



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Pembina County

Cavalier, North Dakota

Audit Report for the Year Ended December 31, 2024

Client Code: PS34000



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Office of the
State Auditor

PEMBINA COUNTY

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PEMBINA COUNTY

County Officials
December 31, 2024

COUNTY OFFICIALS

At December 31, 2024

James Benjaminson	Chairperson
Andrew Cull	Vice-Chairperson
Darin Otto	Commissioner
Blaine W. Papenfuss	Commissioner
Laverne Doyle	Commissioner
Melissa Gapp	Auditor/Treasurer/Supt. Of Schools
Melissa Morden	Clerk of Court/Recorder
Terry Meidinger	Sheriff
Garret Fontaine	State's Attorney
LuAnn Kemp	WRD Secretary-Treasurer

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Pembina County
Cavalier, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pembina County, North Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Pembina County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pembina County, North Dakota, as of December 31, 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 Opinion

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 and Note 2 to the financial statements, Pembina County adopted new accounting guidance GASB Statement No. 100, Accounting Changes and Error Corrections and GASB statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Error Correction

As discussed in Note 2 to the financial statements, the 2024 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

PEMBINA COUNTY

Independent Auditor's Report – Continued

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 on our consideration of Pembina County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pembina County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pembina County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 2, 2025

PEMBINA COUNTY
Statement of Net Position
December 31, 2024

	Primary	Component Units	
	Government	Water	Job
	Governmental	Resource	Development
	Activities	District	Authority
ASSETS			
Cash & Investments	\$ 6,177,990	\$ 3,685,653	\$ 45,907
Intergovernmental Receivable	324,108	187,865	-
Special Assessments Receivable	-	45,532	-
Road Accounts Receivable	25,788	-	-
Taxes Receivable	90,547	6,528	3,809
Loans Receivable	-	-	437,890
Capital Assets			
Nondepreciable	1,987,582	4,367,761	-
Depreciable, Net	14,536,483	14,905,557	-
Total Assets	\$ 23,142,498	\$ 23,198,896	\$ 487,606
DEFERRED OUTFLOWS OF RESOURCES			
Pensions & OPEB	\$ 2,490,460	\$ 32,423	\$ -
Total Assets and Deferred Outflows of Resources	\$ 25,632,958	\$ 23,231,319	\$ 487,606
LIABILITIES			
Accounts Payable	\$ 246,067	\$ -	\$ -
Salaries Payable	7,884	6,531	-
Interest Payable	11,082	129,325	-
Grants Received in Advance	397,175	-	-
Retainage Payable	2,071	143,970	-
Long-Term Liabilities			
Due Within One Year			
Long-Term Debt	28,707	1,708,620	-
Compensated Absences Payable	165,425	-	-
Due After One Year			
Long-Term Debt	131,135	4,670,811	-
Compensated Absences Payable	109,881	-	-
Net Pension and OPEB Liability	3,911,651	73,432	-
Total Liabilities	\$ 5,011,078	\$ 6,732,689	\$ -
DEFERRED INFLOWS OF RESOURCES			
Taxes Received in Advance	\$ 883,056	\$ -	\$ -
Pensions & OPEB	3,021,382	58,943	-
Total Liabilities and Deferred Inflows of Resources	\$ 8,915,516	\$ 6,791,632	\$ -
NET POSITION			
Net Investment in Capital Assets	\$ 16,351,070	\$ 12,620,592	\$ -
Restricted			
Highways and Bridges	2,189,593	-	-
Emergencies	680,900	-	-
Economic Development	-	-	49,716
Loans	-	-	437,890
Unrestricted	(2,499,241)	3,819,095	-
Total Net Position	\$ 16,717,442	\$ 16,439,687	\$ 487,606

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

PEMBINA COUNTY

Statement of Activities

For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	Job Development Authority
Primary Government							
Governmental Activities							
General Government	\$ 4,073,064	\$ 146,388	\$ 59,208	\$ -	\$ (3,867,468)		
Public Safety	1,718,778	169,697	139,865	-	(1,409,216)		
Health and Welfare	556,688	264,461	96,482	-	(195,745)		
Economic Development	23,000	-	-	-	(23,000)		
Highways	2,294,976	91,504	1,178,468	1,856,880	831,876		
Flood Repair	242,793	-	290,773	-	47,980		
Conserv. of Natural Resources	327,009	16,919	22,952	-	(287,138)		
Interest on Long-Term Debt	11,082	-	-	-	(11,082)		
Total Primary Government	\$ 9,247,390	\$ 688,969	\$ 1,787,748	\$ 1,856,880	\$ (4,913,793)		
Component Units							
Water Resource District	\$ 3,746,508	\$ 2,011,303	\$ 898,529	\$ 1,117,341		\$ 280,665	\$ -
Job Development Authority	237,779	77	-	-		-	(237,702)
Total Component Units	\$ 3,984,287	\$ 2,011,380	\$ 898,529	\$ 1,117,341		\$ 280,665	\$ (237,702)
General Revenues							
Property Taxes					\$ 4,144,572	\$ 311,325	\$ 126,999
Nonrestricted Grants and Contributions					1,796,125	11,520	16,418
Unrestricted Investment Earnings					187,604	80,603	50
Miscellaneous Revenue					314,957	19,808	7,953
Total General Revenues					\$ 6,443,258	\$ 423,256	\$ 151,420
Change in Net Position					\$ 1,529,465	\$ 703,921	\$ (86,282)
Net Position - January 1					\$ 15,496,924	\$ 15,735,766	\$ 621,379
Prior Period Adjustment					\$ (308,947)	\$ -	\$ (47,491)
Net Position - January 1, as restated					\$ 15,187,977	\$ 15,735,766	\$ 573,888
Net Position - December 31					\$ 16,717,442	\$ 16,439,687	\$ 487,606

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

PEMBINA COUNTY

Balance Sheet – Governmental Funds
December 31, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash & Investments	\$ 1,187,740	\$ 4,990,250	\$ 6,177,990
Intergovernmental Receivable	155,165	168,943	324,108
Road Receivable	-	25,788	25,788
Taxes Receivable	68,421	22,126	90,547
Total Assets	<u>\$ 1,411,326</u>	<u>\$ 5,207,107</u>	<u>\$ 6,618,433</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 30,306	\$ 215,761	\$ 246,067
Salaries Payable	1,225	6,659	7,884
Retainage Payable	-	2,071	2,071
Grants Received in Advance	-	397,175	397,175
Total Liabilities	<u>\$ 31,531</u>	<u>\$ 621,666</u>	<u>\$ 653,197</u>
Deferred Inflows of Resources			
Road Receivable	\$ -	\$ 25,788	\$ 25,788
Taxes Receivable	68,421	22,126	90,547
Taxes Received in Advance	637,480	245,576	883,056
Total Deferred Inflows of Resources	<u>\$ 705,901</u>	<u>\$ 293,490</u>	<u>\$ 999,391</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 737,432</u>	<u>\$ 915,156</u>	<u>\$ 1,652,588</u>
Fund Balances			
Restricted			
Highways and Bridges	\$ -	\$ 3,043,414	\$ 3,043,414
Health and Welfare	-	350,596	350,596
Public Safety	-	137,688	137,688
Conservation of Natural Resources	-	28,593	28,593
Emergencies	-	680,688	680,688
General Government	-	50,972	50,972
Unassigned	673,894	-	673,894
Total Fund Balances	<u>\$ 673,894</u>	<u>\$ 4,291,951</u>	<u>\$ 4,965,845</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,411,326</u>	<u>\$ 5,207,107</u>	<u>\$ 6,618,433</u>

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

PEMBINA COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2024

Total Fund Balances of Governmental Funds \$ 4,965,845

Total *net position* reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 16,524,065

Certain receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflow of resources in the funds.

Property Taxes Receivable	\$ 90,547	
Road Accounts Receivable	<u>25,788</u>	116,335

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

Deferred Outflows Derived From Pensions and OPEB	\$ 2,490,460	
Deferred Inflows Derived From Pensions and OPEB	<u>(3,021,382)</u>	(530,922)

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.

Long-Term Debt	\$ (159,842)	
Interest Payable	(11,082)	
Compensated Absences Payable	(275,306)	
Net Pension and OPEB Liability	<u>(3,911,651)</u>	<u>(4,357,881)</u>

Net Position of Governmental Activities \$ 16,717,442

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

PEMBINA COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended December 31, 2024

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 3,055,436	\$ 1,061,499	\$ 4,116,935
Intergovernmental	1,093,529	2,490,345	3,583,874
Charges for Services	408,918	298,201	707,119
Licenses, Permits and Fees	5,833	-	5,833
Interest Income	187,604	-	187,604
Miscellaneous	236,209	78,748	314,957
Total Revenues	\$ 4,987,529	\$ 3,928,793	\$ 8,916,322
EXPENDITURES			
Current			
General Government	\$ 3,226,802	\$ 930,713	\$ 4,157,515
Public Safety	1,906,720	33,567	1,940,287
Health and Welfare	360,915	233,115	594,030
Economic Development	23,000	-	23,000
Highways	-	3,045,958	3,045,958
Flood Repair	-	242,793	242,793
Conserv. of Natural Resources	-	335,353	335,353
Debt Service			
Principal	-	26,846	26,846
Interest	-	12,943	12,943
Total Expenditures	\$ 5,517,437	\$ 4,861,288	\$ 10,378,725
Excess (Deficiency) of Revenues Over Expenditures	\$ (529,908)	\$ (932,495)	\$ (1,462,403)
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 262,812	\$ -	\$ 262,812
Transfers Out	(197,412)	(65,400)	(262,812)
Total Other Financing Sources and Uses	\$ 65,400	\$ (65,400)	\$ -
Net Change in Fund Balances	\$ (464,508)	\$ (997,895)	\$ (1,462,403)
Fund Balances - January 1	\$ 1,138,402	\$ 5,289,846	\$ 6,428,248
Fund Balances - December 31	\$ 673,894	\$ 4,291,951	\$ 4,965,845

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

PEMBINA COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (1,462,403)

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

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

Capital Outlay	\$ 1,336,725	
Capital Contributions	1,856,880	
Depreciation Expense	<u>(699,761)</u>	2,493,844

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 26,846

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

Net Change in Interest Payable	\$ 1,861	
Net Change in Compensated Absences	(9,710)	(7,849)

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

Net Change in Taxes Receivable	\$ 27,637	
Net Change in Road Accounts Receivable	<u>(23,984)</u>	3,653

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

Net Change in Net Pension and OPEB Liability	\$ 723,840	
Net Change in Deferred Outflows of Resources Related to Pensions and OPEB	(818,015)	
Net Change in Deferred Inflows of Resources Related to Pensions and OPEB	<u>569,549</u>	<u>475,374</u>

Change in Net Position of Governmental Activities \$ 1,529,465

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

PEMBINA COUNTY

Statement of Fiduciary Net Position – Fiduciary Funds
For the Year Ended December 31, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	<u>\$ 2,876,012</u>
LIABILITIES & DERRERED INFLOWS OF RESOURCES	
Liabilities	
Funds Due to Other Governmental Units	<u>\$ 164,576</u>
Total Liabilities	<u>\$ 164,576</u>
Deferred Inflows of Resources	
Taxes Received in Advance	<u>\$ 2,702,032</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,866,608</u>
NET POSITION	
Restricted	
Funds Held for Other Purposes	<u>\$ (4,522)</u>
Total Net Position	<u>\$ (4,522)</u>

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

PEMBINA COUNTY

Statement of Changes in Fiduciary Net Position – Fiduciary Funds
December 31, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Tax Collections for Other Governments	\$ 15,886,564
Clerk of Court Collections	182,469
Intergovernmental Collections for Other Governments	844,997
Miscellaneous Collections	<u>59,821</u>
Total Additions	<u>\$ 16,973,851</u>
DEDUCTIONS	
Tax Disbursements to Other Governments	\$ 15,886,564
Clerk of Court Disbursements	182,469
Intergovernmental Disbursements to Other Governments	844,997
Miscellaneous Disbursements	<u>79,679</u>
Total Deductions	<u>\$ 16,993,709</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ (19,858)</u>
Net Position - Beginning	<u>\$ 15,336</u>
Net Position - Ending	<u>\$ (4,522)</u>

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

PEMBINA COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Component Units

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

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

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

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

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

Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

PEMBINA COUNTY

Notes to the Financial Statements – Continued

Cash and Investments

Cash balances from all funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to the General Fund.

Cash and cash equivalents includes amounts in demand deposits and money market accounts.

The investments of the County consist of certificates of deposit stated at cost with maturities in excess of three months.

Capital Assets

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

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

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

Compensated Absences

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

Sick leave benefits are earned at the rate of one day per month regardless of the years of service. An unlimited number of sick leave hours may be carried over at each year-end. Sick leave benefits are not paid out upon termination. The computed liabilities are in compliance with GASB Statement 101, Compensated Absences. An hours used approach was adopted to determine this liability and the portions that are current and long term.

Long-Term Obligations

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

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

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds

PEMBINA COUNTY

Notes to the Financial Statements – Continued

of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

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

Fund Balances

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

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

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

Net Position

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

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

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

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

Interfund Transactions

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

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

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

Change in Accounting Principle

The County implemented GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, during the year ended December 31, 2024. GASB Statement No. 100 enhances the accounting and financial reporting requirements for accounting changes and error corrections. See Note 2 for the resulting effects of this adoption.

The County implemented GASB Statement No. 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. See Note 2 for the resulting effects of this adoption.

PEMBINA COUNTY

Notes to the Financial Statements – Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 PRIOR PERIOD ADJUSTMENTS

Correction of Error and Adoption of New Standard

Due to the implementation of GASB 101, Compensated Absences, the beginning compensated absence liability was required to be restated to include an added liability for sick leave that was not required previously under GASB 16, Accounting for Compensated Absences. Additionally, net position was restated due to an error correction for a missed note payable from the previous period.

Governmental Activities	Government Wide
Beginning Net Position, as Previously Reported	\$ 15,496,924
Prior Period Adjustments	
Compensated Absences - GASB 101 Implementation	(109,316)
Note Payable - Error Correction	(186,688)
Interest Payable - Error Correction	(12,943)
Net Position, January 1, as Restated	\$ 15,187,977

Net Position of the Job Development Authority as of January 1, 2024 has been restated for error corrections to loans receivable as shown below. The results of the adjustments decreased Net Position for the Job Development Authority.

Job Development Authority	Amounts
Beginning Net Position, as Previously Reported	\$ 621,379
Prior Period Adjustments	
Loans Receivable	(47,491)
Net Position, January 1, Restated	\$ 573,888

NOTE 3 DEPOSITS

Custodial Credit Risk

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

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

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

PEMBINA COUNTY

Notes to the Financial Statements – Continued

At year ended December 31, 2024, the County’s carrying amount of deposits totaled \$8,522,049 and the bank balances totaled \$8,200,249. Of the bank balances, \$1,000,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution’s agent in the government’s name.

At year ended December 31, 2024, the Water Resource District’s carrying amount of deposits totaled \$3,685,653, and the bank balances totaled \$3,713,057. Of the bank balances, \$314,651 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 \$45,907, and the bank balances totaled \$51,089. All of the bank balances were covered by Federal Depository Insurance.

NOTE 4 PROPERTY TAXES

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

NOTE 5 CAPITAL ASSETS

Primary Government

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

Primary Government	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated					
Land	\$ 4,900	\$ -	\$ -	\$ -	\$ 4,900
Construction in Progress	-	1,982,682	-	-	1,982,682
Total Capital Assets Not Being Depreciated	\$ 4,900	\$ 1,982,682	\$ -	\$ -	\$ 1,987,582
Capital Assets Being Depreciated					
Buildings	\$ 3,362,016	\$ -	\$ -	\$ -	\$ 3,362,016
Equipment	5,103,065	608,455	-	-	5,711,520
Infrastructure	64,315,905	602,468	-	-	64,918,373
Total Capital Assets Being Depreciated	\$ 72,780,986	\$ 1,210,923	\$ -	\$ -	\$ 73,991,909
Less Accumulated Depreciation					
Buildings	\$ 2,265,820	\$ 74,080	\$ -	\$ -	\$ 2,339,900
Equipment	3,278,266	281,319	-	-	3,559,585
Infrastructure	53,211,579	344,362	-	-	53,555,941
Total Accumulated Depreciation	\$ 58,755,665	\$ 699,761	\$ -	\$ -	\$ 59,455,426
Total Capital Assets Being Depreciated, Net	\$ 14,025,321	\$ 511,162	\$ -	\$ -	\$ 14,536,483
Governmental Activities Capital Assets, Net	\$ 14,030,221	\$ 2,493,844	\$ -	\$ -	\$ 16,524,065

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

Primary Government	Amounts
General Government	\$ 50,136
Public Safety	133,287
Highways and Bridges	512,328
Health and Welfare	4,010
Total Depreciation Expense	\$ 699,761

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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

Water Resource District	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
Capital Assets Not Being Depreciated					
Construction in Progress	\$ 3,915,119	\$ 2,328,253	\$ -	\$ (1,875,611)	\$ 4,367,761
Capital Assets Being Depreciated					
Equipment	\$ 74,391	\$ -	\$ -	\$ -	\$ 74,391
Infrastructure	23,886,454	-	-	1,875,611	25,762,065
Total Capital Assets, Being Depreciated	\$ 23,960,845	\$ -	\$ -	\$ 1,875,611	\$ 25,836,456
Less Accumulated Depreciation					
Equipment	\$ 74,391	\$ -	\$ -	\$ -	\$ 74,391
Infrastructure	9,578,323	1,278,185	-	-	10,856,508
Total Accumulated Depreciation	\$ 9,652,714	\$ 1,278,185	\$ -	\$ -	\$ 10,930,899
Total Capital Assets Being Depreciated, Net	\$ 14,308,131	\$ (1,278,185)	\$ -	\$ 1,875,611	\$ 14,905,557
Governmental Activities Capital Assets, Net	\$ 18,223,250	\$ 1,050,068	\$ -	\$ -	\$ 19,273,318

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

NOTE 6 LONG-TERM LIABILITIES

Primary Government

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

Primary Government	Restated Balance Jan 1	Increases	Decreases	Balance December 31	Due Within One Year
Long Term Debt					
Note Payable	\$ 186,688	\$ -	\$ 26,846	\$ 159,842	\$ 28,707
Total Long Term Debt	\$ 186,688	\$ -	\$ 26,846	\$ 159,842	\$ 28,707
Compensated Absences*	265,596	9,710	-	275,306	165,425
Net Pension and OPEB Liability*	4,635,491	-	723,840	3,911,651	-
Total Primary Government	\$ 5,087,775	\$ 9,710	\$ 750,686	\$ 4,346,799	\$ 194,132

* The change in Compensated Absences and Net Pension & OPEB liability are shown as net changes because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

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

Year Ending Dec 31	Note Payable	
	Principal	Interest
2025	\$ 28,707	\$ 11,082
2026	30,697	9,092
2027	32,826	6,963
2028	67,612	4,688
Total	\$ 159,842	\$ 31,825

PEMBINA COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Unit

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

Water Resource District	Balance Jan 1	Increases	Decreases	Balance December 31	Due Within One Year
Long Term Debt					
Line of Credit Payable	\$ 1,054,903	\$ 1,256,415	\$ 350,485	\$ 1,960,833	\$ 1,249,249
Bonds Payable	4,827,000	-	448,000	4,379,000	453,000
Bond Premium	44,836	-	5,238	39,598	6,371
Total Long Term Debt	\$ 5,926,739	\$ 1,256,415	\$ 803,723	\$ 6,379,431	\$ 1,708,620
Net Pension and OPEB Liability*	110,984	-	37,552	73,432	-
Total Water Resource District	\$ 6,037,723	\$ 1,256,415	\$ 841,275	\$ 6,452,863	\$ 1,708,620

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

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

Year Ending Dec 31	Bonds Payable		Line of Credit		Bond Premium
	Principal	Interest	Principal	Interest	
2025	\$ 453,000	\$ 119,446	\$ 1,249,249	\$ 15,895	6,372
2026	459,000	107,803	90,511	14,094	4,411
2027	466,000	96,011	91,416	12,274	4,411
2028	482,000	83,924	92,330	10,437	4,411
2029	442,000	71,382	93,253	8,581	4,411
2030-2034	1,407,000	203,429	344,074	24,011	10,021
2035-2039	670,000	58,012	-	-	5,256
2040-2044	-	-	-	-	305
Total	\$ 4,379,000	\$ 740,007	\$ 1,960,833	\$ 85,292	\$ 39,598

The Water Resource District issued a new revolving line of credit in 2024 in the amount of \$500,000. A total of \$433,134 in loan advances were noted during 2024 for a total amount drawn on the line of credit of \$426,634. The remaining amount available on this line of credit as of December 31, 2024, is \$73,366. Additionally, the Water Resource District has existing loans in the amounts of \$929,000 and \$750,000. A total of \$454,588 and \$628,000 in loan advances were noted during 2024 for a total amount drawn on the loans of \$801,199 and \$733,000, respectively. The remaining amounts available on these loans as of December 31, 2024, are \$127,800 and \$17,000, respectively.

NOTE 7: PENSION PLAN

General Information about the Pension Plan

North Dakota Public Employees Retirement System & NDPERS Law Enforcement Retirement System (Main System & Law Enforcement System)

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

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

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

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Law Enforcement System (With prior main system service)

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 2.00% 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.

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 (Main and Law Enforcement Systems)

Death and disability benefits are set by statute. If an active member dies with less than three years of service in 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

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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.

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 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% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation

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

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

Law Enforcement System

Member and employer contributions paid to NDPERS are established as a percent 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:

Plan	Member contribution rate	Employer contribution rate
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%	9.16%

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:

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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

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

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

	Net Pension Liability
Primary Government	\$ 3,070,222
Law Enforcement System	661,084
Water Resource District	69,358

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 its respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2024 and reported the following pension expense for the year ended December 31, 2024:

	Proportion	Increase (Decrease) in Proportion from June 30, 2023 Measurement	Pension Expense
Primary Government	0.164152%	-0.066810%	\$ 266,466
Law Enforcement System	0.734424%	0.734424%	53,650
Water Resource District	0.003708%	-0.001821%	6,020

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 145,773	\$ -
Changes of Assumptions	739,917	1,393,212
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	28,073
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	224,808	1,158,095
Employer Contributions Subsequent to the Measurement Date	90,420	-
Total Primary Government	\$ 1,200,918	\$ 2,579,379

PEMBINA COUNTY

Notes to the Financial Statements – Continued

Law Enforcement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 598,610	\$ -
Changes of Assumptions	271,308	405,285
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	6,925
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	310,664	-
Employer Contributions Subsequent to the Measurement Date	53,499	-
Total Law Enforcement System	\$ 1,234,081	\$ 412,210

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,293	\$ -
Changes of Assumptions	16,715	31,473
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	634
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	5,079	26,162
Employer Contributions Subsequent to the Measurement Date	5,588	-
Total Water Resource District	\$ 30,675	\$ 58,270

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

Primary Government	\$ 90,420
Law Enforcement System	53,499
Water Resource District	5,588

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

	Primary Government	Law Enforcement System	Water Resource District
2025	\$ (415,941)	\$ 177,563	\$ (9,396)
2026	162,699	143,549	3,675
2027	(221,630)	119,750	(5,007)
2028	-	109,341	-
2029	-	133,933	-
Thereafter	-	84,236	-

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.9%	5.40%
International Equity	19.1%	7.00%
Private Equity	7%	8.50%
Domestic Fixed Income	23%	2.88%
International Fixed Income	0%	0.00%
Global Real Assets	19%	6.10%
Cash Equivalents	0%	0.00%

Discount Rate

Main and Law Enforcement System

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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

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

Proportionate Share of the Net Pension Liability	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Primary Government	\$ 4,338,950	\$ 3,070,222	\$ 2,017,980
Law Enforcement System	\$ 1,027,255	\$ 661,084	\$ 366,447
Water Resource District	98,019	69,358	45,587

Pension Plan Fiduciary Net Position

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

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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:

	Net OPEB Liability
Primary Government	\$ 180,345
Water Resource District	4,074

The net OPEB 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 OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. The entities had the following proportions and change in proportions at June 30, 2024 and reported the following OPEB expense for the year ended December 31, 2024:

	Proportion	Increase (Decrease) in Proportion from June 30, 2023 Measurement	OPEB Expense
Primary Government	0.208719%	0.026699%	\$ 27,364
Water Resource District	0.004715%	0.000357%	618

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

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,226	\$ 1,386
Changes of Assumptions	27,434	12,347
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	6,746
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	13,050	9,315
Employer Contributions Subsequent to the Measurement Date	12,751	-
Total Primary Government	\$ 55,461	\$ 29,793

PEMBINA COUNTY

Notes to the Financial Statements – Continued

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 50	\$ 31
Changes of Assumptions	620	279
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	152
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	295	210
Employer Contributions Subsequent to the Measurement Date	784	-
Total Water Resource District	\$ 1,749	\$ 673

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

Primary Government	\$ 12,751
Water Resource District	784

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

	Primary Government	Water Resource District
2025	\$ 4,874	\$ 110
2026	16,200	366
2027	(5,589)	(126)
2028	-	-
2029	-	-
Thereafter	-	-

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 or return	5.75%, net of investment expenses
Cost of living adjustments	None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2024 are summarized in the following table:

PEMBINA COUNTY

Notes to the Financial Statements – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	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.

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:

Proportionate Share of the Net Pension Liability	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Primary Government	\$ 246,487	\$ 180,345	\$ 124,637
Water Resource District	5,568	4,074	2,816

NOTE 9 TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2024:

Major Funds	Transfers In	Transfers Out
General Fund	\$ 262,812	\$ 197,412
Special Revenue Fund	-	65,400
Total	\$ 262,812	\$ 262,812

Transfers consist of moving investment interest funds, second half of Back the Blue grant payout funds and E911/IT equipment funds to the general fund.

NOTE 10 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDRIF is limited to losses of five million dollars per occurrence for general liability, five million for automobile, and \$1,568,000 for public assets/mobile equipment and portable property. The County also insures machinery and equipment with Hartford Steam Boiler Inspection and Insurance Company. The coverage is limited to \$8,300,000.

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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

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

NOTE 11 CONSTRUCTION COMMITMENTS

The County had open constructions commitment as of December 31, 2024 as follows:

County Projects	Contract Amount	Change Orders	Total Contract Amount	Total Completed	Retainage	Remaining Balance
Vanguard Appraisals	\$ 1,022,605	\$ -	\$ 1,022,605	\$ 404,093	\$ -	\$ 618,512
Sidwell	84,359	-	84,359	79,479	-	4,880
TectaAmerica Dakota LLC	101,280	-	101,280	-	-	101,280
BRP-BRC-3400(050)	177,225	48,862	226,087	105,351	2,071	122,807
Total	\$ 1,385,469	\$ 48,862	\$ 1,434,331	\$ 588,923	\$ 2,071	\$ 847,479

Discretely Presented Component Unit

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

Water Resource District Projects	Contract Amount	Change Orders	Total Contract Amount	Total Completed	Retainage	Remaining Balance Includes Retainage
Drain 67B	\$ 144,950	\$ -	\$ 144,950	\$ 144,950	\$ 7,731	\$ 7,731
Drain 81 FEMA repairs	1,959,937	7,725	1,967,662	1,800,183	98,383	265,862
Drain 34	975,260	263,258	1,238,518	1,216,519	36,496	58,495
Drain 23 & Drain 43(78)	21,780	-	21,780	21,780	1,089	1,089
Drain 51/51B	63,500	-	63,500	53,500	-	10,000
Drain 66-1a Berm/Culvert	27,200	-	27,200	27,200	1,360	1,360
Walhalla Drain 3	46,880	9,815	56,695	-	-	56,695
Total	\$ 3,239,507	\$ 280,798	\$ 3,520,305	\$ 3,264,132	\$ 145,059	\$ 401,232

NOTE 12 JOINT VENTURES

Red River Joint Water Resource District

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

PEMBINA COUNTY

Notes to the Financial Statements – Continued

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

Total Assets	\$ 22,998,993
Total Liabilities	902,408
Net Position	\$ 22,096,585
Total Revenues	\$ 4,043,783
Total Expenses	2,651,816
Change in Net Position	\$ 1,391,967

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.

Park River Joint Water Resource District

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

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

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

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

NOTE 13 SUBSEQUENT EVENTS

Subsequent to December 31, 2024, Pembina County Water Resource District issued an open-ended line of credit in the amount of \$500,000 for 2025 operations in February 2025. Interest rate is fixed for one year at 4.75%.

Subsequent to December 31, 2024, Pembina County Water Resource District approved an additional \$95,850 in cost share for the Tongue River Cutoff Channel Improvements project; an additional \$64,080 in cost share for the Emergency Action Plans (EAP) projects; a cost share of \$98,100 for the Drain 5 Extension project; a cost share of \$13,080 for the Olson and Olga Dams project; a cost share of \$10,800 for the Drain 4 Feasibility Study project; and a cost share of \$330,467 for the Renwick Dam Safety Improvements project.

PEMBINA COUNTY

Budgetary Comparison Schedule - General Fund
 December 31, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 3,155,037	\$ 3,155,037	\$ 3,055,436	\$ (99,601)
Intergovernmental	1,091,696	1,091,696	1,093,529	1,833
Charges for Services	460,112	460,112	408,918	(51,194)
Licenses, Permits and Fees	5,570	5,570	5,833	263
Interest Income	-	-	187,604	187,604
Miscellaneous	333,076	333,076	236,209	(96,867)
Total Revenues	\$ 5,045,491	\$ 5,045,491	\$ 4,987,529	\$ (57,962)
EXPENDITURES				
Current				
General Government	\$ 3,902,016	\$ 3,971,933	\$ 3,226,802	\$ 745,131
Public Safety	2,253,438	2,253,438	1,906,720	346,718
Health and Welfare	392,661	392,999	360,915	32,084
Economic Development	36,200	36,200	23,000	13,200
Total Expenditures	\$ 6,584,315	\$ 6,654,570	\$ 5,517,437	\$ 1,137,133
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,538,824)	\$ (1,609,079)	\$ (529,908)	\$ 1,079,171
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ -	\$ 262,812	\$ 262,812
Transfers Out	-	-	(197,412)	(197,412)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 65,400	\$ 65,400
Net Change in Fund Balances	\$ (1,538,824)	\$ (1,609,079)	\$ (464,508)	\$ 1,144,571
Fund Balances - January 1	\$ 1,138,402	\$ 1,138,402	\$ 1,138,402	\$ -
Fund Balances - December 31	\$ (400,422)	\$ (470,677)	\$ 673,894	\$ 1,144,571

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

PEMBINA COUNTY

Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 1,097,775	\$ 1,097,775	\$ 1,061,499	\$ (36,276)
Intergovernmental	3,826,169	3,826,169	2,490,345	(1,335,824)
Charges for Services	245,100	245,100	298,201	53,101
Miscellaneous	50,000	50,000	78,748	28,748
Total Revenues	\$ 5,219,044	\$ 5,219,044	\$ 3,928,793	\$ (1,290,251)
EXPENDITURES				
Current				
General Government	\$ 1,058,271	\$ 1,058,271	\$ 930,713	\$ 127,558
Public Safety	100,375	100,375	33,567	66,808
Health and Welfare	247,461	247,461	233,115	14,346
Highways and Bridges	4,784,639	4,784,639	3,045,958	1,738,681
Flood Repair	150,000	150,000	242,793	(92,793)
Conserv. of Natural Resources	393,818	393,818	335,353	58,465
Debt Service				
Principal	-	-	26,846	(26,846)
Interest	-	-	12,943	(12,943)
Total Expenditures	\$ 6,734,564	\$ 6,734,564	\$ 4,861,288	\$ 1,873,276
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,515,520)	\$ (1,515,520)	\$ (932,495)	\$ 583,025
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ 5,000	\$ 5,000	\$ (65,400)	\$ (70,400)
Total Other Financing Sources and Uses	\$ 5,000	\$ 5,000	\$ (65,400)	\$ (70,400)
Net Change in Fund Balances	\$ (1,510,520)	\$ (1,510,520)	\$ (997,895)	\$ 512,625
Fund Balances - January 1	\$ 5,289,846	\$ 5,289,846	\$ 5,289,846	\$ -
Fund Balances - December 31	\$ 3,779,326	\$ 3,779,326	\$ 4,291,951	\$ 512,625

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

PEMBINA COUNTY

Schedule of Employer’s Share of Net Pension and Employer Contributions
For the Year Ended December 31, 2024

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

Primary Government	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.164152%	\$ 3,070,222	\$ 2,153,343	142.58%	68.02%
2023	0.230961%	4,453,516	2,824,355	157.68%	65.31%
2022	0.214145%	6,167,529	2,485,880	248.10%	54.47%
2021	0.210474%	2,193,774	2,383,391	92.04%	78.26%
2020	0.209452%	6,589,414	2,310,516	285.19%	48.91%
2019	0.274380%	3,215,932	2,854,021	112.68%	71.66%
2018	0.282429%	4,766,291	2,901,440	164.27%	62.80%
2017	0.277074%	4,453,494	2,828,490	157.45%	61.98%
2016	0.274259%	2,672,926	2,763,888	96.71%	70.46%
2015	0.283066%	1,924,801	2,521,772	76.33%	77.15%
2014	0.285196%	1,810,202	2,402,441	75.35%	77.70%

Law Enforcement System	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.734424%	\$ 661,084	\$ 861,224	76.76%	68.14%

Water Resource District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.003708%	\$ 69,358	\$ 48,645	142.58%	68.02%
2023	0.005530%	106,627	67,621	157.68%	65.31%
2022	0.005239%	150,876	60,812	248.10%	54.47%
2021	0.004898%	51,050	55,463	92.04%	78.26%
2020	0.004602%	144,771	50,763	285.19%	48.91%
2019	0.004525%	53,036	47,067	112.68%	71.66%
2018	0.006283%	106,039	64,551	164.27%	62.80%
2017	0.006349%	102,044	64,810	157.45%	61.98%
2016	0.004177%	40,704	42,090	96.71%	70.46%
2015	0.003961%	26,934	35,287	76.33%	77.15%
2014	0.003991%	25,330	33,618	75.35%	77.70%

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

PEMBINA COUNTY

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

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

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 278,978	\$ 278,978	\$ -	\$ 2,975,202	9.38%
2023	214,779	214,779	-	2,824,201	7.60%
2022	175,560	178,078	(2,517)	2,900,766	7.48%
2021	175,765	178,285	(2,520)	2,843,236	7.48%
2020	163,605	197,526	(33,922)	2,782,770	8.55%
2019	206,412	211,041	(4,629)	2,854,021	7.39%
2018	213,704	207,017	6,686	2,901,440	7.13%
2017	205,100	209,749	(4,648)	2,828,490	7.42%
2016	200,101	201,442	(1,342)	2,763,888	7.29%
2015	191,549	190,876	673	2,521,772	7.57%
2014	171,053	171,053	-	2,402,441	7.12%

Law Enforcement System	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 100,402	\$ 100,402	\$ -	\$ 880,716	11.40%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 4,858	\$ 4,858	\$ -	\$ 67,212	9.38%
2023	5,142	5,142	-	67,617	7.60%
2022	4,295	4,356	(62)	70,961	7.48%
2021	4,090	4,149	(59)	66,163	7.48%
2020	3,594	4,340	(745)	61,140	8.55%
2019	3,427	3,480	(54)	47,067	7.39%
2018	4,754	4,606	149	64,551	7.13%
2017	4,700	4,806	(107)	64,810	7.42%
2016	3,047	3,068	(20)	42,090	7.29%
2015	2,680	2,671	9	35,287	7.57%
2014	2,394	2,394	-	33,618	7.12%

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

PEMBINA COUNTY

Schedule of Employer’s Share of Net OPEB Liability and Employer Contributions
 For the Year Ended December 31, 2024

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

Primary Government	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.208719%	\$ 180,345	\$ 2,163,803	8.33%	68.35%
2023	0.182020%	181,975	1,829,639	9.95%	62.74%
2022	0.191089%	229,366	1,972,818	11.63%	56.28%
2021	0.190868%	106,156	2,080,960	5.10%	76.63%
2020	0.196524%	165,316	2,310,516	7.15%	63.38%
2019	0.253908%	203,935	2,833,254	7.20%	63.13%
2018	0.265162%	208,833	2,901,440	7.20%	61.89%
2017	0.261451%	206,811	2,828,490	7.31%	59.78%

Water Resource District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.004715%	\$ 4,074	\$ 48,882	8.33%	68.35%
2023	0.004358%	4,357	43,805	9.95%	62.74%
2022	0.004675%	5,611	48,261	11.63%	56.28%
2021	0.004442%	2,470	48,425	5.10%	76.63%
2020	0.004318%	3,632	50,763	7.15%	63.38%
2019	0.006079%	4,883	67,834	7.20%	63.13%
2018	0.005899%	4,646	64,551	7.20%	61.89%
2017	0.005991%	4,739	64,810	7.31%	59.78%

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

PEMBINA COUNTY

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

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

Primary Government	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 24,775	\$ 24,776	\$ -	\$ 2,173,285	1.14%
2023	22,534	22,534	-	1,976,662	1.00%
2022	24,995	26,133	(1,138)	2,900,766	0.90%
2021	25,024	26,163	(1,139)	2,843,236	0.92%
2020	26,319	31,404	(5,085)	2,782,770	1.13%
2019	32,951	33,545	(594)	2,833,254	1.18%
2018	34,032	33,147	885	2,901,440	1.14%
2017	32,880	33,583	(704)	2,828,490	1.19%

Water Resource District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	\$ 560	\$ 560	\$ -	\$ 49,096	1.14%
2023	540	539	-	47,325	1.14%
2022	611	639	(28)	70,961	0.90%
2021	582	609	(27)	66,163	0.92%
2020	578	690	(112)	61,140	1.13%
2019	789	803	(14)	67,834	1.18%
2018	757	737	20	64,551	1.14%
2017	753	770	(16)	64,810	1.19%

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

PEMBINA COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 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 shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The board of County commissioners, on or before the October meeting shall determine the amount of taxes that shall be levied for County purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the County auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

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

OPEB

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

PEMBINA COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Pension and OPEB

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

NOTE 5: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The board of County commissioners amended the County budget for 2024:

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 6,584,315	\$ 70,255	\$ 6,654,570
Special Revenue Fund	6,734,564	-	6,734,564

PEMBINA COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2024

Assistance Listing Number	Program Title	Pass-Through Grantor's Number	County Expenditures	Water Resource District Expenditures	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE:					
Direct Program					
10.904	Watershed Protection and Flood Prevention	N/A	\$ -	\$ 184,740	\$ 184,740
10.916	Watershed Rehabilitation Program	N/A	-	278,966	278,966
Total Department of Agriculture			\$ -	\$ 463,706	\$ 463,706
U.S. DEPARTMENT OF INTERIOR:					
Passed Through the State Historical Society:					
15.904	Historic Preservation Fund Grants-In-Aid	N/A	\$ 2,186	\$ -	\$ 2,186
Total Department of Interior			\$ 2,186	\$ -	\$ 2,186
US DEPARTMENT OF TRANSPORTATION:					
Passed through the State Department of Transportation					
Highway Safety Cluster					
20.600	State and Community Highway Safety	N/A	\$ 6,450	\$ -	\$ 6,450
Highway Safety Cluster Total			\$ 6,450	\$ -	\$ 6,450
Total Department of Transportation			\$ 6,450	\$ -	\$ 6,450
US DEPARTMENT OF JUSTICE					
Passed through the State Department of Corrections					
16.575	Crime Victim Assistance	VOCA	\$ 15,948	\$ -	\$ 15,948
Total Department of Justice			\$ 15,948	\$ -	\$ 15,948
US DEPARTMENT OF THE TREASURY					
Direct Program					
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	\$ 705,805	\$ -	\$ 705,805
21.032	Local Assistance and Tribal Consistency Fund	N/A	54,686	-	54,686
Total U.S. Department of the Treasurer			\$ 760,492	\$ -	\$ 760,492
US DEPARTMENT OF HOMELAND SECURITY:					
Passed through the State Department Emergency Management:					
97.042	Emergency Management Performance Grants	EMPG 2023, EMPG 2024	\$ 12,864	\$ -	\$ 12,864
97.067	Homeland Security Grant Programs	HLS 2021, HLS 2022, HLS 2023	101,573	-	101,573
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4717, DR4660	215,171	731,829	\$ 947,000
Total U.S. Department of Homeland Security			\$ 329,608	\$ 731,829	\$ 1,061,437
Total Expenditures of Federal Awards			\$ 1,114,683	\$ 1,195,535	\$ 2,310,219

See notes to the Schedule of Expenditures of Federal Awards

PEMBINA COUNTY

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2024. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County. Expenditures represent only the federally funded portions of the program. County records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 PASS-THROUGH GRANT NUMBER

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

NOTE 4 INDIRECT COST RATE

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

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

Independent Auditor's Report

Board of County Commissioners
Pembina County
Cavalier, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pembina County as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Pembina County's basic financial statements, and have issued our report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *Schedule of Audit Findings and Questioned Costs* as items 2024-001 through 2024-005 to be material weaknesses.

PEMBINA COUNTY

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pembina County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Audit Findings and Questioned Costs* as item 2024-001.

Pembina County’s Response to Findings

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 2, 2025

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

Independent Auditor's Report

Board of County Commissioners
Pembina County
Cavalier, North Dakota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Pembina County's and Pembina County Water Resource District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Pembina County's and Pembina County Water Resource District's major federal programs for the year ended December 31, 2024. Pembina County's and Pembina County Water Resource District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

Qualified Opinion on Watershed Rehabilitation Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Pembina County Water Resource District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Watershed Rehabilitation Program for the year ended December 31, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Pembina County and Pembina County Water Resource District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs 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.

PEMBINA COUNTY

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

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

Matter(s) Giving Rise to Qualified Opinion on Watershed Rehabilitation Program

As described in item 2024-006 in the accompanying *schedule of findings and questioned costs*, Pembina County Water Resource District did not comply with the requirements regarding the following:

<u>Finding #</u>	<u>Assistance Listing #</u>	<u>Program Name</u>	<u>Compliance Requirement</u>
2024-006	10.916	Watershed Rehabilitation Program	Period of Performance

As described in the accompanying schedule of audit findings and questioned costs, Pembina County Water Resource District did not comply with requirements regarding Assistance Listing No. 10.916 Watershed Rehabilitation as described in finding number 2024-006 for Period of Performance.

Compliance with such requirements is necessary, in our opinion, for Pembina County Water Resource District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pembina County’s and Pembina County Water Resource District’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 Pembina County’s and Pembina County Water Resource District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pembina County’s and Pembina County Water Resource District’s compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pembina County’s and Pembina County Water Resource District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Pembina County’s and Pembina County Water Resource District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pembina County’s and Pembina County Water Resource District’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.

PEMBINA COUNTY

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of audit findings and questioned costs as item 2024-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Pembina County's and Pembina County Water Resource District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Pembina County's and Pembina County Water Resource District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of audit findings and questioned costs as item 2024-006 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of audit findings and questioned costs as item 2024-007 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Pembina County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of audit findings and questioned costs. Pembina County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

/S/

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
December 2, 2025

PEMBINA COUNTY
 Summary of Auditor's Results
 For the Year Ended December 31, 2024

Financial Statements

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

Internal control over financial reporting

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

Federal Awards

Internal Control Over Major Programs

Material weaknesses identified?	<u> X </u> Yes	<u> </u> None noted
Reportable conditions identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None noted

Type of auditor's report issued on compliance for major programs:

Qualified Opinion – Watershed Rehabilitation Program

Unmodified Opinion – COVID 19 – Coronavirus State and Local Fiscal Recovery Funds

Any audit findings disclosed that are required to be reported in accordance with CFR §200.516 (Uniform Guidance) requirements? Yes X None noted

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
10.916	Watershed Rehabilitation Program

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

Auditee qualified as low-risk auditee? Yes X No

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs
For the Year Ended December 31, 2024

SECTION I – FINANCIAL STATEMENT FINDINGS

2024-001 COUNTY BUDGET – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE

Condition

Pembina 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 elements 4 and 5 or all of elements 6 and 9 which are required elements of 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).

Effect

The estimates for year-end cash and elements 4, 5, 6 and 9 identified in N.D.C.C §11-23-02 are key components in the tax levy calculation in any budget year. Thus, Pembina County may have improperly calculated the tax levies for the 2024 preliminary and final budgets.

Cause

Pembina 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).

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.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

Repeat Finding

Yes.

Recommendation

We recommend that Pembina County maintain supporting documentation and implement procedures to ensure its budgets and mill levy calculations are in compliance with all aspects of N.D.C.C. §57-15-31(1) and N.D.C.C. §11-23-02.

Pembina County's Response

See Corrective Action Plan.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2024-002 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

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

Effect

There is an increased risk of material misstatement to the Pembina County’s financial statements.

Cause

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

Criteria

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

Repeat Finding

No.

Recommendation

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

Pembina County’s Response

See Corrective Action Plan.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2024-003 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

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

Criteria

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

Repeat Finding

Yes.

Recommendation

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

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

Pembina County Water Resource District's Response

See Corrective Action Plan.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2024-004 – AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT - MATERIAL WEAKNESS

Condition

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

Effect

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

Cause

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

Criteria

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

Repeat Finding

Yes.

Recommendation

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

Pembina County Water Resource District's Response

See Corrective Action Plan.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2024-005 – AUDIT ADJUSTMENTS – JOB DEVELOPMENT AUTHORITY - MATERIAL WEAKNESS

Condition

An auditor-identified adjusting entry related to cash was proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustment and were approved by management.

Effect

There is an increased risk of material misstatement to Pembina County Job Development Authority's financial statements.

Cause

Pembina County Job Development Authority may not have had sufficient procedures in place to ensure the financial statements are complete and accurate in accordance with GAAP.

Criteria

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

Repeat Finding

No.

Recommendation

We recommend Pembina County Job Development Authority review all adjusting entries to the financial statements to properly reflect the financial statements are in accordance with GAAP.

Pembina County Job Development Authority's Response

See Corrective Action Plan.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-006 – WATERSHED REHABILITATION PROGRAM – LACK OF CONTROLS AND IMPROPER PERIOD OF PERFORMANCE – WRD – ALN 10.916 – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

FINDING TYPE: MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Finding	2024-006
Federal Program:	WATERSHED REHABILITATION PROGRAM
FAIN:	NR19633XXXXC005
ALN:	10.916
Year(s):	2024
Federal Agency:	U.S. Department of Agriculture
Questioned Cost:	\$170,468.85

Condition

Pembina County Water Resource District applied costs to the Watershed Rehabilitation Program after the period of performance, which shows a lack of internal controls. The total value of the expenses past the period of performance end date was approximately \$170,468 which occurred through September 14, 2024, more than a month past the period of performance end date.

Effect

Pembina County Water Resource District was not in compliance with the period of performance requirement and there is an increased risk that the WRD charged unallowable expenditures to the Watershed Rehabilitation Program.

Cause

Pembina County Water Resource District may not have had a clear understanding of the period of performance requirements of the Watershed Rehabilitation Program. There is only one person that is aware of the period of performance and no review is done to ensure expenditures were incurred during the period of performance. In addition, they may not have been aware of the requirement to document and develop internal controls related to the federal program.

Criteria

Per the grant award, A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity.

Standards for Internal Control in the Federal Government (Green Book) requires management to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. Management is to design appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system.

Context

As stated in the Grant Award Amendment, the period of performance date runs from August 21, 2019 through August 8, 2024. During testing 2 of the 6 reimbursements tested had expenses that ran beyond the ending period of performance date. We tested 100% of the reimbursements.

Repeat Finding

No.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

Recommendation

We recommend Pembina County Water Resource District establish and maintain internal controls and ensure compliance with the period of performance requirement as stated in grant award by establishing a review process to ensure expenses are within the period of performance for the Water Rehabilitation Program.

Pembina County Water Resource District's Response

See Corrective Action Plan.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

2024-007 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – IMPROPER REPORTING OF EXPENDITURES – ALN 21.027 – SIGNIFICANT DEFICIENCY & OTHER NONCOMPLIANCE

FINDING TYPE: OTHER NONCOMPLIANCE

Finding	2024-007
Federal Program:	CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS
FAIN:	SLFRP5522
ALN:	21.027
Year(s):	2024
Federal Agency:	U.S. Department of Treasury
Questioned Cost:	\$0

Condition

Pembina County did not properly report expenditures and obligations on the March 31, 2024, Project and Expenditure Report for the Coronavirus State and Local Fiscal Recovery Funds program. The total cumulative and current expenditures and cumulative and current obligations reported were understated by \$17,797.40.

Effect

The amounts reported as cumulative and current expenditures and current obligations on the March 31, 2024, Project and Expenditure Report were inaccurate.

Cause

Pembina County did not ensure that all expenditures and obligations were included when completing reporting for the March 31, 2024 Project and Expenditure Report.

Criteria

Page 19 of the Coronavirus State and Local Fiscal Recovery Funds: Project and Expenditure Report User Guide Version 12 (September 30, 2024) states:

- An expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).
- An obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment. An obligation also means a requirement under federal law or regulation or provision of the award terms and conditions to which a recipient becomes subject as a result of receiving or expending funds.
- 2 CFR 200.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Context

As stated in the SLFRF Compliance and Reporting Guidance for counties allocated less than \$10 million with a population below 250,000 residents such as Pembina, "the initial Project and Expenditure Report covered the period from March 3, 2021 to March 31, 2022 and was required to be submitted to Treasury by April 30, 2022. The subsequent annual reports will cover one calendar year and must be submitted to Treasury by April 30 each year." Therefore, each year after March 31, 2022, the Pembina County must then submit an annual P&E report for the period covering April 1 202X - March 31, 202Y. Pembina County did submit the 2024 (period covering April 1, 2023-March 31, 2024) report by April 30, 2024, but did not properly include 3 expenses/obligations that were incurred between January 2024 - March 2024, totaling \$17,797.40 on the 2024 P&E report.

PEMBINA COUNTY

Schedule of Audit Findings and Questioned Costs - Continued

Repeat Finding

No.

Recommendation

We recommend Pembina County review and comply with all reporting requirements of the Coronavirus State and Local Fiscal Recovery Funds program by properly reporting all expenditures and obligations in the Project and Expenditure Reports.

Pembina County's Response

See Corrective Action Plan.

PEMBINA COUNTY North Dakota

OFFICES OF AUDITOR/TREASURER
SUPT OF SCHOOLS DESIGNEE

Melissa Gapp

Kelsey Dawson
Deputy Auditor/Treasurer

Christine Henke
Deputy Auditor/Treasurer



*Pembina County Courthouse
Cavalier, North Dakota*

Telephone 701-265-4231 Fax 701-265-4876
301 Dakota Street West #1, Cavalier, ND 58220
Email: gappmelissa@nd.gov
www.pembinacountynd.gov

Date: November 21, 2025
To: Joshua C. Gallion, ND State Auditor
From: Melissa Gapp, County Auditor
RE: Pembina County – FY2024 Corrective Action Plan

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

Section I – Financial Statement Findings:

2024-001 COUNTY BUDGET – MATERIAL WEAKNESS AND MATERIAL NONCOMPLIANCE

Condition:

Pembina 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 elements 4 and 5 or all of elements 6 and 9 which are required elements of 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).

Corrective Action Plan:

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

Anticipated Completion Date:

FY 2025-2026

2024-002 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

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

Corrective Action Plan:

We agree, Pembina County will review the adjustments to ensure future periods financial statements are accurate.

Anticipated Completion Date:

FY 2025

Section II – Federal Award Findings and Questioned Costs:

2024-007 – CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – IMPROPER REPORTING OF EXPENDITURES – ALN 21.027 – SIGNIFICANT DEFICIENCY & OTHER NONCOMPLIANCE

Condition:

Pembina County did not properly report expenditures and obligations on the March 31, 2024, Project and Expenditure Report for the Coronavirus State and Local Fiscal Recovery Funds program. The total cumulative and current expenditures and cumulative and current obligations reported were understated by \$17,797.40.

Corrective Action Plan:

We agree, Pembina County will ensure obligations and expenditures for the SLRF grant are properly stated in future periods.

Anticipated Completion Date:

FY 2025

PEMBINA COUNTY
WATER RESOURCE DISTRICT

308 Courthouse Drive #5
Cavalier, North Dakota 58220
Phone: 701-265-4511
Fax: 701-265-4165

Date: November 21, 2025
To: Joshua C. Gallion, ND State Auditor
From: LuAnn Kemp, WRD Secretary/Treasurer
RE: Pembina County Water Resource District – FY2024 Corrective Action Plan

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

Section I – Financial Statement Findings:

2024-003 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition:

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

Corrective Action Plan:

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

Anticipated Completion Date:

This will be considered yearly at budget time.

2024-004 – AUDIT ADJUSTMENTS – WATER RESOURCE DISTRICT - MATERIAL WEAKNESS

Condition:

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

Corrective Action Plan:

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

Anticipated Completion Date:
FY2025

PEMBINA COUNTY
WATER RESOURCE DISTRICT

308 Courthouse Drive #5
Cavalier, North Dakota 58220

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

Section II – Federal Award Findings and Questioned Costs:

2024-006 – WATERSHED REHABILITATION PROGRAM – LACK OF CONTROLS AND IMPROPER PERIOD OF PERFORMANCE – WRD – ALN 10.916 – MATERIAL WEAKNESS & MATERIAL NONCOMPLIANCE

Condition:

Pembina County Water Resource District applied costs to the Watershed Rehabilitation Program after the period of performance, which shows a lack of internal controls. The total value of the expenses past the period of performance end date was approximately \$170,468 which occurred through September 14, 2024, more than a month past the period of performance end date.

Corrective Action Plan:

We agree we will ensure costs are in the proper period of performance going forward

Anticipated Completion Date:

FY2025



Date: November 21, 2025
To: Joshua C. Gallion, ND State Auditor
From: Lori Estad, JDA Secretary
RE: Pembina County Job Development Authority – FY2024 Corrective Action Plan

Contact Person Responsible for Corrective Acton Plan: Lori Estad, JDA Secretary

Section I – Financial Statement Findings:

2024-005 – AUDIT ADJUSTMENTS – JOB DEVELOPMENT AUTHORITY - MATERIAL WEAKNESS

Condition:

An auditor-identified adjusting entry related to cash was proposed to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). The financial statements reflect the adjustment and were approved by management.

Corrective Action Plan:

We agree. We will review the proposed adjustments and ensure future financials are properly stated.

Anticipated Completion Date:

FY2025

PEMBINA COUNTY North Dakota

OFFICES OF AUDITOR/TREASURER
SUPT OF SCHOOLS DESIGNEE

Melissa Gapp

Kelsey Dawson
Deputy Auditor/Treasurer

Christine Henke
Deputy Auditor/Treasurer



*Pembina County Courthouse
Cavalier, North Dakota*

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301 Dakota Street West #1, Cavalier, ND 58220
Email: gappmelissa@nd.gov
www.pembinacountynd.gov

Date: September 23, 2025
To: Joshua C. Gallion, ND State Auditor
From: Melissa Gapp, County Auditor
RE: Pembina County – FY2024 Schedule of Prior Year Findings

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

Condition:

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

Recommendation:

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

Current Status:

Not implemented. Issue will be repeated in FY2024 audit.

PEMBINA COUNTY
WATER RESOURCE DISTRICT

308 Courthouse Drive #5
Cavalier, North Dakota 58220

Phone: 701-265-4511

Fax: 701-265-4165

Date: November 24, 2025
To: Joshua C. Gallion, ND State Auditor
From: LuAnn Kemp, Secretary/Treasurer
RE: Pembina County Water Resource District – FY2024 Schedule of Prior Year Findings

2023-002 AUDIT ADJUSTMENTS – COMPONENT UNIT – MATERIAL WEAKNESS

Condition:

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

Recommendation:

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

Current Status:

Not implemented. Issue will be repeated for FY2024 audit.

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

Condition:

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

Recommendation:

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

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

Current Status:

Not implemented. Issue will be repeated for FY2024 audit.



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

NORTH DAKOTA STATE AUDITOR'S OFFICE

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