

**TRAIL COUNTY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**WITH INDEPENDENT AUDITOR'S REPORT**

**TRAILL COUNTY**  
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**TRAILL COUNTY  
COUNTY OFFICIALS**

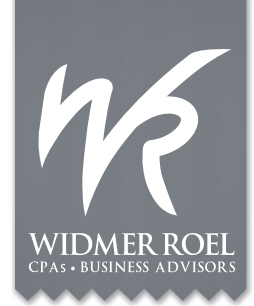
**Current**

Larry Young  
Les Amb  
Thomas Eblen  
Kurt Elliott  
Kendall Nesvig

Commissioner-Chairperson  
Commissioner-Vice Chair  
Commissioner  
Commissioner  
Commissioner

Glenda Haugen  
Carla Swanson  
Deb Guest  
Steve Hunt  
Charlie Stock

County Auditor  
County Treasurer  
County Recorder  
Sheriff  
States Attorney



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## INDEPENDENT AUDITOR’S REPORT

County Commission  
**Trail County**  
Hillsboro, 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 **Trail County** (“County”), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the **Trail County’s** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 **Trail County**, as of December 31, 2024, 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 Opinions*

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

#### *Emphasis of Matter*

##### *New Accounting Guidance*

As discussed in Note 1 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

### Prior Period Adjustment

As discussed in Note 11 to the financial statements, the 2023 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 **Trail County's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Trail County's** basic financial statements. The County officials listing is presented for purpose of additional analysis and is not a required part of the basic financial statements. The County officials listing has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the **Trail County's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Trail County's** internal control over financial reporting and compliance.



Fargo, North Dakota  
September 30, 2025

**TRAIL COUNTY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health Unit	Job Development Authority
<b>ASSETS</b>				
Cash and investments	\$ 12,367,417	\$ 11,377,755	\$ 499,062	\$ 337,577
Intergovernmental receivable	1,066,939	2,538,105	-	-
Economic loans receivable	-	-	-	138,632
Taxes receivable	118,579	4,623	3,806	4,623
Special assessments receivable	-	5,429,049	-	-
Capital assets, not being depreciated				
Land	15,822	2,400,940	-	-
Construction progress	8,201,161	7,051,256	-	-
Capital assets, net of accumulated depreciation				
Infrastructure	36,751,325	14,261,621	-	-
Buildings	1,869,507	504,000	-	-
Office equipment	249,017	-	45,684	-
Vehicles	616,456	959	27,335	-
Machinery, vehicles, and equipment	1,687,900	-	-	-
Total assets	<u>62,944,123</u>	<u>43,568,308</u>	<u>575,887</u>	<u>480,832</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions and OPEB	2,919,493	49,689	151,480	100,254
Total assets and deferred outflows of resources	<u>\$ 65,863,616</u>	<u>\$ 43,617,997</u>	<u>\$ 727,367</u>	<u>\$ 581,086</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,687,896	\$ 657,626	\$ -	\$ 3,400
Salaries payable	25,274	-	-	-
Payroll liability	-	176	13,779	10,032
Interest payable	-	120,663	-	-
Retainage payable	72,293	270,339	-	-
Grants received in advance	1,059,134	-	-	-
Long-term liabilities				
Due within one year				
Long-term debt	-	1,824,973	-	-
Compensated absences payable	35,996	308	2,313	1,296
Due after one year				
Long-term debt	-	15,290,034	-	-
Compensated absences payable	323,966	2,768	20,819	11,664
Net pension and OPEB liability	5,827,773	86,770	333,108	200,404
Total liabilities	<u>9,032,332</u>	<u>18,253,657</u>	<u>370,019</u>	<u>226,796</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions and OPEB	3,775,383	55,769	186,091	88,905
Taxes received in advance	1,352,234	-	-	-
Deferred revenue	-	6,000	-	-
Total deferred inflows of resources	<u>5,127,617</u>	<u>61,769</u>	<u>186,091</u>	<u>88,905</u>
<b>NET POSITION</b>				
Net investment in capital assets	49,318,895	6,712,767	73,019	-
Restricted				
Capital projects	1,105,175	-	-	-
Highways and bridges	3,067,288	-	-	-
Public safety	95,591	-	-	-
Health and welfare	559,615	-	98,238	-
Conservation of natural resources	244,263	18,589,804	-	-
Emergencies	988,742	-	-	-
General government	181,015	-	-	-
Economic development	-	-	-	265,385
Unrestricted	<u>(3,856,917)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>51,703,667</u>	<u>25,302,571</u>	<u>171,257</u>	<u>265,385</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 65,863,616</u>	<u>\$ 43,617,997</u>	<u>\$ 727,367</u>	<u>\$ 581,086</u>

**TRAILL COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>Functions/Programs</u>					<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Program Revenues</u>			<u>Primary Government</u>	<u>Component Units</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Water Resource District</u>	<u>Public Health District</u>	<u>Job Development Authority</u>
<b>Primary Government:</b>								
<u>Governmental Activities:</u>								
General government	\$ 2,798,042	\$ 138,035	\$ 147,370	\$ -	\$ (2,512,637)	\$ -	\$ -	\$ -
Public safety	1,800,559	915,884	112,094	-	(772,581)	-	-	-
Highways and public improvement	6,621,909	93,019	1,566,801	9,921,499	4,959,410	-	-	-
Flood repair	176,725	-	147,873	-	(28,852)	-	-	-
Emergencies	88,344	-	18,378	-	(69,966)	-	-	-
Health and welfare	2,811,797	74,086	2,571,925	-	(165,786)	-	-	-
Culture and recreation	19,671	-	20	-	(19,651)	-	-	-
Conservation of natural resources	99,540	7,994	-	-	(91,546)	-	-	-
Total governmental activities	<u>\$ 14,416,587</u>	<u>\$ 1,229,018</u>	<u>\$ 4,564,461</u>	<u>\$ 9,921,499</u>	<u>\$ 1,298,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component Units:</b>								
Water resource district	\$ 1,907,730	\$ 1,228,422	\$ 48,470	\$ 6,060,843		\$ 5,430,005	\$ -	\$ -
Public health district	525,701	75,242	245,902	-		-	(204,557)	-
Job development authority	326,334	-	-	-		-	-	(326,334)
Total component units	<u>\$ 2,759,765</u>	<u>\$ 1,303,664</u>	<u>\$ 294,372</u>	<u>\$ 6,060,843</u>		<u>\$ 5,430,005</u>	<u>\$ (204,557)</u>	<u>\$ (326,334)</u>
<b>GENERAL REVENUES</b>								
					\$ 5,514,817	\$ 299,505	\$ 226,989	\$ 302,812
					1,229,842	-	-	-
					166,263	384,408	5,607	4,576
					79,310	21,731	-	11,109
					(20,175)	-	-	-
				Total general revenues	<u>6,970,057</u>	<u>705,644</u>	<u>232,596</u>	<u>318,497</u>
				Change in net position	8,268,448	6,135,649	28,039	(7,837)
				Net position, January 1, as previously stated	43,419,318	19,166,922	143,218	273,222
				Prior period adjustment (Note 11)	15,901	-	-	-
				Net position - January 1, as restated	<u>43,435,219</u>	<u>19,166,922</u>	<u>143,218</u>	<u>273,222</u>
				Net position - December 31	<u>\$ 51,703,667</u>	<u>\$ 25,302,571</u>	<u>\$ 171,257</u>	<u>\$ 265,385</u>

See Notes to Financial Statements

**TRAILL COUNTY**  
**BALANCE SHEET - GOVERNMENT FUNDS**  
**DECEMBER 31, 2024**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Total Government Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 3,672,406	\$ 7,423,918	\$ 1,271,093	\$ 12,367,417
Intergovernmental receivable	57,275	1,009,664	-	1,066,939
Taxes receivable	67,154	49,756	1,669	118,579
Total assets	\$ 3,796,835	\$ 8,483,338	\$ 1,272,762	\$ 13,552,935
<b>LIABILITIES</b>				
Accounts payable	\$ 1,000	\$ 1,686,896	\$ -	\$ 1,687,896
Salaries payable	7,000	18,274	-	25,274
Grants received in advance	-	1,059,134	-	1,059,134
Total liabilities	8,000	2,764,304	-	2,772,304
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tax revenue	67,154	49,756	1,669	118,579
Prepaid taxes	653,552	532,764	165,918	1,352,234
Total deferred inflows of resources	720,706	582,520	167,587	1,470,813
Total liabilities and deferred inflows of resources	728,706	3,346,824	167,587	4,243,117
<b>FUND BALANCES</b>				
Restricted				
Capital projects	-	-	1,105,175	1,105,175
Highways and bridges	-	3,067,288	-	3,067,288
Public safety	-	95,591	-	95,591
Heath and welfare	-	559,615	-	559,615
Conservation of natural resources	-	244,263	-	244,263
Emergencies	-	988,742	-	988,742
General government	-	181,015	-	181,015
Unassigned	3,068,129	-	-	3,068,129
Total fund balances	3,068,129	5,136,514	1,105,175	9,309,818
Total liabilities, deferred inflows, and fund balances	\$ 3,796,835	\$ 8,483,338	\$ 1,272,762	\$ 13,552,935

**TRAILL COUNTY**  
**RECONCILIATION OF GOVERNMENT FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

<b>Total fund balances for governmental funds</b>		\$ 9,309,818
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of capital assets	63,435,843	
Less accumulated depreciation	<u>(14,044,655)</u>	49,391,188
<p>Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.</p>		
		118,579
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources	2,919,493	
Deferred inflows of resources	<u>(3,775,383)</u>	(855,890)
<p>Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position</p>		
Retainage payable	(72,293)	
Compensated absences payable	(359,962)	
Net pension and OPEB liability	<u>(5,827,773)</u>	<u>(6,260,028)</u>
<b>Total net position of governmental activities</b>		\$ <u><u>51,703,667</u></u>

**TRAILL COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – GOVERNMENT FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Government Funds</b>
<b>REVENUES</b>				
Taxes	\$ 2,622,951	\$ 2,790,769	\$ 97,013	\$ 5,510,733
Intergovernmental	1,084,268	6,564,342	84,611	7,733,221
Charges and services	762,357	133,508	-	895,865
Licenses, permits and fees	55,590	-	-	55,590
Interest income	71,877	92,253	2,134	166,264
Miscellaneous revenue	79,310	-	-	79,310
	<u>4,676,353</u>	<u>9,580,872</u>	<u>183,758</u>	<u>14,440,983</u>
<b>EXPENDITURES</b>				
Current				
General government	2,579,829	209,693	-	2,789,522
Public safety/911	1,611,814	113,292	-	1,725,106
Highway and public improvement	-	9,070,084	1,426,982	10,497,066
Health and welfare	80,175	2,662,553	-	2,742,728
Culture and recreation	18,550	-	-	18,550
Emergency	-	176,725	-	176,725
Conservation of natural resources	-	196,058	-	196,058
Flood repair	-	88,344	-	88,344
	<u>4,290,368</u>	<u>12,516,749</u>	<u>1,426,982</u>	<u>18,234,099</u>
Excess (deficiency) of revenues over expenditures	<u>385,985</u>	<u>(2,935,877)</u>	<u>(1,243,224)</u>	<u>(3,793,116)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,217	100,000	314,200	422,417
Transfers out	-	(375,116)	(47,301)	(422,417)
	<u>8,217</u>	<u>(275,116)</u>	<u>266,899</u>	<u>-</u>
Net change in fund balances	<u>394,202</u>	<u>(3,210,993)</u>	<u>(976,325)</u>	<u>(3,793,116)</u>
Fund balance - January 1	2,638,362	8,367,171	2,081,500	13,087,033
Prior year adjustments	35,565	(19,664)	-	15,901
Fund balance - January 1, as restated	<u>2,673,927</u>	<u>8,347,507</u>	<u>2,081,500</u>	<u>13,102,934</u>
Fund balance - December 31	<u>\$ 3,068,129</u>	<u>\$ 5,136,514</u>	<u>\$ 1,105,175</u>	<u>\$ 9,309,818</u>

**TRAILL COUNTY**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Net change in fund balances - total governmental funds** \$ (3,793,116)

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

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

Current year capital outlay	13,540,006	
Depreciation expense	(1,641,416)	
Loss on disposal of assets	<u>(20,175)</u>	11,878,415

Some revenues reported in 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	12,077	
Net change in road department receivables	<u>(392)</u>	11,685

Certain liabilities, such as retainage payable and compensated absences, are not due and payable in the current period, and therefore are not reported in the funds.

Net change in retainage payable	(72,293)	
Net change in compensated absences payable	<u>(135,433)</u>	(207,726)

Certain liabilities, such as leases payable and compensated absences, are not due and payable in the current period, and therefore are not reported in the funds involve financial resources, and are not reported in the funds.

Change in net pension and OPEB liability	990,995	
Change in deferred outflows of resources	(2,027,728)	
Change in deferred inflows of resources	<u>1,415,923</u>	<u>379,190</u>

**Change in net position of governmental activities** \$ 8,268,448

**TRAILL COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2024**

	<u><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash and investments	\$ <u><u>6,486,312</u></u>
<b>LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	
Liabilities	
Due to other governments	<u>3,287,109</u>
Deferred inflows of resources	
Deferred tax revenue - taxes received in advance	<u>3,199,203</u>
Total liabilities and deferred inflows of resources	\$ <u><u>6,486,312</u></u>
Total net position	\$ <u><u>-</u></u>

**TRAILL COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u><b>Custodial Funds</b></u>
<b>ADDITIONS</b>	
Tax collections for other governments	\$ <u>20,125,259</u>
Total additions	20,125,259
<b>DEDUCTIONS</b>	
Tax disbursements to other governments	<u>20,125,259</u>
Total deductions	<u>20,125,259</u>
Net position - January 1	<u>-</u>
Net position - December 31	\$ <u><u>-</u></u>

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Reporting Entity***

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

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

***Discretely Presented Component Units***

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

*Discretely Presented Component Unit.* The component unit’s column in the basic financial statements includes the financial data of the County's three component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

Traill County District Health Unit (“Health Unit”) - The County's governing board appoints a voting majority of the members of the Health District Board. The County has the authority to approve or modify the Health District operational and capital budgets. The County’s governing board must approve the tax levy established by the Health Unit.

Traill County Water Resource District (“Water Resource District”) - The County’s governing board appoints a voting majority of the members of the Water Resource District Board. The County has the authority to approve or modify the Water Resource District’s operational and capital budgets. The County’s governing board must approve the tax levy established by the Water Resource District.

Traill County Job Development Authority (“Job Development Authority”) - The County's governing board appoints a voting majority of the members of the Job Development Authority Board. The County has the authority to approve or modify the Job Development Authority’s operational and capital budgets. The County’s governing board must approve the tax levy established by the Job Development Authority.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Basis of Presentation***

*Government-wide Financial Statements:* The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government, Traill County, and its component units. 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 program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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 all other resources which are required by law, contract, or policy to be accounted for in another fund, but which do not meet the criteria of debt service or capital projects funds.

*Capital Projects Fund:* This fund accounts for financial resources dedicated to the construction of new buildings, additions to old buildings, and capital improvements.

The County reports the following fiduciary fund type:

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

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

*Government-wide and Fiduciary Fund Financial Statements.* 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.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

*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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general 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. Investments consist of certificates of deposit stated at cost.

***Capital Assets***

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

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

<u>Assets</u>	<u>County</u>	<u>Health Unit</u>	<u>Job Development Authority</u>	<u>Water Resource District</u>
Buildings	25-100	-	-	-
Machinery and equipment	5-20	-	-	5-7
Infrastructure	40	-	-	50
Vehicles	3-20	5-7	-	5-7
Office equipment	3-15	3-5	7	-

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***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 by social service employees, and up to 80 hours of vacation leave may be carried over at year-end by other County employees. Sick leave benefits are earned at the rate of one day per month regardless of the years of service. Up to 800 hours of sick leave hours may be carried over and employees are paid for one-tenth of their accumulated sick leave at retirement to a limit of 800 hours. On December 31st of each year if an employee has accumulated 880 hours of sick leave or more, the employee may trade 80 hours of sick leave for 8 hours of vacation. A liability for the vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

***Long-Term Liabilities***

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.

When applicable, 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, and discounts received on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

***Pension***

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

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

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

***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Fund Balance***

*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 County to spend unrestricted fund resources in the following order: committed, assigned and then unassigned.

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

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

***Net Position***

Net position represents the difference between assets and liabilities. Net position is classified in the following categories:

***Net Investment in Capital Assets*** – This amount consists of capital assets net of accumulated depreciation and is reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. These assets are not available for future spending.

***Restricted Net Position*** – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

***Unrestricted Net Position*** – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

***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.

***Change in Accounting Principle***

The County implemented GASB Statement 101, Compensated Absences – an amendment of GASB Statement No. 16, during the year ended December 31, 2024. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 – 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, the County maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System. Deposits must either be deposited with the Bank of North Dakota or in another financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities of 110% of the deposits not covered by insurance or bonds.

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

At year ended December 31, 2024, the County's carrying amount of deposits totaled \$18,853,729 and the bank balances totaled \$16,527,835. Of the bank balances, \$7,344,397 was held at the Bank of North Dakota and \$1,109,056 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2024, the Water Resource District's carrying amount of deposits totaled \$11,377,755, and the bank balances totaled \$11,381,219. Of the bank balances, \$7,535,397 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2024, the Health Unit's carrying amount of deposits totaled \$499,062, and the bank balances totaled \$511,065. Of the bank balances, \$457,495 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2024, the Job Development Authority's carrying amount of deposits totaled \$337,577, and the bank balances totaled \$352,763. Of the bank balances, \$331,346 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.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 3 – TAXES RECEIVABLE**

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

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2024:

***Primary Government***

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 15,822	\$ -	\$ -	\$ -	\$ 15,822
Construction in progress	<u>4,613,150</u>	<u>12,969,121</u>	<u>-</u>	<u>(9,381,110)</u>	<u>8,201,161</u>
Total capital assets, not being depreciated	<u>4,628,972</u>	<u>12,969,121</u>	<u>-</u>	<u>(9,381,110)</u>	<u>8,216,983</u>
Capital assets, being depreciated					
Infrastructure	35,928,409	283,274	-	9,381,110	45,592,793
Buildings	2,972,829	-	-	-	2,972,829
Office equipment	591,593	6,504	-	-	598,097
Vehicles	1,674,073	239,108	62,787	-	1,850,394
Machinery and equipment	<u>4,180,058</u>	<u>41,999</u>	<u>17,310</u>	<u>-</u>	<u>4,204,747</u>
Total capital assets, being depreciated	<u>45,346,962</u>	<u>570,885</u>	<u>80,097</u>	<u>9,381,110</u>	<u>55,218,860</u>
Less accumulated depreciation for					
Infrastructure	7,701,648	1,139,820	-	-	8,841,468
Buildings	1,036,197	67,125	-	-	1,103,322
Office equipment	312,370	36,710	-	-	349,080
Vehicles	1,113,215	163,335	42,612	-	1,233,938
Machinery and equipment	<u>2,299,731</u>	<u>234,426</u>	<u>17,310</u>	<u>-</u>	<u>2,516,847</u>
Total accumulated depreciation	<u>12,463,161</u>	<u>1,641,416</u>	<u>59,922</u>	<u>-</u>	<u>14,044,655</u>
Total capital assets, being depreciated, net	<u>32,883,801</u>	<u>(1,070,531)</u>	<u>20,175</u>	<u>9,381,110</u>	<u>41,174,205</u>
Governmental activities capital assets, net	<u>\$ 37,512,773</u>	<u>\$ 11,898,590</u>	<u>\$ 20,175</u>	<u>\$ -</u>	<u>\$ 49,391,188</u>

(Continued)

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

General government	\$ 45,547
Public safety	199,237
Highways and public improvement	1,381,551
Health and welfare	11,398
Culture and recreation	1,121
Conservation of natural resources	<u>2,562</u>
 Total depreciation expense	 \$ <u><u>1,641,416</u></u>

***Discretely Presented Component Units***

The following is a summary of changes in capital assets for the year ended December 31, 2024, for the Water Resource District:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated					
Land and easements	\$ 2,400,940	\$ -	\$ -	\$ -	\$ 2,400,940
Construction in progress	<u>3,639,937</u>	<u>6,901,086</u>	<u>-</u>	<u>(3,489,767)</u>	<u>7,051,256</u>
 Total capital assets, not being depreciated	 <u>6,040,877</u>	 <u>6,901,086</u>	 <u>-</u>	 <u>(3,489,767)</u>	 <u>9,452,196</u>
Capital assets, being depreciated					
Equipment	15,946	-	-	-	15,946
Building	525,000	-	-	-	525,000
Infrastructure	<u>13,164,287</u>	<u>-</u>	<u>-</u>	<u>3,489,767</u>	<u>16,654,054</u>
 Total capital assets, being depreciated	 <u>13,705,233</u>	 <u>-</u>	 <u>-</u>	 <u>3,489,767</u>	 <u>17,195,000</u>
Less accumulated depreciation for					
Equipment	14,516	471	-	-	14,987
Building	10,500	10,500	-	-	21,000
Infrastructure	<u>2,059,352</u>	<u>333,081</u>	<u>-</u>	<u>-</u>	<u>2,392,433</u>
 Total accumulated depreciation	 <u>2,084,368</u>	 <u>344,052</u>	 <u>-</u>	 <u>-</u>	 <u>2,428,420</u>
 Total capital assets, being depreciated, net	 <u>11,620,865</u>	 <u>(344,052)</u>	 <u>-</u>	 <u>3,489,767</u>	 <u>14,766,580</u>
 Water resource district capital assets, net	 \$ <u><u>17,661,742</u></u>	 \$ <u><u>6,557,034</u></u>	 \$ <u><u>-</u></u>	 \$ <u><u>-</u></u>	 \$ <u><u>24,218,776</u></u>

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

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

The following is a summary of changes in capital assets for the year ended December 31, 2024, for the Health Unit:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, being depreciated					
Vehicles	\$ 62,816	\$ 36,971	\$ 25,498	\$ -	\$ 74,289
Equipment	<u>41,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,000</u>
Total capital assets, being depreciated	<u>103,816</u>	<u>36,971</u>	<u>25,498</u>	<u>-</u>	<u>115,289</u>
Less accumulated depreciation for					
Vehicles	42,977	11,126	25,498	-	28,605
Equipment	<u>10,932</u>	<u>2,733</u>	<u>-</u>	<u>-</u>	<u>13,665</u>
Total accumulated depreciation	<u>53,909</u>	<u>13,859</u>	<u>25,498</u>	<u>-</u>	<u>42,270</u>
Public health district capital assets, net	<u>\$ 49,907</u>	<u>\$ 23,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,019</u>

Depreciation expense was charged to the health and welfare function.

The following is a summary of changes in capital assets for the year ended December 31, 2024, for the Job Development Authority:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, being depreciated equipment	\$ <u>16,855</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>16,855</u>
Less accumulated depreciation for equipment	<u>16,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,855</u>
Job development authority, capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to the economic development function.

**NOTE 5 – LONG-TERM DEBT**

***Primary Government***

During the year ended December 31, 2024, the following changes occurred in governmental activities long-term liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences *	\$ 224,529	\$ 135,433	\$ -	\$ 359,962	\$ 35,996
Net pension liability *	<u>6,818,768</u>	<u>-</u>	<u>990,995</u>	<u>5,827,773</u>	<u>-</u>
Total	<u>\$ 7,043,297</u>	<u>\$ 135,433</u>	<u>\$ 990,995</u>	<u>\$ 6,187,735</u>	<u>\$ 35,996</u>

\* The change in compensated absences and net pension and OPEB liability is shown as a net change.

(Continued)

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Discretely Presented Component Units***

During the year ended December 31, 2024, the following changes occurred in governmental long-term liabilities of the Water Resource District:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt					
Bonds payable	\$ 10,106,662	\$ 7,458,900	\$ 721,875	\$ 16,843,687	\$ 1,833,575
Notes payable	443,300	-	13,733	429,567	14,470
Bond discount	(82,118)	(90,625)	14,496	(158,247)	(23,072)
Total long-term debt	<u>10,467,844</u>	<u>7,368,275</u>	<u>750,104</u>	<u>17,115,007</u>	<u>1,824,973</u>
Compensated absences *	201	2,875	-	3,076	308
Net pension liability *	<u>83,983</u>	<u>2,787</u>	<u>-</u>	<u>86,770</u>	<u>-</u>
Total	<u>\$ 10,552,028</u>	<u>\$ 7,373,937</u>	<u>\$ 750,104</u>	<u>\$ 17,204,853</u>	<u>\$ 1,825,281</u>

\* The change in compensated absences and net pension and OPEB liability is shown as a net change.

The following represents the required payments on the long-term debt of the Water Resource District:

	<u>Revenue Bonds</u>		<u>Loans Payable</u>		<u>Bond Discount</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,833,575	\$ 628,529	\$ 14,470	\$ 20,370	\$ (23,072)
2026	1,825,247	534,947	15,182	19,658	(19,348)
2027	1,847,617	459,054	15,930	18,910	(19,348)
2028	1,877,022	400,143	383,985	13,733	(19,347)
2029	1,906,818	337,685	-	-	(19,127)
2030-2034	3,733,408	1,009,063	-	-	(34,172)
2035-2039	2,680,000	518,188	-	-	(16,210)
2040-2044	<u>1,140,000</u>	<u>75,241</u>	<u>-</u>	<u>-</u>	<u>(7,623)</u>
	<u>\$ 16,843,687</u>	<u>\$ 3,962,850</u>	<u>\$ 429,567</u>	<u>\$ 72,671</u>	<u>\$ (158,247)</u>

During the year ended December 31, 2024, the following changes occurred in governmental long-term liabilities of the Health Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences *	\$ 15,162	\$ 7,970	\$ -	\$ 23,132	\$ 2,313
Net pension liability *	<u>300,369</u>	<u>32,739</u>	<u>-</u>	<u>333,108</u>	<u>-</u>
Total	<u>\$ 315,531</u>	<u>\$ 40,709</u>	<u>\$ -</u>	<u>\$ 356,240</u>	<u>\$ 2,313</u>

\* The change in compensated absences and net pension and OPEB liability is shown as a net change.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

During the year ended December 31, 2024, the following changes occurred in governmental long-term liabilities of the Job Development Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences *	\$ 9,489	\$ 3,471	\$ -	\$ 12,960	\$ 1,296
Net pension liability *	<u>202,836</u>	<u>-</u>	<u>2,432</u>	<u>200,404</u>	<u>-</u>
Total	<u>\$ 212,325</u>	<u>\$ 3,471</u>	<u>\$ 2,432</u>	<u>\$ 213,364</u>	<u>\$ 1,296</u>

\* The change in compensated absences and net pension and OPEB liability is shown as a net change.

**NOTE 6 – PENSION PLANS**

**General Information about Pension Plan**

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

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

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

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System 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***

**Main System**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was to be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.0% 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 2.0% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64, with three or more years of service.

**TRAILL COUNTY**  
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**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Law Enforcement System**

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

**Both Systems**

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***

**Both Systems**

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

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

***Refunds of Member Account Balance***

**Main System**

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.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Law Enforcement System**

Upon termination, if a member of the Law Enforcement System is not vested (is not 55 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member is terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

***Member and Employer Contributions***

**Main System**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7.0% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7.0% and employer contribution rates are 8.26% of covered compensation.

**Law Enforcement System**

Member and employer contributions paid to NDPERS are established as a percentage of covered compensation. Member contribution rates are set by statute and employer contribution rates are set by the Board. Contribution rates for the Law Enforcement System are established as follows:

<b>Plan</b>	<b>Member contribution rate</b>	<b>Employer contribution rate</b>
Law Enforcement with previous service		
Political Subdivisions	5.50%	11.40%
State	6.00%	11.40%
National Guard	5.50%	11.40%
Law Enforcement without previous service	5.50%	7.93%

**Both Systems**

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

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

At December 31, 2024, the following net pension liabilities were reported:

	<b>Pension Liability</b>
Primary Government	\$ 5,166,485
Law Enforcement	403,229
Water Resource District	81,978
Health Unit	317,437
Job Development Authority	189,336

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of covered payroll in the Main System and the Law Enforcement System pension plan relative to the covered payroll of all participating employers. The entities had the following pension expense (income) and the following proportions and change in proportions at June 30, 2024, and reported for the year ended December 31, 2024.

	<b>Pension Expense (Income)</b>	<b>Proportion Share</b>	<b>Change in Proportion Share</b>
Main System	\$ 32,619	0.276230%	-0.060601%
Law Enforcement System	(32,495)	0.447963%	-0.447963%
Water Resource District	504	0.004383%	0.000286%
Health Unit	13,903	0.016972%	0.002319%
Job Development Authority	45,625	0.010123%	0.000228%

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Primary Government**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 245,303	\$ -
Changes of assumptions	1,245,112	2,344,458
Net difference between projected and actual earnings on pension plan investments	-	47,240
Changes in proportion and differences between employer contributions and proportionate share of contributions	431,484	1,084,827
Contributions subsequent to the measurement date	<u>160,163</u>	<u>-</u>
	<u>\$ 2,082,062</u>	<u>\$ 3,476,525</u>

**Law Enforcement**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 365,122	\$ -
Changes of assumptions	165,485	247,204
Net difference between projected and actual earnings on pension plan investments	-	4,224
Changes in proportion and differences between employer contributions and proportionate share of contributions	190,765	-
Contributions subsequent to the measurement date	<u>37,454</u>	<u>-</u>
	<u>\$ 758,826</u>	<u>\$ 251,428</u>

(Continued)

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Water Resource District**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,893	\$ -
Changes of assumptions	19,756	37,200
Net difference between projected and actual earnings on pension plan investments	-	750
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,209	16,673
Contributions subsequent to the measurement date	<u>2,538</u>	<u>-</u>
	<u>\$ 47,396</u>	<u>\$ 54,623</u>

**Health Unit**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,071	\$ -
Changes of assumptions	76,502	144,047
Net difference between projected and actual earnings on pension plan investments	-	2,902
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,590	37,271
Contributions subsequent to the measurement date	<u>10,187</u>	<u>-</u>
	<u>\$ 147,350</u>	<u>\$ 184,220</u>

*(Continued)*

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Job Development Authority**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,989	\$ -
Changes of assumptions	45,630	85,917
Net difference between projected and actual earnings on pension plan investments	-	1,731
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,778	-
Contributions subsequent to the measurement date	<u>5,636</u>	<u>-</u>
	<u>\$ 95,033</u>	<u>\$ 87,648</u>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for the primary government and its component units will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

	<u>Subsequent Contribution</u>
Main System	\$ 160,163
Law Enforcement System	37,454
Water Resource District	2,538
Health Unit	10,187
Job Development Authority	5,636

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

	<u>Primary Government</u>	<u>Law Enforcement System</u>	<u>Water Resource District</u>	<u>Health Unit</u>	<u>Job Development Authority</u>
Year Ended June 30:					
2025	\$ (745,164)	\$ 108,532	(12,321)	\$ (37,128)	\$ 5,835
2026	(66,622)	87,786	3,245	3,613	6,661
2027	(601,558)	73,270	(597)	(15,186)	(9,757)
2028	(141,282)	66,920	(92)	1,644	(990)
2029	-	81,920	-	-	-
Thereafter	-	51,516	-	-	-

(Continued)

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Actuarial Assumptions***

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	31.90%	4.10%
International equity	19.10%	7.00%
Private equity	7.00%	8.50%
Domestic fixed income	23.00%	2.88%
Global real assets	19.00%	6.10%

***Discount Rate***

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

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

*(Continued)*

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

<b>Proportionate share of the Net Pension liability</b>	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Main System	\$ 7,301,465	\$ 5,166,485	\$ 3,395,801
Law Enforcement System	626,576	403,229	223,515
Water Resource District	115,854	81,978	53,882
Health Unit	448,613	317,437	208,643
Job Development Authority	267,577	189,336	124,446

***Pension Plan Fiduciary Net Position***

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

**NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PLANS**

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

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to 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 NDPERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance funded on an actuarially determined basis.

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

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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***OPEB Benefits***

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

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

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

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

At December 31, 2024, the following net OPEB liabilities were reported:

	<b>OPEB Liability</b>
Primary Government	\$ 258,059
Water Resource District	4,792
Health Unit	15,671
Job Development Authority	11,068

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County’s proportion of the net OPEB liability was based on the employer’s share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. The entities had the following OPEB expense and the following proportions and change in proportions at June 30, 2024, and reported for the year ended December 31, 2024.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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	<u>OPEB Expense</u>	<u>Proportion Share</u>	<u>Change in Proportion Share</u>
Main System	\$ 46,466	0.298660%	-0.025237%
Water Resource District	1,017	0.005546%	0.000562%
Health Unit	3,043	0.018137%	0.000311%
Job Development Authority	3,544	0.012809%	0.000771%

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Primary Government**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,182	\$ 1,983
Changes of assumptions	39,257	17,667
Net difference between projected and actual earnings on pension plan investments	-	9,652
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,287	18,128
Contributions subsequent to the measurement date	<u>18,879</u>	<u>-</u>
	<u>\$ 78,605</u>	<u>\$ 47,430</u>

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Water Resource District**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58	\$ 37
Changes of assumptions	729	328
Net difference between projected and actual earnings on pension plan investments	-	179
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,150	602
Contributions subsequent to the measurement date	<u>356</u>	<u>-</u>
	<u>\$ 2,293</u>	<u>\$ 1,146</u>

**Health Unit**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 193	\$ 120
Changes of assumptions	2,384	1,073
Net difference between projected and actual earnings on pension plan investments	-	586
Changes in proportion and differences between employer contributions and proportionate share of contributions	465	92
Contributions subsequent to the measurement date	<u>1,088</u>	<u>-</u>
	<u>\$ 4,130</u>	<u>\$ 1,871</u>

*(Continued)*

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Job Development Authority**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 136	\$ 85
Changes of assumptions	1,684	758
Net difference between projected and actual earnings on pension plan investments	-	414
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,610	-
Contributions subsequent to the measurement date	<u>791</u>	<u>-</u>
	<u>\$ 5,221</u>	<u>\$ 1,257</u>

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date for the primary government and its component units will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

	<u>Subsequent Contributions</u>
Primary Government	\$ 18,879
Water Resource District	356
Health Unit	1,088
Job Development Authority	791

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

	<u>Primary Government</u>	<u>Water Resource District</u>	<u>Health Unit</u>	<u>Job Development Authority</u>
Year Ended June 30:				
2025	\$ 13,420	\$ 366	\$ 982	\$ 2,098
2026	23,977	553	1,457	1,732
2027	(17,603)	(20)	(871)	(395)
2028	(7,498)	(108)	(397)	(262)
2029	-	-	-	-
Thereafter	-	-	-	-

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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***Actuarial Assumptions***

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

For active members, inactive members and healthy retirees, mortality rates were based on the 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33.00%	4.00%
Small cap domestic equities	6.00%	6.00%
Domestic Fixed Income	35.00%	3.29%
International Equities	26.00%	7.00%

***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.

**TRAILL COUNTY**  
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*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, 2024, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

<b>Proportionate share of the Net Pension liability</b>	<b>1% Decrease (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
Main System	\$ 352,703	\$ 258,059	\$ 178,346
Water Resource District	6,550	4,792	3,312
Health Unit	21,419	15,671	10,831
Job Development Authority	15,127	11,068	7,649

**NOTE 8 CONSTRUCTION COMMITMENTS**

*Primary Government*

The County had three construction commitments as of December 31, 2024 as follows:

	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage Payable</b>	<b>Remaining</b>
Bridge 413	\$ 2,551,647	\$ 1,132,385	\$ 14,969	\$ 1,434,231
Bridge 403	37,754	30,422	-	7,332
County Road 16 Paving	2,369,805	2,292,959	57,324	134,170
Total	<u>\$ 4,959,206</u>	<u>\$ 3,455,766</u>	<u>\$ 72,293</u>	<u>\$ 1,575,733</u>

*Discretely Presented Component Unit*

The Water Resource District had two construction commitments as of December 31, 2024, as follows:

	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage Payable</b>	<b>Remaining</b>
Elm River Dams	\$ 6,356,782	\$ 6,088,024	\$ 270,339	\$ 539,096
Roseville 19 Drain	90,000	80,515	-	9,486
Total	<u>\$ 6,446,782</u>	<u>\$ 6,168,539</u>	<u>\$ 270,339</u>	<u>\$ 548,582</u>

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – INTERFUND TRANSFERS**

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2024:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 8,217	\$ -
Special revenue funds	100,000	375,116
Capital projects fund	<u>314,200</u>	<u>47,301</u>
Total transfers	<u>\$ 422,417</u>	<u>\$ 422,417</u>

Transfers are used to move unrestricted general revenue, to close out projects as they are completed, and to subsidize other programs in accordance with County Commission authority.

**NOTE 10 – RISK MANAGEMENT**

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

In 1986, the state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (“NDIRF”), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$3,505,000 for public assets.

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

The County has workers’ compensation with the Department of Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 11 – PRIOR PERIOD ADJUSTMENT**

The 2024 beginning fund balances of the General Fund and Special Revenue Fund and net positions for government wide have been restated to adjust for a fund reclassification change. This resulted in an adjustment to the January 1, 2024, fund balances as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Government Wide</b>
Beginning of year fund balance/net position, as previously reported	\$ 2,638,362	\$ 8,367,171	\$ 43,419,318
Fund reclassification change	35,565	(19,664)	15,901
Beginning of year fund balance/net position, as restated	\$ 2,673,927	\$ 8,347,507	\$ 43,435,219

**NOTE 12 – JOINT VENTURES**

***Red River Joint WRD***

Under authorization of state statutes, Traill County Water Resource District joined Southeast Cass Water Resource District, North Cass Water Resource District, Maple River Water Resource District, Rush River Water Resource District, and the water resource districts of Richland County, Grand Forks County, Pembina County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for the water management districts located within the Red River Valley. Known as the Red River Joint Water Resource Board, 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 cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution each year depends on where Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2024, which is the most current audited information available:

<b>Governmental Activities</b>	<b>Red River Joint WRD</b>
Total assets	\$ 22,998,993
Total liabilities	847,454
Net Position	\$ 22,151,539
Revenues	\$ 4,064,393
Expenses	2,651,816
Change in net position	\$ 1,412,577

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

**TRAILL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 13 – CONDUIT DEBT**

From time to time, Traill County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds 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 loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there are Industrial Revenue Bonds to the South Dakota Health and Educational Facilities Authority with an amount outstanding totaling \$141,665,000.

**NOTE 14 – SUBSEQUENT EVENT**

Subsequent to December 31, 2024, the Traill County Commission and the Traill County Water Resource District Board are named defendants in a lawsuit. In the opinion of the county and the water resource district, a positive outcome is expected and will have no financial impact.

**TRAIL COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

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

**Primary Government**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS - Main System	6/30/2024	0.276230%	\$ 5,166,485	\$ 3,623,581	142.58%	68.02%
ND PERS - Main System	6/30/2023	0.336831%	\$ 6,494,952	\$ 4,119,011	157.68%	65.31%
ND PERS - Main System	6/30/2022	0.325189%	\$ 9,365,660	\$ 3,774,913	248.10%	54.47%
ND PERS - Main System	6/30/2021	0.276614%	\$ 2,883,149	\$ 3,132,347	92.04%	78.26%
ND PERS - Main System	6/30/2020	0.287941%	\$ 9,058,670	\$ 3,274,257	276.66%	48.91%
ND PERS - Main System	6/30/2019	0.312803%	\$ 3,666,282	\$ 3,352,422	109.36%	71.66%
ND PERS - Main System	6/30/2018	0.288557%	\$ 4,869,706	\$ 3,061,477	159.06%	62.80%
ND PERS - Main System	6/30/2017	0.290388%	\$ 4,667,488	\$ 2,964,411	157.45%	61.98%
ND PERS - Main System	6/30/2016	0.270400%	\$ 2,635,310	\$ 2,724,995	96.71%	70.46%
ND PERS - Main System	6/30/2015	0.282479%	\$ 1,920,808	\$ 2,516,548	76.33%	77.15%
ND PERS - Law Enforcement***	6/30/2024	0.447963%	\$ 403,229	\$ 525,305	76.76%	68.14%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
OPEB	6/30/2024	0.029866%	\$ 258,059	\$ 3,096,229	8.33%	68.35%
OPEB	6/30/2023	0.323897%	\$ 323,816	\$ 3,255,758	9.95%	62.74%
OPEB	6/30/2022	0.299972%	\$ 360,059	\$ 3,096,923	11.63%	56.28%
OPEB	6/30/2021	0.281346%	\$ 150,915	\$ 2,958,372	5.10%	76.63%
OPEB	6/30/2020	0.273020%	\$ 229,663	\$ 3,208,300	7.16%	63.38%
OPEB	6/30/2019	0.291586%	\$ 234,199	\$ 3,352,422	6.99%	63.13%
OPEB	6/30/2018	0.291586%	\$ 234,199	\$ 3,061,477	7.65%	61.89%
OPEB	6/30/2017	0.274015%	\$ 216,749	\$ 2,964,411	7.31%	59.78%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

\*\*\* The June 30, 2024, measurement date was the first year that the County was on the Law Enforcement System.

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

**Water Resource District**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS - Main System	6/30/2024	0.004383%	\$ 81,978	\$ 57,500	142.57%	68.02%
ND PERS - Main System	6/30/2023	0.004097%	\$ 79,000	\$ 50,100	157.68%	65.31%
ND PERS - Main System	6/30/2022	0.009701%	\$ 77,791	\$ 31,350	248.14%	54.47%
ND PERS - Main System	6/30/2021	0.005325%	\$ 55,503	\$ 60,299	92.05%	78.26%
ND PERS - Main System	6/30/2020	0.005300%	\$ 167,117	\$ 58,602	285.17%	48.91%
ND PERS - Main System	6/30/2019	0.005500%	\$ 64,909	\$ 57,600	112.69%	71.66%
ND PERS - Main System	6/30/2018	0.005600%	\$ 94,624	\$ 57,600	164.28%	62.80%
ND PERS - Main System	6/30/2017	0.005400%	\$ 56,008	\$ 54,630	102.52%	61.98%
ND PERS - Main System	6/30/2016	0.104000%	\$ 101,426	\$ 104,874	96.71%	70.46%
ND PERS - Main System	6/30/2015	1.011400%	\$ 77,674	\$ 103,878	74.77%	77.70%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
OPEB	6/30/2024	0.005546%	\$ 4,792	\$ 57,500	8.33%	68.35%
OPEB	6/30/2023	0.004984%	\$ 4,983	\$ 50,100	9.95%	62.74%
OPEB	6/30/2022	0.003037%	\$ 3,645	\$ 31,350	11.63%	56.28%
OPEB	6/30/2021	0.005531%	\$ 306	\$ 60,299	0.51%	76.63%
OPEB	6/30/2020	0.005141%	\$ 4,325	\$ 58,602	7.38%	63.38%
OPEB	6/30/2019	0.005162%	\$ 4,146	\$ 57,600	7.20%	63.13%
OPEB	6/30/2018	0.005264%	\$ 4,146	\$ 57,600	7.20%	61.89%
OPEB	6/30/2017	0.005050%	\$ 3,995	\$ 54,630	7.31%	59.78%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

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

**Health Unit**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS - Main System	6/30/2024	0.016972%	\$ 317,437	\$ 222,637	142.58%	62.08%
ND PERS - Main System	6/30/2023	0.014653%	\$ 282,547	\$ 179,186	157.68%	65.31%
ND PERS - Main System	6/30/2022	0.017793%	\$ 512,450	\$ 206,551	248.10%	54.47%
ND PERS - Main System	6/30/2021	0.016536%	\$ 172,355	\$ 187,248	92.05%	78.26%
ND PERS - Main System	6/30/2020	0.016320%	\$ 513,431	\$ 180,024	285.20%	48.91%
ND PERS - Main System	6/30/2019	0.016804%	\$ 196,955	\$ 174,786	112.68%	71.66%
ND PERS - Main System	6/30/2018	0.016518%	\$ 278,759	\$ 169,692	164.27%	62.80%
ND PERS - Main System	6/30/2017	0.016138%	\$ 259,391	\$ 164,748	157.45%	61.98%
ND PERS - Main System	6/30/2016	0.015868%	\$ 154,649	\$ 159,912	96.71%	70.46%
ND PERS - Main System	6/30/2015	0.017423%	\$ 118,473	\$ 155,214	76.33%	77.70%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
OPEB	6/30/2024	0.018137%	\$ 15,671	\$ 188,025	8.33%	68.35%
OPEB	6/30/2023	0.017826%	\$ 17,822	\$ 179,186	9.95%	62.74%
OPEB	6/30/2022	0.017872%	\$ 21,452	\$ 184,509	11.63%	56.28%
OPEB	6/30/2021	0.017175%	\$ 9,552	\$ 187,248	5.10%	76.63%
OPEB	6/30/2020	0.015792%	\$ 13,284	\$ 182,684	7.27%	63.38%
OPEB	6/30/2019	0.015664%	\$ 12,581	\$ 174,786	7.20%	63.13%
OPEB	6/30/2018	0.115664%	\$ 12,214	\$ 169,692	7.20%	61.89%
OPEB	6/30/2017	0.015228%	\$ 12,046	\$ 164,748	7.31%	59.78%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

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

**Job Development Authority**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
ND PERS - Main System	6/30/2024	0.010123%	\$ 189,336	\$ 132,971	142.39%	68.02%
ND PERS - Main System	6/30/2023	0.009895%	\$ 190,801	\$ 121,007	157.68%	65.31%
ND PERS - Main System	6/30/2022	0.009422%	\$ 271,936	\$ 109,602	248.11%	54.47%
ND PERS - Main System	6/30/2021	0.009048%	\$ 94,307	\$ 103,957	90.72%	78.26%
ND PERS - Main System	6/30/2020	0.008877%	\$ 279,288	\$ 96,591	289.14%	48.91%
ND PERS - Main System	6/30/2019	0.009493%	\$ 111,260	\$ 98,896	112.50%	71.66%
ND PERS - Main System	6/30/2018	0.009450%	\$ 159,487	\$ 97,049	164.34%	62.80%
ND PERS - Main System	6/30/2017	0.009005%	\$ 145,546	\$ 92,439	157.45%	61.98%
ND PERS - Main System	6/30/2016	0.008778%	\$ 85,552	\$ 88,463	96.71%	70.46%
ND PERS - Main System	6/30/2015	0.008872%	\$ 60,329	\$ 79,040	76.33%	77.70%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
OPEB	6/30/2024	0.012809%	\$ 11,068	\$ 132,791	8.33%	68.35%
OPEB	6/30/2023	0.012038%	\$ 12,035	\$ 121,007	9.95%	68.35%
OPEB	6/30/2022	0.010616%	\$ 12,742	\$ 109,602	11.63%	56.28%
OPEB	6/30/2021	0.009397%	\$ 5,228	\$ 102,456	5.10%	76.63%
OPEB	6/30/2020	0.008417%	\$ 7,081	\$ 94,645	7.48%	63.38%
OPEB	6/30/2019	0.008849%	\$ 7,107	\$ 98,896	7.19%	63.13%
OPEB	6/30/2018	0.008849%	\$ 6,988	\$ 97,049	7.20%	61.89%
OPEB	6/30/2017	0.009055%	\$ 5,546	\$ 92,439	6.00%	59.78%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

**TRAIL COUNTY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

**Primary Government**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS - Main System	6/30/2024	\$ 298,286	\$ 308,295	\$ (10,009)	\$ 3,623,581	8.51%
ND PERS - Main System	6/30/2023	\$ 309,027	\$ 309,027	\$ -	\$ 4,199,309	7.36%
ND PERS - Main System	6/30/2022	\$ 284,315	\$ 245,725	\$ 38,590	\$ 3,766,013	6.52%
ND PERS - Main System	6/30/2021	\$ 230,997	\$ 241,006	\$ (10,009)	\$ 3,147,384	7.66%
ND PERS - Main System	6/30/2020	\$ 231,846	\$ 236,351	\$ (4,505)	\$ 3,225,919	7.33%
ND PERS - Main System	6/30/2019	\$ 244,076	\$ 232,778	\$ 11,298	\$ 3,352,422	6.94%
ND PERS - Main System	6/30/2018	\$ 225,491	\$ 215,586	\$ 9,905	\$ 3,061,477	7.04%
ND PERS - Main System	6/30/2017	\$ 214,956	\$ 204,605	\$ 10,351	\$ 2,964,411	6.90%
ND PERS - Main System	6/30/2016	\$ 197,285	\$ 194,989	\$ 2,296	\$ 2,724,995	7.16%
ND PERS - Main System	6/30/2015	\$ 190,956	\$ 187,607	\$ 3,349	\$ 2,516,548	7.45%
ND PERS - Law Enforcement***	6/30/2024	\$ 53,483	\$ 34,220	\$ 19,263	\$ 525,305	6.51%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
OPEB	6/30/2024	\$ 36,819	\$ 37,040	\$ (221)	\$ 3,096,229	1.20%
OPEB	6/30/2023	\$ 37,836	\$ 37,836	\$ -	\$ 3,255,758	1.16%
OPEB	6/30/2022	\$ 37,693	\$ 35,351	\$ 2,342	\$ 3,096,923	1.14%
OPEB	6/30/2021	\$ 35,575	\$ 36,312	\$ (737)	\$ 2,958,372	1.23%
OPEB	6/30/2020	\$ 37,691	\$ 37,454	\$ 237	\$ 3,208,300	1.17%
OPEB	6/30/2019	\$ 38,989	\$ 37,271	\$ 1,718	\$ 3,352,422	1.11%
OPEB	6/30/2018	\$ 35,909	\$ 34,518	\$ 1,391	\$ 3,061,477	1.13%
OPEB	6/30/2017	\$ 34,459	\$ 32,760	\$ 1,699	\$ 2,964,411	1.11%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

\*\*\* The June 30, 2024, measurement date was the first year that the County was on the Law Enforcement System.

**TRAIL COUNTY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

**Water Resource District**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS - Main System	6/30/2024	\$ 4,733	\$ 4,407	\$ 326	\$ 57,500	7.66%
ND PERS - Main System	6/30/2023	\$ 3,738	\$ 3,738	\$ -	\$ 50,100	7.46%
ND PERS - Main System	6/30/2022	\$ 2,362	\$ 3,000	\$ (638)	\$ 31,350	9.57%
ND PERS - Main System	6/30/2021	\$ 4,447	\$ 4,657	\$ (210)	\$ 60,299	7.72%
ND PERS - Main System	6/30/2020	\$ 4,172	\$ 4,172	\$ -	\$ 58,602	7.12%
ND PERS - Main System	6/30/2019	\$ 4,101	\$ 4,101	\$ -	\$ 57,600	7.12%
ND PERS - Main System	6/30/2018	\$ 4,101	\$ 4,101	\$ -	\$ 57,600	7.12%
ND PERS - Main System	6/30/2017	\$ 3,890	\$ 3,890	\$ -	\$ 54,630	7.12%
ND PERS - Main System	6/30/2016	\$ 7,467	\$ 7,467	\$ -	\$ 104,874	7.12%
ND PERS - Main System	6/30/2015	\$ 7,396	\$ 7,396	\$ -	\$ 103,878	7.12%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
OPEB	6/30/2024	\$ 684	\$ 656	\$ 28	\$ 57,500	1.14%
OPEB	6/30/2023	\$ 599	\$ 599	\$ -	\$ 50,100	1.20%
OPEB	6/30/2022	\$ 382	\$ 480	\$ (98)	\$ 31,350	1.53%
OPEB	6/30/2021	\$ 725	\$ 744	\$ (19)	\$ 60,299	1.23%
OPEB	6/30/2020	\$ 688	\$ 666	\$ 22	\$ 58,602	1.14%
OPEB	6/30/2019	\$ 670	\$ 657	\$ 13	\$ 57,600	1.14%
OPEB	6/30/2018	\$ 676	\$ 657	\$ 19	\$ 57,600	1.14%
OPEB	6/30/2017	\$ 635	\$ 879	\$ (244)	\$ 54,630	1.61%

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**TRAIL COUNTY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

**Health Unit**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS - Main System	6/30/2024	\$ 18,327	\$ 15,472	\$ 2,855	\$ 222,637	6.95%
ND PERS - Main System	6/30/2023	\$ 13,190	\$ 13,190	\$ -	\$ 179,186	7.36%
ND PERS - Main System	6/30/2022	\$ 15,557	\$ 13,963	\$ 1,594	\$ 206,551	6.76%
ND PERS - Main System	6/30/2021	\$ 13,809	\$ 13,278	\$ 531	\$ 187,248	7.09%
ND PERS - Main System	6/30/2020	\$ 12,748	\$ 12,786	\$ (38)	\$ 180,024	7.10%
ND PERS - Main System	6/30/2019	\$ 12,726	\$ 12,414	\$ 312	\$ 174,786	7.10%
ND PERS - Main System	6/30/2018	\$ 12,499	\$ 12,052	\$ 447	\$ 169,692	7.10%
ND PERS - Main System	6/30/2017	\$ 11,946	\$ 11,701	\$ 245	\$ 164,748	7.10%
ND PERS - Main System	6/30/2016	\$ 11,577	\$ 11,357	\$ 220	\$ 159,912	7.10%
ND PERS - Main System	6/30/2015	\$ 11,790	\$ 11,051	\$ 739	\$ 155,214	7.12%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
OPEB	6/30/2024	\$ 2,236	\$ 2,138	\$ 98	\$ 188,025	1.14%
OPEB	6/30/2023	\$ 2,112	\$ 2,112	\$ -	\$ 179,186	1.18%
OPEB	6/30/2022	\$ 2,246	\$ 2,121	\$ 125	\$ 184,509	1.15%
OPEB	6/30/2021	\$ 2,252	\$ 2,126	\$ 126	\$ 187,248	1.14%
OPEB	6/30/2020	\$ 2,115	\$ 2,047	\$ 68	\$ 182,684	1.12%
OPEB	6/30/2019	\$ 2,033	\$ 1,988	\$ 45	\$ 174,786	1.14%
OPEB	6/30/2018	\$ 1,990	\$ 1,930	\$ 60	\$ 169,692	1.14%
OPEB	6/30/2017	\$ 1,915	\$ 1,874	\$ 41	\$ 164,748	1.14%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

**TRAIL COUNTY**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

**Job Development Authority**

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
ND PERS - Main System	6/30/2024	\$ 10,931	\$ 9,962	\$ 969	\$ 132,971	7.49%
ND PERS - Main System	6/30/2023	\$ 8,650	\$ 9,026	\$ (376)	\$ 121,007	7.46%
ND PERS - Main System	6/30/2022	\$ 8,255	\$ 7,120	\$ 1,135	\$ 109,602	6.50%
ND PERS - Main System	6/30/2021	\$ 7,556	\$ 3,701	\$ 3,855	\$ 103,957	3.56%
ND PERS - Main System	6/30/2020	\$ 6,839	\$ 6,972	\$ (133)	\$ 96,591	7.22%
ND PERS - Main System	6/30/2019	\$ 7,200	\$ 6,867	\$ 333	\$ 98,896	6.94%
ND PERS - Main System	6/30/2018	\$ 7,148	\$ 6,834	\$ 314	\$ 97,049	7.04%
ND PERS - Main System	6/30/2017	\$ 6,703	\$ 3,680	\$ 3,023	\$ 92,439	3.98%
ND PERS - Main System	6/30/2016	\$ 6,405	\$ 6,330	\$ 75	\$ 88,463	7.16%
ND PERS - Main System	6/30/2015	\$ 6,004	\$ 5,898	\$ 106	\$ 79,040	7.46%

<u>Pension Plan</u>	<u>Measurement Date**</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
OPEB	6/30/2024	\$ 1,579	\$ 1,502	\$ 77	\$ 132,791	1.13%
OPEB	6/30/2023	\$ 1,385	\$ 1,445	\$ (60)	\$ 121,007	1.19%
OPEB	6/30/2022	\$ 1,334	\$ 1,140	\$ 194	\$ 109,602	1.04%
OPEB	6/30/2021	\$ 1,232	\$ 593	\$ 639	\$ 102,456	0.58%
OPEB	6/30/2020	\$ 1,112	\$ 1,105	\$ 7	\$ 94,645	1.17%
OPEB	6/30/2019	\$ 1,150	\$ 1,099	\$ 51	\$ 98,896	1.11%
OPEB	6/30/2018	\$ 1,138	\$ 1,094	\$ 44	\$ 97,049	1.13%
OPEB	6/30/2017	\$ 1,075	\$ 1,022	\$ 53	\$ 92,439	1.11%

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

\*\* The measurement date of the actuarial report is six months prior to the balance sheet date.

**TRAIL COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 2,800,488	\$ 2,800,488	\$ 2,622,951	\$ (177,537)
Intergovernmental	918,819	918,819	1,084,268	165,449
Charges for services	791,108	791,108	762,357	(28,751)
Licenses, permits and fees	-	-	55,590	55,590
Interest income	21,000	21,000	71,877	50,877
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>79,310</u>	<u>79,310</u>
Total revenues	<u>4,531,415</u>	<u>4,531,415</u>	<u>4,676,353</u>	<u>144,938</u>
<b>EXPENDITURES</b>				
Current				
General government	2,658,819	2,658,819	2,579,829	(78,990)
Public safety	1,933,063	1,933,063	1,611,814	(321,249)
Health and welfare	252,697	252,697	80,175	(172,522)
Culture and recreation	<u>10,000</u>	<u>10,000</u>	<u>18,550</u>	<u>8,550</u>
Total expenditures	<u>4,854,579</u>	<u>4,854,579</u>	<u>4,290,368</u>	<u>(564,211)</u>
Excess (deficiency) of revenues over expenditures	<u>(323,164)</u>	<u>(323,164)</u>	<u>385,985</u>	<u>709,149</u>
<b>OTHER FINANCING USES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>8,217</u>	<u>8,217</u>
Net change in fund balance	<u>(323,164)</u>	<u>(323,164)</u>	<u>394,202</u>	<u>717,366</u>
Fund balance - January 1	<u>2,638,362</u>	<u>2,638,362</u>	<u>2,638,362</u>	<u>-</u>
Prior year adjustments	<u>35,565</u>	<u>35,565</u>	<u>35,565</u>	<u>-</u>
Fund balance - January 1, as restated	<u>2,673,927</u>	<u>2,673,927</u>	<u>2,673,927</u>	<u>-</u>
Fund balance - December 31	<u>\$ 2,350,763</u>	<u>\$ 2,350,763</u>	<u>\$ 3,068,129</u>	<u>\$ 717,366</u>

**TRAIL COUNTY**  
**BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 2,968,443	\$ 2,968,443	\$ 2,790,769	\$ (177,674)
Intergovernmental	3,228,595	3,228,595	6,564,342	3,335,747
Charges and services	175,532	175,532	133,508	(42,024)
Interest Income	<u>2,000</u>	<u>2,000</u>	<u>92,253</u>	<u>90,253</u>
Total revenues	<u>6,374,570</u>	<u>6,374,570</u>	<u>9,580,872</u>	<u>3,206,302</u>
<b>EXPENDITURES</b>				
Current				
General government	-	209,693	209,693	-
Public safety	-	133,078	113,292	(19,786)
Highway and public improvement	9,239,094	12,419,192	9,070,084	(3,349,108)
Health and welfare	3,070,011	3,081,321	2,662,553	(418,768)
Emergency	177,530	177,530	176,725	(805)
Conservation of natural resources	229,437	267,985	196,058	(71,927)
Flood repair	<u>-</u>	<u>88,344</u>	<u>88,344</u>	<u>-</u>
Total expenditures	<u>12,716,072</u>	<u>16,377,143</u>	<u>12,516,749</u>	<u>(3,860,394)</u>
Excess (deficiency) of revenues over expenditures	<u>(6,341,502)</u>	<u>(10,002,573)</u>	<u>(2,935,877)</u>	<u>7,066,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	100,000	100,000
Transfers out	<u>-</u>	<u>-</u>	<u>(375,116)</u>	<u>(375,116)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(275,116)</u>	<u>(275,116)</u>
Net change in fund balances	<u>(6,341,502)</u>	<u>(10,002,573)</u>	<u>(3,210,993)</u>	<u>6,791,580</u>
Fund balance - January 1	<u>8,367,171</u>	<u>8,367,171</u>	<u>8,367,171</u>	<u>-</u>
Prior year adjustments	<u>(19,664)</u>	<u>(19,664)</u>	<u>(19,664)</u>	<u>-</u>
Fund balance - January 1, as restated	<u>8,347,507</u>	<u>8,347,507</u>	<u>8,347,507</u>	<u>-</u>
Fund balance - December 31	<u>\$ 2,006,005</u>	<u>\$ (1,655,066)</u>	<u>\$ 5,136,514</u>	<u>\$ 6,791,580</u>

**TRAILL COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**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 has been concluded, the board shall adopt such an 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 – LEGAL COMPLIANCE**

***Budget Amendments***

The board of County commissioners approved the following amendments to the County’s budget for the year ending December 31, 2024:

	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
Special revenue fund expenditures	\$ 12,716,072	\$ 3,661,071	\$ 16,377,143

**NOTE 3 – PENSIONS AND OPEB**

***Changes of Assumptions***

**Main System and Law Enforcement System**

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, 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, 2023.

**TRAILL COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**OPEB**

All actuarial assumptions used in the actuarial valuation as of July 1, 2024, 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, 2023.

*Changes of Benefit Terms*

**Main System**

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.

**Law Enforcement System**

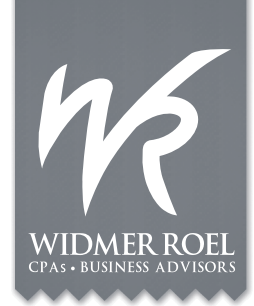
Legislation was passed relating to the Public Safety with Prior Service System. The Public Safety with Prior Service System was expanded to allow peace officers employed by the State to participate. The provisions are similar to the Public Safety with Prior Service System, but with a 6.00 percent employee contribution rate. The benefit multiplier and the vesting requirements for the Bureau of Criminal Investigation group were changed.

**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, 2023.

**TRAIL COUNTY**

**SINGLE AUDIT REPORTS AND  
SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
DECEMBER 31, 2024**



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

*Independent Auditor's Report*

County Commission  
**Trail County**  
Hillsboro, 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 **Trail County**, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise **Trail County's** basic financial statements and have issued our report thereon dated September 30, 2025.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered **Trail County's** internal control over financial reporting (internal control) to determine 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 **Trail County's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Trail 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 items 2024-001 through 2024-004 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Trail 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002.

### ***Trail County's Response to Findings***

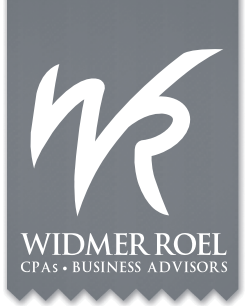
*Government Auditing Standards* requires the auditor to perform limited procedures on the **Trail County's** response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. **Trail County's** response was not subjected to the other auditing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

### ***Purpose of this Report***

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

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

Fargo, North Dakota  
September 30, 2025



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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

*Independent Auditor’s Report*

County Commission  
**Trail County**  
Hillsboro, North Dakota

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

*Opinion on Each Major Federal Program*

We have audited **Trail County’s** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Trail County’s** major federal program for the year ended December 31, 2024. **Trail County’s** major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Trail County** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

*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 **Trail 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 **Trail 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 **Trail County's** federal programs.

### ***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 **Trail 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 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 **Trail 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 **Trail 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 **Trail 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 **Trail 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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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 **Trail County**, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise **Trail County's** basic financial statements. We issued our report thereon date September 30, 2025, which contained unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fargo, North Dakota  
September 30, 2025

**TRAILL COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Transportation passed through North Dakota Department of Transportation				
State and Community Highway Safety	20.600	N/A	\$ -	\$ 6,691
U.S. Department of the Treasury Direct Assistance				
COVID-19 - Coronavirus State and Local Recovery Funds	21.027	N/A	-	203,147
U.S. Department of Health and Human Services passed through North Dakota Department of Human Services				
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.566	N/A	-	1,005,001
North Dakota Department of Health				
Public Health Emergency Preparedness	93.069	N/A	-	4,788
Immunization Cooperative Agreements	93.268	N/A	-	11,869
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	-	6,267
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	N/A	-	11,326
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	N/A	-	29,265
Child Support Services	93.563	N/A	-	36
Opioid STR	93.788	N/A	-	44,436
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	65,600
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	N/A	-	6,565
Total U.S Department of Health and Human Services			-	1,185,153
U.S. Department of Homeland Security passed through North Dakota Adjutant General				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4553	-	88,344
Hazard Mitigation Grant	97.039	N/A	-	16,488
Emergency Management Performance Grants	97.042	N/A	-	7,745
Homeland Security Grant Program	97.067	N/A	-	64,470
Total U.S Department of Homeland Security			-	177,047
Total expenditures of federal awards			\$ -	\$ 1,572,038

## TRAILL COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2024

#### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Traill County under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Traill County, it is not intended to and does not present the financial position or changes in net assets of Traill 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### NOTE 3 – INDIRECT COST RATE

Traill County has not elected to use the 10 percent de minimis cost rate as allowed under Uniform Guidance.

#### NOTE 4 – PASS THROUGH GRANT NUMBER

For Federal Pass-through programs marked “N/A”, Traill County was unable to obtain a pass-through grant number.

TRAILL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified?  X  yes       no  
Significant deficiency(ies) identified that are not considered to be       yes  X  none  
material weakness(es)?       yes  X  reported  
Noncompliance material to financial statements noted?  X  yes       no

Federal Awards

Internal control over major programs:  
Material weakness(es) identified?       yes  X  no  
Significant deficiency(ies) identified that are not considered to be       yes  X  none  
material weakness(es)?       yes  X  reported

Type of auditor’s report issued on compliance for major programs:  
Refugee and Entrant Assistance (93.566) Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?       yes  X  no

Identification of major programs:

CFDA Number	Name of Federal Program
93.566	Refugee and Entrant Assistance

Dollar threshold used to distinguish between type A and type B programs:  \$750,000

Auditee qualified as  low-risk  auditee?       yes  X  no

**TRAILL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2024-001 (MATERIAL WEAKNESS) – AUDIT ADJUSTMENTS**

*Condition*

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

*Criteria*

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

*Cause*

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

*Effect*

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

*Recommendation*

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

*Views of Responsible Officials*

We agree. Traill County will review the procedures in place and will adopt additional measures that may be identified to ensure financial statements are complete and accurate.

**2024-002 (MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE) – BUDGET**

*Condition*

Traill County did not prepare its 2024 budget or mill levy calculation in accordance with state laws listed below:

- The preliminary and final budget files for 2024 did not include the 1<sup>st</sup>, 4<sup>th</sup>, and 5<sup>th</sup> required elements included in N.D.C.C. §11-23-02.
- The mill levy calculation including the estimated cash amount did not have proper supporting documentation in accordance with N.D.C.C. §57-15-31(1).

**TRAILL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Criteria***

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

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

N.D.C.C. §11-23-02 states, “the county auditor shall prepare an annual budget for the general fund, each special revenue fund, and each debt service fund of the county in the form prescribed by the state auditor. The budget must set forth specifically:

1. The detailed breakdown of the estimated revenues and appropriations requested for each fund for the ensuing year.
2. The detailed breakdown of the revenues and expenditures for each fund for the preceding year.
3. The detailed breakdown of estimated revenues and expenditures for each fund for the current year.
4. The transfers in or out for each fund for the preceding year and the estimated transfers in or out for the current year and the ensuing year.
5. The beginning and ending balance of each fund or estimates of the balances for the preceding year, current year, and ensuing year.
6. The tax levy request for any funds levying taxes for the ensuing year.
7. The certificate of levy showing the amount levied for each fund and the total amount levied.
8. The budget must be prepared on the same basis of accounting used by the county for its annual financial reports.
9. The amount of cash reserve for the general fund and each special revenue fund, not to exceed seventy-five percent of the appropriation for the fund.”

***Cause***

Trails County may not have procedures in place to ensure the preliminary budget, final budget, and mill levy calculations have supporting documentation that include all of the elements required by N.D.C.C. §11-23-02 and N.D.C.C. §57-15-31(1).

***Effect***

The estimates for year-end cash in N.D.C.C. §57-15-31(1) and the 5<sup>th</sup> and 9<sup>th</sup> element identified in N.D.C.C. §11-23-02 are key components in the tax levy calculation in any budget year. Thus, Trails County may have improperly calculated the tax levies for the 2024 preliminary and final budgets.

**TRAILL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

***Recommendation***

We recommend that Traill County implement procedures to ensure its compliance with all aspects of N.D.C.C. §57-15-31(1) and N.D.C.C. §11-23-02.

***Views of Responsible Officials***

We agree. Traill County has changed the format of the budget on June 25, 2024, to ensure that all elements of both N.D.C.C. §11-23-02 and N.D.C.C. §57-15-31(1) are included in the final approved budget.

**2024-003 (MATERIAL WEAKNESS) – AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT**

***Condition***

During the audit of the Traill County Water Resource District, we proposed adjusting entries to the financial statements in accordance with GAAP. The adjustments were approved by management and are reflected in the financial statements.

***Criteria***

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

***Cause***

The Traill County Water Resource District may not have had procedures in place to ensure the financial statements are complete and accurate.

***Effect***

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

***Recommendation***

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

***Views of Responsible Officials***

We agree. Traill County WRD will review the procedures in place and will adopt additional measures that may be identified to ensure financial statements are complete and accurate.

**TRAILL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**2024-004 (MATERIAL WEAKNESS) – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT**

***Condition***

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

***Criteria***

The County’s policies should be sufficient to ensure a complete and accurate presentation of capital assets in accordance with generally accepted accounting principles.

***Cause***

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

***Effect***

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the Traill County Water Resource District’s financial condition.

***Recommendation***

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

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

***Views of Responsible Officials***

We agree. Traill County WRD will continue to review its procedures to ensure accuracy and accountability within the accounting function of the district.

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

None noted.

**TRAILL COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**2023-001 (MATERIAL WEAKNESS) – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT**

***Condition***

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

***Recommendation***

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

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

***Current Status***

Partially implemented. Traill County Water Resource District provides detailed financial statements and spreadsheets for full board review. Check Detail and General Ledger reports are provided for full board review.

**TRAILL COUNTY**

Glenda Haugen, County Auditor & Election Official  
PO Box 429 Hillsboro ND 58045  
Phone: (701) 636-4458  
Email: glenda.haugen@co.trail.nd.us

# TRAILL COUNTY AUDITOR

## VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

The Traill County respectfully submits the following views of responsible officials and planned corrective action for the year ended December 31, 2024.

Name and address of independent public accounting firm:

Widmer Roel PC  
4220 31<sup>st</sup> Avenue S  
Fargo, ND 58104

Audit period: December 31, 2024

Contact person: Glenda Haugen, County Auditor

The findings from the December 31, 2024 Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## FINDINGS – FINANCIAL STATEMENT AUDIT

### 2024-001 (MATERIAL WEAKNESS) – AUDIT ADJUSTMENTS

#### ***Condition***

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

### **Views of Responsible Officials and Planned Corrective Action**

We agree. Traill County will review the procedures in place and will adopt additional measures that may be identified to ensure financial statements are complete and accurate.

**Anticipated Completion Date:** 09-11-25

### **2024-002 (MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE) – BUDGET**

#### **Condition**

Traill County did not prepare its 2024 budget or mill levy calculation in accordance with state laws listed below:

- The preliminary and final budget files for 2024 did not include the 1<sup>st</sup> and 5th required elements included in N.D.C.C. §11-23-02.
- The mill levy calculation including the estimated cash amount did not have proper supporting documentation in accordance with N.D.C.C. §57-15-31(1).

### **Views of Responsible Officials and Planned Corrective Action**

We agree. Traill County has changed the format of the budget on 06-25-2024 to ensure that all elements of both N.D.C.C. §11-23-02 and N.D.C.C. §57-15-31(1) are included in the final approved budget.

**Anticipated Completion Date:** The entire 2025 Budget/2024 Tax Levy Reports are on the requested format which includes all elements required by the state.

Sincerely yours,



Glenda Haugen  
County Auditor  
Traill County



Trail County Water Resource District  
 102 1<sup>st</sup> St SW · PO Box 10  
 Hillsboro, ND 58045

## **VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION**

The Traill County WRD respectfully submits the following views of responsible officials and planned corrective action for the year ended December 31, 2024.

Name and address of independent public accounting firm:

Widmer Roel PC  
 4220 31<sup>st</sup> Avenue S  
 Fargo, ND 58104

Audit period: December 31, 2024

Contact person: Jessica Spaeth

The findings from the December 31, 2024 Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **FINDINGS – FINANCIAL STATEMENT AUDIT**

#### **2024-003 (MATERIAL WEAKNESS) – AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT**

##### *Condition*

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

Phone: 701.636.5812  
 Email: tcwrd@co.trail.nd.us

***Views of Responsible Officials and Planned Corrective Action***

We agree. Traill County WRD will review the procedures in place and will adopt additional measures that may be identified to ensure financial statements are complete and accurate.

***Anticipated Completion Date: N/A***

**2024-004 (MATERIAL WEAKNESS) – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT**

***Condition***

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

***Views of Responsible Officials and Planned Corrective Action***

We agree. Traill County WRD will continue to review its procedures to ensure accuracy and accountability within the accounting function of the district.

***Anticipated Completion Date: N/A***

Sincerely,



Jessica Spaeth  
Traill County Water Resource District