



NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

Mountrail County

Stanley, North Dakota

Audit Report for the Year Ended December 31, 2023

Client Code: PS31000



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Office of the
State Auditor

MOUNTRAIL COUNTY

Table of Contents

For the Year Ended December 31, 2023

County Officials	1
Independent Auditor's Report	2
Basic Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Balance Sheet - Governmental Funds.....	7
Reconciliation of Governmental Funds Balance Sheets to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	10
Statement of Fiduciary Net Position – Fiduciary Funds.....	11
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	12
Notes to the Financial Statements.....	13
Required Supplementary Information	
Budgetary Comparison Schedules	29
Schedule of Employer's Share of Net Pension Liability and Employer Contributions	31
Schedule of Employer's Share of Net OPEB Liability and Employer Contributions	32
Notes to the Required Supplementary Information	33
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	35
Notes to the Schedule of Expenditures of Federal Awards	36
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	37
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	39
Summary of Auditor's Results.....	41
Schedule of Audit Findings and Questioned Costs	42
Management's Corrective Action Plan.....	44
Schedule of Prior Year Findings.....	46
Governance Communication	48

MOUNTRAIL COUNTY

County Officials
December 31, 2023

COUNTY OFFICIALS

At December 31, 2023

Chairman	Trudy Ruland
Vice Chairman	Wayne Olson
Commissioner	Joan Hollekim
Commissioner	Jason Rice
Commissioner	John DeGroot
County Auditor	Stephanie Pappa
County Treasurer	Jessica Niemitalo
County Recorder	Melissa Vachal
Sheriff	Corey Bristol
State's Attorney	Wade Enget

STATE AUDITOR
Joshua C. Gallion



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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Mountrail County
Stanley, 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 Mountrail County, North Dakota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Mountrail 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 Mountrail County, North Dakota, as of December 31, 2023, and the respective changes in financial position, 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 Mountrail 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 Reporting Framework

As discussed in Notes 2 and 3 to the financial statements, Mountrail County has elected to change its method of accounting for the financial statements. Effective January 1, 2023, Mountrail County's financial statement will be prepared under accounting principles generally accepted in the United States of America as applied to government units instead of under the modified cash basis of accounting. 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 Mountrail 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 Mountrail 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 Mountrail County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountrail 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 February 4, 2025 on our consideration of Mountrail 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 Mountrail 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 Mountrail County's internal control over financial reporting and compliance.

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 4, 2025

MOUNTRAIL COUNTY

Statement of Net Position

December 31, 2023

	Primary	Component Units	
	Government	Water	Job
	Governmental	Resource	Development
	Activities	District	Authority
ASSETS			
Cash and Investments	\$ 237,991,428	\$ 130,176	\$ 1,161,094
Intergovernmental Receivable	6,978,358	-	-
Interest Receivable	774,409	-	40
Loans Receivable	-	-	90,707
Taxes Receivable	24,890	-	-
Capital Assets			
Nondepreciable	48,702,688	6,648	-
Depreciable, Net	223,585,078	103,823	-
Total Assets	<u>\$ 518,056,851</u>	<u>\$ 240,647</u>	<u>\$ 1,251,841</u>
DEFERRED OUTFLOWS OF RESOURCES			
Derived from Pension and OPEB	\$ 8,593,243	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	<u>\$ 526,650,094</u>	<u>\$ 240,647</u>	<u>\$ 1,251,841</u>
LIABILITIES			
Accounts Payable	\$ 1,064,448	\$ -	\$ -
Salaries Payable	201,117	-	-
Grant Received in Advance	1,203,247	-	-
Retainage Payable	4,245,316	-	-
Interest Payable	1,678	-	-
Long-Term Liabilities			
Due Within One Year			
Notes Payable	514,604	-	-
Compensated Absences	29,516	-	-
Due After One Year			
Compensated Absences	265,647	-	-
Net Pension and OPEB Liability	13,560,815	-	-
Total Liabilities	<u>\$ 21,086,388</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Derived from Pension and OPEB	\$ 10,284,759	\$ -	\$ -
Total Liabilities and Deferred Inflows of Resources	<u>\$ 31,371,147</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net Investment in Capital Assets	\$ 271,773,162	\$ 110,471	\$ -
Restricted			
Capital Projects	15,906,852	-	-
Highways	57,931,919	-	-
Flood Repair	9,804	-	-
Culture and Recreation	110,386	-	-
Conservation of Natural Resources	195,993	130,176	-
Economic Development	-	-	1,251,841
Emergencies	1,437,733	-	-
Unrestricted	147,913,098	-	-
Total Net Position	<u>\$ 495,278,947</u>	<u>\$ 240,647</u>	<u>\$ 1,251,841</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	Job Development Authority
Primary Government							
General Government	\$ 10,171,829	\$ 4,696,617	\$ 229,252	\$ 53,686	\$ (5,192,274)	\$ -	\$ -
Public Safety	6,242,035	436,329	42,525	-	(5,763,181)	-	-
Highways	28,542,936	1,050,196	12,401,470	-	(15,091,270)	-	-
Economic Development	114,404	-	-	-	(114,404)	-	-
Health and Welfare	3,563,984	-	3,330,439	-	(233,545)	-	-
Culture and Recreation	592,627	187,052	167,853	-	(237,722)	-	-
Conser. of Natural Resources	813,045	-	-	-	(813,045)	-	-
Emergency	-	-	43,309	-	43,309	-	-
Flood Repair	43,309	-	-	-	(43,309)	-	-
Interest Expense on Long-Term Debt	37,816	-	-	-	(37,816)	-	-
Total Primary Government	\$ 50,121,985	\$ 6,370,194	\$ 16,214,848	\$ 53,686	\$ (27,483,257)	\$ -	\$ -
Component Unit							
Water Resource District	\$ 47,764	\$ -	\$ -	\$ -		\$ (47,764)	\$ -
Job Development Authority	524,171	-	-	-		-	(524,171)
Total Component Units	\$ 571,935	\$ -	\$ -	\$ -		(47,764)	(524,171)
General Revenues							
Property Taxes					\$ 1,660,579	\$ 6,349	\$ 393,455
Grants and Contributions Not Restricted to Specific Programs					42,538,211	-	-
Gain on Disposal of Assets					235,149	-	-
Interest Revenue					5,198,720	43	14,192
Miscellaneous Revenue					801,335	-	128,668
Total General Revenues					\$ 50,433,994	\$ 6,392	\$ 536,315
Change in Net Position					\$ 22,950,737	\$ (41,372)	\$ 12,144
Net Position - January 1					\$ 483,292,702	\$ 282,019	\$ 1,239,697
Prior Period Adjustment					\$ (10,964,492)	\$ -	\$ -
Net Position - January 1 as restated					\$ 472,328,210	\$ 282,019	\$ 1,239,697
Net Position - December 31					\$ 495,278,947	\$ 240,647	\$ 1,251,841

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

MOUNTRAIL COUNTY

Balance Sheet – Governmental Funds
December 31, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 147,142,236	\$ 65,759,826	\$ 25,089,366	\$ 237,991,428
Intergovernmental Receivable	6,868,929	109,429	-	6,978,358
Interest Receivable	677,378	97,031	-	774,409
Taxes Receivable	-	24,890	-	24,890
Total Assets	<u>\$ 154,688,543</u>	<u>\$ 65,991,176</u>	<u>\$ 25,089,366</u>	<u>\$ 245,769,085</u>
FUND BALANCES				
Liabilities				
Accounts Payable	\$ 484,662	\$ 124,095	\$ 455,691	\$ 1,064,448
Salaries Payable	116,608	84,509	-	201,117
Retainage Payable	-	-	4,245,316	4,245,316
Grants Received in Advance	-	1,203,247	-	1,203,247
Total Liabilities	<u>\$ 601,270</u>	<u>\$ 1,411,851</u>	<u>\$ 4,701,007</u>	<u>\$ 6,714,128</u>
Deferred Inflows of Resources				
Taxes Receivable	\$ -	\$ 24,890	\$ -	\$ 24,890
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 24,890</u>	<u>\$ -</u>	<u>\$ 24,890</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 601,270</u>	<u>\$ 1,436,741</u>	<u>\$ 4,701,007</u>	<u>\$ 6,739,018</u>
Fund Balances				
Restricted				
Capital Projects	\$ -	\$ -	\$ 20,388,359	\$ 20,388,359
Public Safety	-	361,729	-	361,729
Highways	-	61,185,152	-	61,185,152
Flood Repair	-	9,804	-	9,804
Health and Welfare	-	797,126	-	797,126
Culture and Recreation	-	110,386	-	110,386
Conservation of Natural Resources	-	652,505	-	652,505
Emergency	-	1,437,733	-	1,437,733
Committed				
Memorial Building and Shop	4,481,507	-	-	4,481,507
Unassigned	149,605,766	-	-	149,605,766
Total Fund Balances	<u>\$ 154,087,273</u>	<u>\$ 64,554,435</u>	<u>\$ 20,388,359</u>	<u>\$ 239,030,067</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 154,688,543</u>	<u>\$ 65,991,176</u>	<u>\$ 25,089,366</u>	<u>\$ 245,769,085</u>

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

MOUNTRAIL COUNTY

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

Total Fund Balances for Governmental Funds		\$ 239,030,067
<p>Total <i>net position</i> reported for government activities in the statement of net position is different because:</p>		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		272,287,766
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 revenues in the funds.		
Taxes Receivable		24,890
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	\$ 8,593,243	
Deferred inflows derived from pensions and OPEB	<u>(10,284,759)</u>	(1,691,516)
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position.		
Long-Term Debt	\$ (514,604)	
Interest Payable	(1,678)	
Net Pension and OPEB Liability	(13,560,815)	
Compensated Absences Payable	<u>(295,163)</u>	<u>(14,372,260)</u>
Total Net Position of Governmental Activities		<u>\$ 495,278,947</u>

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

MOUNTRAIL COUNTY

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 31,621	\$ 1,604,068	\$ -	\$ 1,635,689
Intergovernmental	42,683,794	16,122,950	-	58,806,744
Charges for Services	776,975	1,630,903	-	2,407,878
Licenses, Permits and Fees	3,866,799	95,517	-	3,962,316
Interest Income	5,074,364	124,356	-	5,198,720
Miscellaneous	148,602	652,734	-	801,336
Total Revenues	\$ 52,582,155	\$ 20,230,528	\$ -	\$ 72,812,683
EXPENDITURES				
Current				
General Government	\$ 9,136,851	\$ 110,386	\$ -	\$ 9,247,237
Public Safety	5,889,483	505,094	-	6,394,577
Highways	-	17,183,559	-	17,183,559
Economic Development	109,400	-	-	109,400
Health and Welfare	163,772	3,293,996	-	3,457,768
Culture and Recreation	-	629,914	-	629,914
Conser. of Natural Resources	187,368	633,035	-	820,403
Flood Repair	-	43,309	-	43,309
Capital Outlay	2,660,055	124,095	43,783,944	46,568,094
Debt Service				
Principal	-	495,324	-	495,324
Interest & Service Charges	-	39,422	-	39,422
Total Expenditures	\$ 18,146,929	\$ 23,058,134	\$ 43,783,944	\$ 84,989,007
Excess (Deficiency) of Revenues Over Expenditures	\$ 34,435,226	\$ (2,827,606)	\$ (43,783,944)	\$ (12,176,324)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Asset	\$ -	\$ 19,000	\$ -	\$ 19,000
Transfers In	4,040,217	5,212,820	18,353,881	27,606,918
Transfers Out	(8,483,942)	(19,122,976)	-	(27,606,918)
Total Other Financing Sources and Uses	\$ (4,443,725)	\$ (13,891,156)	\$ 18,353,881	\$ 19,000
Net Change in Fund Balances	\$ 29,991,501	\$ (16,718,762)	\$ (25,430,063)	\$ (12,157,324)
Fund Balance - January 1	\$ 117,868,005	\$ 82,541,552	\$ 46,927,360	\$ 247,336,917
Prior Period Adjustment	\$ 6,227,767	\$ (1,268,355)	\$ (1,108,938)	\$ 3,850,474
Fund Balance - January 1 as restated	\$ 124,095,772	\$ 81,273,197	\$ 45,818,422	\$ 251,187,391
Fund Balance - December 31	\$ 154,087,273	\$ 64,554,435	\$ 20,388,359	\$ 239,030,067

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

MOUNTRAIL COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ (12,157,324)**

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.

Current Year Capital Outlay	\$ 47,920,198	
Current Year Capital Contribution	53,686	
Current Year Depreciation	<u>(12,867,980)</u>	35,105,904

In the statement of activities, only the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

Gain on Disposal of Capital Assets	\$ 235,149	
Proceeds from Sale of Capital Assets	<u>(19,000)</u>	216,149

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term debt in the statement of net position. The issuance of long-term debt is reported as other financing sources in the governmental funds, but increases liabilities on the statement of net position.

Repayment of Long-Term Debt		495,324
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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.

Decrease in Compensated Absences	\$ 5,142	
Decrease in Interest Payable	<u>1,606</u>	6,748

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.

Increase in Taxes Receivable		24,890
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The Net Pension & 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.

Decrease in Net Pension & OPEB Liability	\$ 6,703,816	
Decrease in Deferred Outflows of Resources	(5,096,289)	
Increase in Deferred Inflows of Resources	<u>(2,348,481)</u>	<u>(740,954)</u>

Change in Net Position of Governmental Activities **\$ 22,950,737**

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

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

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 415,066	\$ 3,192,011
LIABILITIES & DEFERRED INFLOWS OF RESOURCES		
Liabilities		
Funds Due to Other Governmental Units	\$ -	\$ 1,845,187
Total Liabilities	\$ -	\$ 1,845,187
Deferred Inflows of Resources		
Taxes Received in Advance	\$ -	\$ 1,346,824
Total Liabilities and Deferred Inflows of Resources	\$ -	\$ 3,192,011
NET POSITION		
Restricted		
Funds held in trust	\$ 415,066	\$ -

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

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

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Tax Collections for Other Governments	\$ -	\$ 22,335,294
Clerk of Court Collections	-	438,632
Grant Collections for Other Governments	-	22,717,812
Miscellaneous Collections	326,799	14,195
	<u>326,799</u>	<u>14,195</u>
Total Additions	<u>\$ 326,799</u>	<u>\$ 45,505,933</u>
DEDUCTIONS		
Tax Disbursements to Other Governments	\$ -	\$ 22,349,489
Clerk of Court Disbursements	-	438,632
Turnkey Disbursement	290,198	-
Grant Disbursements to Other Governments	-	22,717,812
	<u>290,198</u>	<u>22,717,812</u>
Total Deductions	<u>\$ 290,198</u>	<u>\$ 45,505,933</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 36,601</u>	<u>\$ -</u>
Net Position - Beginning	<u>\$ 338,660</u>	<u>\$ 3,367,090</u>
Prior Period Adjustment	<u>\$ 39,805</u>	<u>\$ (3,367,090)</u>
Net Position - Beginning Restated	<u>\$ 378,465</u>	<u>\$ -</u>
Net Position - Ending	<u>\$ 415,066</u>	<u>\$ -</u>

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

MOUNTRAIL COUNTY

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mountrail 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 their 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 the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Units: The component unit's columns in the basic financial statements include the financial data of the County's two component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

Mountrail County Water Resource District – The Mountrail County Water Resource District ("Water Resource District") governing board is appointed by the County's governing body. The County's governing body has the authority to disapprove, amend, or approve the Water Resource District budget.

Mountrail County Job Development Authority ("Job Development Authority") - The County's governing board approves the Job Development Authority's tax levies. The County's governing body has the authority to disapprove, amend or modify the job development authority's budget. The County commissioners approve all Job Development Authority board member appointments.

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 their respective administrative offices.

Basis of Presentation

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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.

Capital Project Fund - This fund accounts for the costs associated with construction of infrastructure.

Additionally, the County reports the following fund type:

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

Private-Purpose Trust Funds. These funds account for assets held by the County in a trust on behalf of the other entities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts, and certificate of deposits with a maturity date of 90 days or less.

The investments of the County during the year ended December 31, 2023 consist of certificates of deposit stated at cost with maturities in excess of 90 days.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

Capital Assets

Capital assets, which include property, plant, and equipment, 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.

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

Assets	Years
Buildings	5-75
Machinery & Equipment	3-30
Infrastructure	25-50

Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 80 hours of vacation leave may be carried over for regular full-time employees. At the time of resignation, retirement, dismissal or death, unused annual leave will be paid to the employee. Sick leave benefits are earned at the rate of one day per month regardless of the years of service for full-time employees. Unused sick leave benefits will be allowed to accumulate to a limit of 750 hours. Sick leave benefits will not be paid out at the time of termination of employment or retirement. Employees who are terminated pursuant to the reduction in force policy will be given a minimum of one month's notice and offered a severance package. Severance package will include one month's salary and one month's benefits from date of dismissal.

Long-Term Obligations

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

When applicable, in the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, and discounts received on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pension

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

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.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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.

NOTE 2 CHANGE IN ACCOUNTING REPORTING FRAMEWORK

As of January 1, 2023, the financial statements are reported under the GAAP basis of accounting. Prior to this change, the County reported under the modified cash basis of accounting, which is another comprehensive basis of accounting. The GAAP method is preferable to the modified cash basis. The impact to beginning fund balances and net position can be seen in Note 3.

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 3 PRIOR PERIOD ADJUSTMENTS

Due to the change in accounting reporting framework identified in Note 2, Net Position/Fund Balance of the County as of January 1, 2023 has been restated to adjust the opening balance for net pension liability, deferred inflows and outflows, compensated absences, interest payables, salaries payables, retainage payables, intergovernmental receivables, and grants received in advance as follows:

Primary Government - Governmental Activities	Amounts
Beginning Net Position, as previously reported	\$ 483,292,702
Adjustments to restate the January 1, 2023 Net Position:	
Deferred Outflows for Pension - Prior Period Adjustment	13,689,532
Deferred Inflows for Pension - Prior Period Adjustment	(7,936,278)
Net Pension Liability - Prior Period Adjustment	(20,264,631)
Compensated Absences - Prior Period Adjustment	(300,305)
Interest Payable - Prior Period Adjustment	(3,284)
Fund Balance - Prior Period Adjustment	3,850,474
Net Position January 1, as restated	\$ 472,328,210

Primary Government - General Fund	Amounts
Beginning Fund Balance, as previously reported	\$ 117,868,005
Adjustments to restate the January 1, 2023 Fund Balance:	
Intergovernmental Receivables - Prior Period Adjustment	6,372,840
Salaries Payable - Prior Period Adjustment	(145,073)
Fund Balance January 1, as restated	\$ 124,095,772

Primary Government - Special Revenue Fund	Amounts
Beginning Fund Balance, as previously reported	\$ 82,541,552
Adjustments to restate the January 1, 2023 Fund Balance:	
Intergovernmental Receivables - Prior Period Adjustment	108,793
Salaries Payable - Prior Period Adjustment	(181,131)
Grants Received in Advance Liability - Prior Period Adjustment	(1,196,017)
Fund Balance January 1, as restated	\$ 81,273,197

Primary Government - Capital Project Fund	Amounts
Beginning Fund Balance, as previously reported	\$ 46,927,360
Adjustments to restate the January 1, 2023 Fund Balance:	
Retainage Payable - Prior Period Adjustment	(1,108,938)
Fund Balance January 1, as restated	\$ 45,818,422

Fiduciary Activities	Amounts
Beginning Fund Balance, as previously reported	\$ -
Adjustments to restate the January 1, 2023 Net Position:	
Private-Purpose Trust Funds	39,805
Custodial Funds	(3,367,090)
Fund Balance January 1, as restated	\$ (3,327,285)

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 4 DEPOSITS

Custodial Credit Risk

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

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

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

At year ended December 31, 2023, the County's carrying amount of deposits totaled \$240,077,201 and the bank balances totaled \$192,569,382. Of the bank balances, \$1,500,000 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, 2023, the Water Resource District's carrying amount of deposits totaled \$130,176, and the bank balances totaled \$130,176, all of which were covered by Federal Depository Insurance.

At year ended December 31, 2023, the Job Development Authority's carrying amount of deposits totaled \$1,161,094, and the bank balances totaled \$1,165,857. Of the bank balances, \$341,513 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

NOTE 5 PROPERTY TAXES

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 6 CAPITAL ASSETS

Primary Government

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

Primary Government - 2023	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 1,721,754	\$ -	\$ -	\$ -	\$ 1,721,754
Construction in Progress	24,312,962	45,763,837	-	(23,095,864)	46,980,935
Total capital assets not being depreciated	\$ 26,034,716	\$ 45,763,837	\$ -	\$ (23,095,864)	\$ 48,702,689
<i>Capital assets, being depreciated</i>					
Infrastructure	\$ 222,653,361	\$ 13,012	\$ -	\$ 23,095,864	\$ 245,762,237
Buildings	41,203,836	-	-	-	41,203,836
Machinery, Vehicles, & Equipment	15,388,776	2,980,102	1,734,690	-	16,634,188
Total capital assets, being depreciated	\$ 279,245,973	\$ 2,993,114	\$ 1,734,690	\$ 23,095,864	\$ 303,600,261
<i>Less accumulated depreciation for</i>					
Infrastructure	\$ 55,099,487	\$ 10,678,403	\$ -	\$ -	\$ 65,777,890
Buildings	4,125,921	578,188	-	-	4,704,109
Machinery, Vehicles, & Equipment	9,089,568	1,611,389	1,167,772	-	9,533,185
Total accumulated depreciation	\$ 68,314,976	\$ 12,867,980	\$ 1,167,772	\$ -	\$ 80,015,184
Total capital assets being depreciated, net	\$ 210,930,997	\$ (9,874,866)	\$ 566,918	\$ 23,095,864	\$ 223,585,077
Total capital assets, net	\$ 236,965,713	\$ 35,888,971	\$ 566,918	\$ -	\$ 272,287,766

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

Primary Government	2023
General Government	\$ 441,216
Public Safety	116,143
Highways	12,191,231
Health and Welfare	24,436
Culture and Recreation	54,034
Conservation of Natural Resources	40,920
Total Depreciation Expense	\$ • 12,867,980

Water Resource District

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

Water Resource District - 2023	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated</i>					
Land	\$ 6,648	\$ 29,039	\$ -	\$ (29,039)	\$ 6,648
<i>Capital assets, being depreciated</i>					
Buildings	\$ 39,209	\$ -	\$ -	\$ 29,039	\$ 68,248
Machinery, Vehicles, & Equipment	125,295	-	-	-	125,295
Total capital assets, being depreciated	\$ 164,504	\$ -	\$ -	\$ 29,039	\$ 193,543
<i>Less accumulated depreciation for</i>					
Buildings	\$ 9,101	\$ 5,564	\$ -	\$ -	\$ 14,665
Machinery, Vehicles, & Equipment	67,287	7,768	-	-	75,055
Total accumulated depreciation	\$ 76,388	\$ 13,332	\$ -	\$ -	\$ 89,720
Total capital assets being depreciated, net	\$ 88,116	\$ (13,332)	\$ -	\$ 29,039	\$ 103,823
Total capital assets, net	\$ 94,764	\$ 15,707	\$ -	\$ -	\$ 110,471

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 7 LONG-TERM LIABILITIES

Primary Government

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

Primary Government - 2023	Restated Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Notes Payable	\$ 1,009,928	\$ -	\$ 495,324	\$ 514,604	\$ 514,604
Total Long Term Debt	\$ 1,009,928	\$ -	\$ 495,324	\$ 514,604	\$ 514,604
Compensated Absences	\$ 300,305	\$ 496,363	\$ 501,505	\$ 295,163	\$ 29,516
Net Pension & OPEB Liability*	20,264,631	-	6,703,816	13,560,815	-
Total Government Activities	\$ 21,574,864	\$ 496,363	\$ 7,700,645	\$ 14,370,582	\$ 544,120

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

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

Primary Government - 2023		
Year Ending Dec 31	Notes Payable	
	Principal	Interest
2024	514,307	20,142
Total	\$ 514,307	\$ 20,142

NOTE 8 LOANS RECEIVABLE

Job Development Authority

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

	Balance January 1	New Loans	Principal Payments	Balance December 31
Loans Receivable	\$ 45,380	\$ 45,327	\$ -	\$ 90,707

NOTE 9 PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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.

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

25 to 36 months of service – Greater of three percent of monthly salary or \$25
 Longer than 36 months of service – Greater of four percent of monthly salary or \$25

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

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

	Net Pension Liability
Primary Government	\$ 12,957,991

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

	Proportion	Increase (Decrease) in Proportion from June 30, 2023 Measurement	Pension Expense
Primary Government	0.672007%	-0.005980%	\$ 1,121,023

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 421,825	\$ 71,462
Changes in Assumptions	7,145,188	9,835,444
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	339,994	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	179,099	297,143
Contributions - Employer	144,427	-
Total Deferred Outflow and Inflow of Resources	\$ 8,230,533	\$ 10,204,049

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

County	\$ 144,427
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 80,739
2025	(1,605,574)
2026	170,613
2027	(763,721)

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

Actuarial Assumptions

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

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

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

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

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

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required. The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%

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:

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Proportionate Share of the Net Pension Liability	\$ 17,865,956	\$ 12,957,991	\$ 8,886,453

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

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

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

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

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, 2023, the following net OPEB liabilities were reported:

	Net OPEB Liability
Primary Government	\$ 602,824

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

	Proportion	Increase (Decrease) in Proportion from June 30, 2023 Measurement	OPEB Expense
Primary Government	0.602974%	-0.011996%	\$ 115,816

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,340	\$ 6,899
Changes of Assumptions	128,569	49,921
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	43,541	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	14,143	23,890
Contributions - Employer	23,124	-
Total Deferred Outflow and Inflow of Resources	\$ 220,717	\$ 80,710

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

County	\$ 23,124
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

2024	46,770
2025	34,830
2026	52,643
2027	(17,360)

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

Actuarial Assumptions

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

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

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

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

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

Discount Rate

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

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

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

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Proportionate Share of the OPEB Liability	\$ 792,258	\$ 602,824	\$ 443,343

MOUNTRAIL COUNTY

Notes to the Financial Statements – Continued

NOTE 11 TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that the County accounts for in other funds in accordance with budget authority and to subsidize other programs. Transfers were also made to close out funds. The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2023:

Transfers - 2023	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 4,040,217	\$ 8,483,942
Special Revenue Fund	5,212,820	19,122,976
Capital Projects Fund	18,353,881	-
Total Transfers	\$ 27,606,918	\$ 27,606,918

NOTE 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$10,000,000 per occurrence for general liability and for automobile, and \$10,848,321 for public assets (mobile equipment and portable property).

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of \$1,000,000 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 North Dakota Workforce Safety and Insurance.

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

MOUNTRAIL COUNTY
Notes to the Financial Statements – Continued

NOTE 13 CONSTRUCTION COMMITMENTS

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

Project	Total Contract With Change Orders	Total Completed	Retainage	Remaining Balance (Includes Retainage)	County Portion	Federal & State Portion
Project 03(71)22 - CR3 - 71st Avenue - From 69th Street to ND50 - Gravel Reconstruction - Engineering	\$ 960,000	\$ 191,951	\$ -	\$ 768,049	\$ 768,049	\$ -
Project 01(62)23 - CR1 - 62nd Avenue - From 45th Street to US2 - Gravel Reconstruction - Engineering	750,000	102,282	-	647,718	647,718	-
Project 01(62)23 - CR1 - 62nd Avenue - From 45th Street to US2 - Gravel Reconstruction - Construction	327,132	-	-	327,132	327,132	-
Project 09(99)23 - 99th Ave from CR4 to Burke County - Engineering	284,680	128,139	-	156,541	156,541	-
Project 06(68)22 - CR6 - 68th Street from City of White Earth to Williams County Line - Reconstruction - Engineering	1,588,661	1,256,192	-	332,469	332,469	-
Project 06(68)22 - CR6 - 68th Street from City of White Earth to Williams County Line - Reconstruction - Construction	11,346,987	10,184,653	1,018,465	2,180,800	2,180,800	-
Project 12(42)22 - CR12 - CR3 Dairy Road to Plaza - HMA Surfacing - Engineering	875,000	914,903	-	(39,903)	(39,903)	-
Project 12(42)22 - CR12 - CR3 Dairy Road to Plaza - HMA Surfacing - Construction	13,315,956	12,367,249	1,124,268	2,072,975	2,072,975	-
Project UO(36)23 - 36th Street - CR19 west 3 miles to CR21 - Reconstruction & HBP Surfacing - Engineering	754,000	24,380	-	729,620	729,620	-
Project PM 2023 - 2023 Chip Seal Project - Engineering	73,000	71,496	-	1,504	1,504	-
Project PM 2023 - 2023 Chip Seal Project - Construction	3,473,838	3,431,811	68,493	110,519	110,519	-
Project 10(51)23 - CR10 - Belden to Ward County - Engineering	1,354,474	491,791	-	862,682	862,682	-
Project 10(51)23 - CR10 - Belden to Ward County - Construction	8,360,735	-	-	8,360,735	8,360,735	-
Project 11(67)23 - CR11 - 53rd to 59th Streets - Engineering	723,386	253,943	-	469,443	469,443	-
Project RW710322 - CR3 - 69th Street to ND50 - ROW Acquisition - Engineering	246,000	118,704	-	127,296	127,296	-
Project BRO-0031(056) - Cottonwood Lake Bridge - Engineering	130,000	126,879	-	3,121	3,121	-
Project BRO-0031(056) - Cottonwood Lake Bridge - Construction	349,790	-	-	349,790	66,705	283,085
BR10625 - Old Scenic Hwy Bridge - Engineering	125,000	124,641	-	359	359	-
BR10625 - Old Scenic Hwy Bridge - Construction	1,060,197	1,053,917	95,811	102,091	102,091	-
Project 09(100)19 - 101st / 54th / 100th from ND1804 south to White Earth Bay - Engineering	2,297,105	1,903,282	-	393,823	393,823	-
Project 09(100)19 - 101st / 54th / 100th from ND1804 south to White Earth Bay - Construction	27,112,543	15,943,292	1,594,329	12,763,579	12,763,579	-
Project UO(41)22 - 41st Street - ND1804 west to City End ROW in Subdivision - Reconstruction & HBP Surfacing - Engineering	435,840	345,225	-	90,615	90,615	-
Project UO(41)22 - 41st Street - ND1804 west to City End ROW in Subdivision - Reconstruction & HBP Surfacing - Construction	3,907,039	3,783,457	343,951	467,533	467,533	-
Courthouse Shop Project	2,790,000	170,619	-	2,619,381	2,619,381	-
	\$ 82,641,363	\$ 52,988,806	\$ 4,245,317	\$ 33,897,872	\$ 33,614,787	\$ 283,085

NOTE 14 JOINT VENTURE

Mountrail County entered into a joint venture with Williams, Divide, and McKenzie Counties for the operation of the Upper Missouri District Health Unit. Each participating county's share of the cost of operations and board member appointments is determined by the property valuation of each county.

Audited summary financial information for the year ended December 31, 2023, the most recent year audited, is as follows:

	Upper Missouri District Health Unit
Total Assets & Deferred Outflows	\$ 5,574,661
Total Liabilities & Deferred Inflows	4,650,875
Net Position	\$ 923,786
Revenues	\$ 4,113,419
Expenses	3,752,199
Change in Net Position	\$ 361,220

Complete financial information can be obtained from the Upper Missouri District Health Unit; 110 W Broadway Suite 101, Williston, ND 58801-5522.

Mountrail County also entered into a joint venture with Ward County for a Juvenile Detention Center to hold Mountrail County Residents. The County pays \$94,352.50 a year.

NOTE 15 CONTINGENT LIABILITIES

The County is a defendant in various lawsuits incident to its operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the financial condition of the County.

NOTE 16 SUBSEQUENT EVENTS

In 2024, Mountrail County entered into various contracts for engineering and construction of road projects, totaling \$7,329,661.

MOUNTRAIL COUNTY

Budgetary Comparison Schedule - General Fund

December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 75,150	\$ 75,150	\$ 31,621	\$ (43,529)
Intergovernmental	40,490,355	40,490,355	42,683,794	2,193,439
Charges for Services	840,626	840,626	776,975	(63,651)
Licenses, Permits and Fees	2,454,615	2,454,615	3,866,799	1,412,184
Interest Income	350,000	350,000	4,959,630	4,609,630
Miscellaneous	236,288	236,288	148,602	(87,686)
Total Revenues	<u>\$ 44,447,034</u>	<u>\$ 44,447,034</u>	<u>\$ 52,467,421</u>	<u>\$ 8,020,387</u>
EXPENDITURES				
Current				
General Government	\$ 16,636,310	\$ 16,636,310	\$ 9,136,851	\$ 7,499,459
Public Safety	7,416,768	7,416,768	5,889,483	1,527,285
Economic Development	170,717	170,717	109,400	61,317
Health & Welfare	174,642	174,642	163,772	10,870
Conservation of Natural Resources	177,930	177,930	187,368	(9,438)
Capital Outlay	-	-	2,660,055	(2,660,055)
Total Expenditures	<u>\$ 24,576,367</u>	<u>\$ 24,576,367</u>	<u>\$ 18,146,929</u>	<u>\$ 6,429,438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,870,667</u>	<u>\$ 19,870,667</u>	<u>\$ 34,320,492</u>	<u>\$ 14,449,825</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 162,600	\$ 162,600	\$ 4,040,217	\$ 3,877,617
Transfers Out	-	-	(8,483,942)	(8,483,942)
Total Other Financing Sources and Uses	<u>\$ 162,600</u>	<u>\$ 162,600</u>	<u>\$ (4,443,725)</u>	<u>\$ (4,606,325)</u>
Net Change in Fund Balance	<u>\$ 20,033,267</u>	<u>\$ 20,033,267</u>	<u>\$ 29,876,767</u>	<u>\$ 9,843,500</u>
Fund Balance - January 1	<u>\$ 117,868,005</u>	<u>\$ 117,868,005</u>	<u>\$ 117,868,005</u>	<u>\$ -</u>
Prior Period Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,227,767</u>	<u>\$ (6,227,767)</u>
Fund Balance - January 1 Restated	<u>\$ 124,095,772</u>	<u>\$ 124,095,772</u>	<u>\$ 124,095,772</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 144,129,039</u>	<u>\$ 144,129,039</u>	<u>\$ 153,972,539</u>	<u>\$ 9,843,500</u>

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

MOUNTRAIL COUNTY

Budgetary Comparison Schedule - Special Revenue Fund

December 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,579,202	\$ 1,579,202	\$ 1,604,068	\$ 24,866
Intergovernmental	19,725,702	19,725,702	16,122,950	(3,602,752)
Charges for Services	1,080,035	1,080,035	1,630,903	550,868
Interest Income	50,000	50,000	27,325	(22,675)
Miscellaneous	447,400	447,400	652,734	205,334
Total Revenues	\$ 22,882,339	\$ 22,882,339	\$ 20,133,497	\$ (2,748,842)
EXPENDITURES				
Current				
Public Safety	\$ 505,700	\$ 699,542	\$ 505,094	\$ 194,448
Highways	3,515,372	3,515,372	17,183,559	(13,668,187)
Flood Repair	-	3,309	43,309	(40,000)
Health and Welfare	3,370,098	3,370,098	3,293,996	76,102
Culture and Recreation	579,068	600,972	629,914	(28,942)
Conser. of Natural Resources	670,153	670,153	633,035	37,118
Total Expenditures	\$ 9,908,794	\$ 10,127,849	\$ 23,058,134	\$ (11,860,793)
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,973,545	\$ 12,754,490	\$ (2,924,637)	\$ (15,679,127)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ -	\$ -	\$ 19,000	\$ 19,000
Transfers In	2,250,000	2,250,000	5,212,820	2,962,820
Transfers Out	(11,000)	(11,000)	(19,122,976)	(19,111,976)
Total Other Financing Sources and Uses	\$ 2,239,000	\$ 2,239,000	\$ (13,891,156)	\$ (16,130,156)
Net Change in Fund Balances	\$ 15,212,545	\$ 14,993,490	\$ (16,815,793)	\$ (31,809,283)
Fund Balance - January 1	\$ 82,541,552	\$ 82,541,552	\$ 82,541,552	\$ -
Prior Period Adjustment	\$ -	\$ -	\$ (1,268,355)	\$ 1,268,355
Fund Balance - January 1 Restated	\$ 81,273,197	\$ 81,273,197	\$ 81,273,197	\$ -
Fund Balance - December 31	\$ 96,485,742	\$ 96,266,687	\$ 64,457,404	\$ (31,809,283)

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

MOUNTRAIL COUNTY

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

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.672007%	\$ 12,957,991	\$ 8,217,771	157.68%	65.31%
2022	0.677987%	19,526,477	7,870,319	248.10%	55.03%
2021	0.681792%	7,106,322	7,720,554	92.04%	78.26%
2020	0.701650%	22,074,059	7,740,050	285.19%	48.91%
2019	0.625187%	7,327,644	6,503,005	112.68%	71.66%
2018	0.633723%	10,694,767	6,510,346	164.27%	62.80%
2017	0.628578%	10,103,331	6,416,796	157.45%	61.98%
2016	0.592772%	5,777,141	5,973,748	96.71%	70.46%
2015	0.540752%	3,677,021	4,817,448	76.33%	77.15%
2014	0.480448%	3,527,033	4,047,196	87.15%	77.70%

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District’s Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 609,560	\$ 607,910	\$ 1,649	\$ 8,240,635	7.38%
2022	592,769	579,589	13,180	7,907,669	7.33%
2021	569,357	568,197	1,160	7,558,369	6.11%
2020	548,063	530,111	17,952	7,740,050	6.85%
2019	473,456	476,906	(3,450)	6,503,005	7.33%
2018	479,515	464,168	15,347	6,510,346	7.13%
2017	465,296	445,016	20,280	6,416,796	6.94%
2016	432,489	421,492	10,997	5,973,748	7.06%
2015	365,923	367,420	(1,497)	4,817,448	7.63%
2014	288,160	288,160	-	4,047,196	7.12%

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

MOUNTRAIL COUNTY

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

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.602974%	\$ 602,824	\$ 6,060,992	9.95%	62.74%
2022	0.614970%	738,154	6,348,982	11.63%	56.28%
2021	0.635319%	353,347	6,926,611	5.10%	76.63%
2020	0.656577%	552,311	7,484,782	7.38%	63.38%
2019	0.582781%	468,082	6,503,005	7.20%	63.13%
2018	0.594978%	468,586	6,510,346	7.20%	61.89%
2017	0.593137%	469,178	6,416,796	7.31%	59.78%

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District’s Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 71,117	\$ 71,105	\$ 12	\$ 6,238,307	1.14%
2022	77,275	77,335	(60)	7,907,669	0.98%
2021	83,294	84,179	(885)	7,558,369	1.11%
2020	87,931	83,824	4,107	7,484,782	1.12%
2019	75,630	76,358	(728)	6,503,005	1.17%
2018	76,363	74,318	2,045	6,510,346	1.14%
2017	74,591	71,251	3,340	6,416,796	1.11%

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

MOUNTRAIL COUNTY

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

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB

Pension

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

OPEB

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

MOUNTRAIL COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Pension

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

OPEB

All 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 2023:

2023	Original Budget	Amendment	Amended Budget
EXPENDITURES/TRANSFERS OUT			
Special Revenue Fund	\$ 9,919,794	\$ 219,055	\$ 10,138,849

MOUNTRAIL COUNTY

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

ALN Number	Program Title	Grantor's Number	Total Expenditures
U.S. DEPARTMENT OF INTERIOR			
Passed through the State Treasurer			
15.227	Distribution of Receipts to State and Local Governments	N/A	\$ 17
15.437	Mineral Leasing Act	N/A	<u>1,794,890</u>
Total U.S Department of Interior			<u>\$ 1,794,907</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State Department of Health and Human Services			
93.044	Special Programs for the Aging	S0912, S091A, S096B	\$ 240,146
93.563	Child Support Enforcement	N/A	50
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	N/A	<u>4,263</u>
Total U.S Department of Health and Human Services			<u>\$ 244,459</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the State Department of Emergency Management			
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4475	\$ 41,912
97.039	Hazard Mitigation Grant Program	N/A	6,042
97.042	Emergency Management Performance Grants	EMPG2018, EMPG2019	<u>26,519</u>
Total U.S Department of Homeland Security			<u>\$ 74,473</u>
US DEPARTMENT OF THE TREASURY			
Direct Program			
21.027	Coronavirus State and Local Fiscal Recovery Funds	N/A	<u>\$ 111,420</u>
Total U.S. Department of the Treasury			<u>\$ 111,420</u>
US DEPARTMENT OF LABOR			
Passed Through State Department of Labor			
17.225	Unemployment Insurance (UI)	N/A	<u>\$ 219</u>
Total U.S Department of Labor			<u>\$ 219</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,225,478</u></u>

See notes to the Schedule of Expenditures of Federal Awards

MOUNTRAIL COUNTY

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

NOTE 1 BASIS OF PRESENTATION / ACCOUNTING

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 PASS-THROUGH GRANT NUMBER

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

NOTE 4 INDIRECT COST RATE

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

STATE AUDITOR
Joshua C. Gallion



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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
Mountrail County
Stanley, 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 Mountrail County as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Mountrail County's basic financial statements, and have issued our report thereon dated February 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mountrail 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 Mountrail County's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountrail 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 2023-001 and 2023-002 that we consider to be material weaknesses.

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

Mountrail County's Response to Findings

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

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 4, 2025

STATE AUDITOR
Joshua C. Gallion



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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
Mountrail County
Stanley, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

MOUNTRAIL COUNTY

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 4, 2025

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

Financial Statements

Type of Report Issued:	
Governmental Activities	Unmodified
Aggregate Discretely Presented Component 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> </u> Yes	<u> X </u> None	Noted

Federal Awards

Internal Control Over Major Programs

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

Identification of Major Programs

ALN Number	Name of Federal Program or Cluster
15.437	Mineral Leasing Act

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

MOUNTRAIL COUNTY

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

SECTION I – FINANCIAL STATEMENT FINDINGS

2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition

During the audit of Mountrail 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 Mountrail County's financial statements.

Cause

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

Criteria

Mountrail 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

Yes.

Recommendation

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

Mountrail County's Response

See Corrective Action Plan.

2023-002 – SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition

Mountrail County Water Resource District has one Secretary/Treasurer responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the check register, maintain the general ledger, and perform bank reconciliations.

Effect

The lack of segregation of duties increases the risk of fraud and the risk of misstatement of the Mountrail 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 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.

Mountrail County's Response

See Corrective Action Plan.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**Office of the Mountrail County Auditor
State of North Dakota**

Stephanie A Pappa - County Auditor
Mountrail County Courthouse
101 North Main Street - Box 69
Stanley, North Dakota 58784-0069
Tel. (701) 628-2145 Fax (701) 628-2276
Email: stephp@co.mountrail.nd.us

Date: January 27, 2025
To: Joshua C. Gallion, ND State Auditor
From: Steph Pappa, County Auditor
RE: Mountrail County – FY2023 Management's Response

Contact Person Responsible for Corrective Acton Plan: Steph Pappa, County Auditor

Section I – Financial Statement Findings:

2023-001 – AUDIT ADJUSTMENTS – MATERIAL WEAKNESS

Condition:

During the audit of Mountrail 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.

Management's Response:

We Agree: The County transitioned from a modified cash basis to the GAAP audit.

Anticipated Completion Date:

Fiscal Year 2025

MOUNTRAIL COUNTY

Management's Corrective Action Plan – Continued

Mountrail County Water Resource District
PO Box 968, Stanley, ND 58784
605-949-1349
mcwrd@yahoo.com

Date: January 27, 2025
To: Joshua C. Gallion, ND State Auditor
From: Ilene Enerson, WRD Secretary
RE: Mountrail County – FY2023 Management's Response

Contact Person Responsible for Corrective Acton Plan: Ilene Enerson, WRD Secretary

Section I – Financial Statement Findings:

2023-002 – SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT – MATERIAL WEAKNESS

Condition:

Mountrail County Water Resource District has one Secretary/Treasurer responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the check register, maintain the general ledger, and perform bank reconciliations.

Management's Response:

We Agree. The Water Board will segregate duties when it becomes feasible to do so.

Anticipated Completion Date:

FY 2025

Office of the Mountrail County Auditor

State of North Dakota

Stephanie A Pappa - County Auditor
Mountrail County Courthouse
101 North Main Street - Box 69
Stanley, North Dakota 58784-0069
Tel. (701) 628-2145 Fax (701) 628-2276
Email: stephp@co.mountrail.nd.us

Date: January 30, 2025
To: Joshua C. Gallion, ND State Auditor
From: Steph Pappa, County Auditor
RE: Mountrail County – FY2023 Schedule of Prior Year Findings

2022-001 COUNTY BUDGET - MATERIAL WEAKNESS

Condition:

Mountrail County did not prepare its 2022 and 2021 budgets in accordance with state laws listed below:

- The estimated cash amount for the mill levy calculation did not have proper supporting documentation in accordance with N.D.C.C. §57-15-31(1).
- The preliminary and final budget files for 2022 and 2021 did not include the 5th required element included in N.D.C.C. §11-23-02.

Recommendation:

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

Current Status:

Completed in 2023 fiscal year.

2022-002 – ADJUSTING JOURNAL ENTRIES – REVENUE MISCLASSIFICATION - SIGNIFICANT DEFICIENCY

Condition:

Material auditor-identified adjusting entries for the reclassification of miscellaneous revenue to intergovernmental revenue and charges for services totaling \$1,347,564 and \$250,000 for 2021 and 2022, respectively, were proposed to properly reflect the financial statements in accordance with the modified cash basis of accounting. The financial statements reflect the adjustments and were approved by management.

Recommendation:

We recommend that Mountrail County review all revenue transactions carefully to ensure the appropriate classification and presentation in the financial statements, in accordance with modified cash basis of accounting.

Current Status:

Completed in 2023 fiscal year.

MOUNTRAIL COUNTY
Status of Prior Year Recommendations – Continued

Mountrail County Water Resource District
PO Box 968, Stanley, ND 58784
605-949-1349
mcwrd@yahoo.com

Date: January 30, 2025
To: Joshua C. Gallion, ND State Auditor
From: Ilene Enerson, Secretary/Treasurer
RE: Mountrail County Water Resource District – FY2023 Schedule of Prior Year Findings

2022-004– LACK OF SEGREGATION OF DUTIES – COMPONENT UNIT – SIGNIFICANT DEFICIENCY

Condition:

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

Current Status:

The Water Resource Board will segregate duties when it becomes feasible to do so.



Date: January 30, 2025
To: Joshua C. Gallion, ND State Auditor
From: Beth Calderon, Program & Finance Manager, Souris Basin Planning Council
RE: Mountrail County Job Development Authority – FY2023 Schedule of Prior Year Findings

2022-003 – JOB DEVELOPMENT AUTHORITY – MATERIAL WEAKNESS

Condition:

The Mountrail County Job Development Authority (JDA) is a discretely presented component unit that was not included in any of Mountrail County's prior years financial statements. Audit adjustments were proposed and accepted by management and the JDA is currently included in the financial statements accurately.

Recommendation:

We recommend that Mountrail County ensure that all required discretely presented component units are included in its financial statements.

Current Status:

This has been implemented; JDA is now a component unit in Mountrail County financial statements.

STATE AUDITOR
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GOVERNANCE COMMUNICATION

February 4, 2025

Board of County Commissioners
Mountrail County
Stanley, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mountrail County, North Dakota, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 12, 2024. Professional standards also require that we communicate to you with the following information related to our audit.

Qualitative Aspects of Accounting Practices

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

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

2023 Adjustments	Audit Adjustments	
	Debit	Credit
General Fund		
<u>To Record Prior Period Adjustments</u>		
Intergovernmental Receivables	\$6,372,840	\$ -
Salaries Payables	-	145,073
Fund Balance January 1, 2023	-	6,227,767
 <u>To Record Intergovernmental Receivables</u>		
Intergovernmental Receivable	6,868,929	-
Revenue	-	6,868,929
 <u>To Record Accounts Payables</u>		
Expenditure	484,662	-
Accounts Payables	-	484,662
 <u>To Record Salaries Payables</u>		
Expenditure	116,608	-
Salaries Payables	-	116,608
 <u>To Record Interest Receivable</u>		
Interest Receivable	677,378	-
Interest Revenue	-	677,378
 Special Revenue Fund		
<u>To Record Prior Period Adjustments</u>		
Intergovernmental Receivables	108,793	-
Fund Balance January 1, 2023	1,268,355	-
Salaries Payables	-	181,131
Grants Received in Advance	-	1,196,017
 <u>Carryforward Cash Adjustment</u>		
Fund Balance	213,014	-
Cash	-	213,014
 <u>To Remove Road Bond Revenues and Expenses</u>		
Revenue	2,500,000	-
Expenses	-	2,500,000
 <u>To Record Intergovernmental Receivables</u>		
Intergovernmental Receivable	109,429	-
Revenue	-	109,429
 <u>To Record Accounts Payables</u>		
Expenditure	124,095	-
Accounts Payables	-	124,095
 <u>To Record Salaries Payables</u>		
Expenditure	84,509	-
Salaries Payables	-	84,509
 <u>To Reclassify Miscellaneous Revenues to Other Financing Sources</u>		
Miscellaneous Revenue	19,000	-
Other Financing Sources - Sale of Assets	-	19,000
 <u>To Record Grants Received in Advance</u>		
Grants Received in Advance	1,203,247	-
Fund Balance, December 31, 2023	-	1,203,247
 <u>To Record Interest Receivable</u>		
Interest Receivable	97,031	-
Interest Revenue	-	97,031

MOUNTRAIL COUNTY
 Governance Communications - Continued

Capital Projects Fund

To Record Prior Period Adjustments

Fund Balance January 1, 2023	\$1,108,938	\$ -
Retainage Payable	-	1,108,938

To Record Accounts Payables

Expenditure	455,691	-
Accounts Payables	-	455,691

To Record Retainage Payable

Capital Outlay	4,245,316	-
Accounts Payable	-	4,245,316

Governmental Activities

To Record Prior Period Adjustments

Deferred Outflows for Pension	13,689,532	-
Fund Balance Prior Period Adjustments	3,850,474	-
Net Position, January 1, 2023	10,964,492	-
Deferred Inflows for Pension	-	7,936,278
Net Pension Liability	-	20,264,631
Compensated Absences	-	300,305
Interest Payable	-	3,284

Fiduciary Activities

To Record Custodial Funds Prior Period Adjustment

Net Position - Jan 1	3,367,090	-
Cash	-	3,367,090

To Record Private-Purpose Trust Funds Prior Period Adjustment

Cash	39,805	-
Net Position - Jan 1	-	39,805

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 4, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

MOUNTRAIL COUNTY

Governance Communications - Continued

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

Other Matters

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

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

Restriction on Use

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

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

Joshua C. Gallion
State Auditor

Bismarck, North Dakota
February 4, 2025



Office of the
State Auditor

NORTH DAKOTA STATE AUDITOR
JOSHUA C. GALLION

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