.598169%	471,099	6,545,261	7.20%	61.89%
2017	0.592518%	468,688	6,410,102	7.31%	59.78%

James River Valley Library System	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.034637%	\$ 34,628	\$ 348,161	9.95%	62.74%
2022	0.034637%	48,561	417,679	11.63%	56.28%
2021	0.036966%	20,576	403,348	5.10%	76.63%
2020	0.034500%	29,021	393,291	7.38%	63.38%
2019	0.029114%	23,384	324,868	7.20%	63.13%
2018	0.028768%	22,657	314,780	7.20%	61.89%
2017	0.028512%	22,553	308,456	7.31%	59.78%

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

STUTSMAN COUNTY

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

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 70,802	\$ 70,802	(0)	\$ 6,210,672	1.14%
2022	70,703	75,442	(4,739)	6,275,715	1.20%
2021	82,271	82,369	(98)	7,778,027	1.06%
2020	83,986	82,962	1,024	7,708,607	1.08%
2019	76,560	76,902	(342)	6,582,988	1.17%
2018	76,772	75,572	1,200	6,545,261	1.15%
2017	74,513	74,116	397	6,410,102	1.16%

James River Valley Library System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 4,192	4,721	(529)	367,693	1.28%
2022	5,084	4,764	320	417,679	1.14%
2021	4,850	4,610	240	403,348	1.14%
2020	4,620	4,267	353	393,291	1.08%
2019	3,778	3,885	(107)	324,868	1.20%
2018	3,692	3,631	61	314,780	1.15%
2017	3,586	3,789	(203)	308,456	1.23%

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

STUTSMAN COUNTY

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

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

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

OPEB

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

STUTSMAN COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Pension

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

OPEB

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

NOTE 5: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

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

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

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

STUTSMAN COUNTY

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

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

See notes to the Schedule of Expenditures of Federal Awards

STUTSMAN COUNTY

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

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 PASS-THROUGH GRANT NUMBER

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

NOTE 4 INDIRECT COST RATE

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

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

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

ndsao@nd.gov

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Stutsman County's basic financial statements, and have issued our report thereon dated January 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

STUTSMAN COUNTY

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

Report on Compliance and Other Matters

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

Stutsman County’s Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 16, 2025

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

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

ndsao@nd.gov

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

Independent Auditor's Report

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

STUTSMAN COUNTY

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 16, 2025

STUTSMAN COUNTY

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

Financial Statements

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

Internal control over financial reporting

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

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified?	<u> </u> Yes	<u> X </u> None	noted
Reportable conditions identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None	noted
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements?	<u> </u> Yes	<u> X </u> None	noted

Identification of Major Programs

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

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

STUTSMAN COUNTY

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

SECTION I – FINANCIAL STATEMENT FINDINGS

2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

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

Criteria

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

Repeat Finding

Yes.

Recommendation

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

Stutsman County's Response

See Corrective Action Plan.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



**STUTSMAN
COUNTY**

Auditor's Office

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

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

Section I – Financial Statement Findings:

2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

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

Corrective Action Plan:

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

Anticipated Completion Date:

FY 2024 and each year thereafter.

Section II – Federal Award Findings and Questioned Costs:

No matters were reported for the County.

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

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

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

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



**STUTSMAN
COUNTY**

Auditor's Office

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

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

2022-001 AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

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

Recommendation:

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

Current Status of Recommendation:

Not implemented. Issue was repeated in FY2023 audit.

Jessica Alonge
County Auditor, Stutsman County

County Commissioners

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

County Officials

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

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

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

STATE AUDITOR
Joshua C. Gallion



PHONE
701-328-2241

FAX
701-328-2345

www.nd.gov/auditor

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

ndsao@nd.gov

GOVERNANCE COMMUNICATION

January 16, 2025

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, North Dakota, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 10, 2024. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Stutsman County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Stutsman County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities financial statements were:

Management's estimate of the useful lives of capital assets is based on past history of each classification of capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

STUTSMAN COUNTY

Governance Communication – Continued

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management.

Management has corrected all such misstatements. The schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

PRIMARY GOVERNMENT	Audit Adjustments	
	Debit	Credit
Governmental Funds		
<u>To Record Intergovernmental Receivables</u>		
Intergovernmental Receivables	401,273	-
Revenue - General Fund	-	223,829
Revenue - Special Revenue Fund	-	177,444
<u>To Record Accounts Receivables</u>		
Accounts Receivable	299,894	-
Revenue - General Fund	-	222,220
Revenue - Special Revenue Fund	-	28,591
Revenue - Capital Projects Fund	-	49,083
<u>To Record Accounts Payable</u>		
Expenditures - General Fund	28,480	-
Expenditures - Special Revenue Fund	104,171	-
Accounts Payable	-	132,651
<u>To record Contracts Payable</u>		
Expenditures - Special Revenue Fund	144,821	-
Contracts Payable	-	144,821
Government Wide		
<u>To Adjust Capital Assets for Unrecorded Assets</u>		
Capital Assets, Non Depreciable	1,559,717	-
Capital Assets, Depreciable	1,372,951	-
Capital Assets, Non Depreciable	-	2,802,662
Capital Assets, Depreciable	-	115,112
Expenditures	-	14,894
Component Unit - Library System		
<u>To Remove Taxes Receivable from Intergovernmental Receivables</u>		
Fund Balance	767,440	-
Taxes Receivable	-	767,440
<u>To Remove Uncollected Taxes Liability from Clients Trial Balance</u>		
Taxes Receivable	289,175	-
Fund Balance	-	289,175
<u>To Record Prior Period Adjustment for Capital Assets</u>		
Capital Assets, Net	20,440	-
Net Position, January 1	-	20,440

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Stutsman County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the *budgetary comparison information, schedule of district's share of net pension liability and district contributions, schedule of district's share of net OPEB liability and district contributions, and notes to the required supplementary information* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

STUTSMAN COUNTY

Governance Communication – Continued

Restriction on Use

This information is intended solely for the use of Stutsman County board members and management of Stutsman County, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Stutsman County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Stutsman County.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
January 16, 2025



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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