

Forman, North Dakota
November 7, 2023

The Sargent County Board of Commissioners met at 9:00 with the following members present: Wade Anderson, Jason Arth, Lyle Bopp, Mark Breker, and Scott Johnson. Also present was Pam Maloney, County Auditor.

Chairman Mark Breker called the meeting to order.

The Pledge of Allegiance was recited.

Motion to accept the agenda as amended. (Bopp/Anderson) Motion carried.

Motion to approve the October 17, 2023 minutes. (Anderson/Arth) Motion carried.

Motion to accept Bid #2 from the Crossroads Electric bid to provide 1 120 volt/20 amp circuit to new server room below stairway in basement & to provide raceway and 4 category 6 cables to same room for a cost of \$1500. (Arth/Bopp) Upon roll call vote, motion carried unanimously.

The commission had received an email from Alison Toepke, Treasurer/Recorder/Clerk of Court, regarding the court facility grant stating that she has been in contact with a vendor that could provide a quote to replace the seating in the courtroom. She will gather the information and will have the application ready for commission approval by the next meeting.

Commissioners Breker and Arth will check out the Hamlin Cemetery before the next meeting to determine a course of action.

The Regional Livestock Development and Planning Grant Resolution was briefly discussed. The commission will gather more information before approving the resolution.

Wendy Willprecht, Emergency Manager/911 Coordinator; & Travis Paeper, Sheriff; arrived at the meeting. Crossroads Electric had provided quotes for the support work required for Computer Express to update some of the security concerns that have been listed in the two Homeland Security Assessment reports that have been received. Motion to purchase the needed Cyber Security Enhancement Equipment Items #1 through #4 listed in the email received from Computer Express and to move forward with Item #5 in 2024. (Arth/Anderson) Upon roll call vote, motion carried unanimously.

Michelle Denault, Human Resources Director; Alison Toepke, Treasurer/Recorder/Clerk of Court; & Travis Paeper, Sheriff were present to discuss the market survey results carried over from the last meeting. After much discussion, motion to approve the reclassification/grade increases of those positions as follows effective November 1, 2023 using ARPA/Tribal Funds: Auditor from D62 to D63; Chief Deputy Treasurer/Clerk of Court/Recorder from B24 to C42; State's Attorney Assistant from B21 to B24; Human Resources Director from C44 to D61; and Chief Deputy Auditor from B24 to C41. Roll Call Vote: Yes – Arth, Bopp, Breker & Johnson. No – Anderson. Motion carried.

Jayne Pfau, State's Attorney; arrived at the meeting for a short time, as court was scheduled for the day.

The hearing on appraisals of property forfeited to the county for delinquent taxes was opened at 10:00 p.m. No interested persons attended the hearing. Motion to accept the minimum sales prices as set at the previous meeting. (Johnson/Anderson) Upon roll call vote, motion carried unanimously. The public auction for sale of all properties forfeited to Sargent County for non-payment of taxes is scheduled to be held on Tuesday, November 21, 2023, in the Commissioner's Room, beginning at 10:00 a.m. The list of property to be sold will be posted at the front door of the Courthouse.

Correspondence has been received from the Forman City Council that they had approved Luke Anderson to continue to represent Forman City on the Sargent County Planning Commission. Motion to re-appoint Luke Anderson as Forman City's representative to the Sargent County Planning

Commission – term ending June 15th, 2027. (Bopp/Arth) Upon roll call vote, motion carried unanimously.

Melissa Seykora, NDSU Extension Agriculture and Natural Resources (ANR) Agent, arrived at the meeting and reported on her activities in the County's Extension Service office from July through September of 2023. A written report was delivered to each commissioner and to the county auditor. A copy of the report can be obtained from the Extension Office. Ms. Seykora had worked with numerous projects including: Sargent County Fair, which included a 4-H Alumni gathering, 4-H century Family Recognition and the 4-H Food Stand; Rutland Sportsman's Club Youth Day; Sargent County 4-H Promotion at the county schools' back-to-school events; and Eco-Ed Day held at Silver Lake for the county's 4th graders sponsored by WRSCD. She has also participated in weekly crop calls, weekly horticulture calls, Oakes IRC Tour, Ransom County 4-H Judging, Ag Update on AgNews890, Big Iron Booth, NACAA in Des Moines, IA, 4-H Council Meeting, County Corn Plot Tour, National Sunflower Survey, 4-H Volunteer Recruitment, Fair Board Meetings and SCD Meeting Reports. Moving forward she will be involved in 4-H Awards Night to be held November 13 at the Gwinner Community Center. The commission thanked her for her service and dedication to the public.

Trent Mahler, Forman Ambulance Squad, arrived at the meeting reporting on the third quarter. The squad has gone on 50 runs – 27 on which Mr. Mahler has covered and 17 on which Mr. Own has covered. Their checking account balance is \$5,366.36 and he stated that they are receiving Medicare/Medicaid payments. He has provided CPR training three times and he also stated that they are in need of staff. He has ordered the new radios needed for the squad. Next squad meeting will be Tuesday, November 14 at 6:30 pm at the apartment.

Motion to approve the Fund Balance Policy in Accordance with GASB Statement No. 54 at the request of the North Dakota State Auditor's Office. (Arth/Anderson) Upon roll call vote, motion carried unanimously.

SARGENT COUNTY

Fund Balance Policy in Accordance with GASB Statement No. 54

Purpose: The following policy has been adopted by the Entity in order to address the implications of Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the County and jeopardize the continuation of necessary public services. This policy will ensure that the County maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,**
- b. Secure and maintain investment grade bond ratings,**
- c. Offset significant economic downturns or revenue shortfalls, and**
- d. Provide funds for unforeseen expenditures related to emergencies.**

This policy and the procedures promulgated under it supersede all previous regulations regarding the County's fund balance and reserve policies.

Fund type definitions: The following definitions will be used in reporting activity in governmental funds across the County. The County may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The **general fund** is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's purposes.

FUND BALANCE REPORTING IN GOVERNMENTAL FUNDS:

Classification: Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board.

Spending: The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.

Definition Fund Balance: shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

General Fund: The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund, which finances most functions in the County. The fund balance of the general fund shall mean the gross difference between general fund assets and liabilities reflected on the balance sheet.

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

The five classifications of fund balance of the governmental types are as follows:

1. **Non-spendable fund balance** shall mean the portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use (such as the self-funded reserves program).

Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:

- Inventories;
- Prepaid items;
- Deferred expenditures;
- Long-term receivables; and
- Outstanding encumbrances.

2. **Restricted fund balance** shall include amounts constrained to a specific purpose by the provider, such as a grantor, by restricted tax levy or by bond indenture.

Examples of restricted fund balances include:

- Tax levy funds;
- Construction programs (including related debt service funds restricted); and
- Resources from other granting agencies – restricted state and federal grants/reimbursements.

3. **Committed fund balance** shall mean that portion of the fund balance that is constrained to a specific purpose by the Board. Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Board. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Examples include:

- Potential litigation, claims, and judgments; and
- Board induced County approved projects
- Legislation induced restrictions

4. **Assigned fund balance** shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board designee (County Accountant). In current practice, such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.

Examples include:

- Insurance deductibles;
- Program start-up costs; and
- Other legal uses.

5. **Unassigned fund balance** shall include amounts available for any legal purpose. This portion of the total fund balance in the **general fund** is available to finance operating expenditures.

The unassigned fund balance shall be the difference between the total fund balance and the total of the non-spendable fund balance, restricted fund balance, committed fund balance, and assigned fund balance.

Motion to approve the Fraud Prevention and Investigation Policy at the request of the North Dakota State Auditor's Office. (Johnson/Arth) Upon roll call vote, motion carried unanimously.

SARGENT COUNTY

FRAUD PREVENTION AND INVESTIGATION

I. PURPOSE

The Sargent County is committed to the highest standards of moral and ethical behavior by its employees, appointed, and elected officials. The purpose of this policy is to prohibit dishonest and/or fraudulent activity and to establish procedures for reporting fraudulent activities. Fraud is herein defined as the use of dishonesty, deception, or false representation in order to gain a material advantage or to injure the interest of others.

This policy applies to any fraud, or suspected fraud, involving employees, elected and appointed officials, as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the County. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the County.

II. RESPONSIBLE PARTIES

All employees and elected officials of the County are responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the County Manager, who coordinates all investigations with the legal counsel and other affected areas, both internal and external. If suspected fraudulent activity involves the County Manager, the report must be brought to the attention of the legal counsel. The County Manager and/or board chairman shall lead the investigation until the matter is resolved.

III. ACTIONS CONSTITUTING FRAUD

The terms falsification, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to the County
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Disclosing confidential and proprietary information to outside parties
- Accepting or seeking anything of material value from contractors, vendors or persons providing services/materials to the County. Exception: Gifts less than \$50 in value.
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
- Any similar or related inappropriate conduct

IV. REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the County Manager immediately. The employee or other complainant may remain anonymous.

All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the County Manager. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

V. INVESTIGATION RESPONSIBILITIES

The affected department head, County Manager, with the assistance of legal counsel as appropriate, have the primary responsibilities for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the County Manager will issue reports to appropriate designated personnel and, if appropriate, to the County board members. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and department heads, as will final decisions on disposition of the case.

VI. CONFIDENTIALITY

All information received will be treated confidentially to the extent possible within the constraints of the law. Any employee who suspects dishonest or fraudulent activity will notify the County Manager or legal counsel immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURE section above). Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the County from potential civil liability.

VII. DISPOSITION OF INVESTIGATION

At the conclusion of the investigation, a confidential memorandum will be prepared by the County Manager and/or Legal Counsel. After review, a copy will then be provided to the appropriate department head and or the board members.

VIII. NON-FRAUD IRREGULARITIES

Allegations that fall outside the parameters of this policy, such as personal improprieties, whether moral, ethical, behavioral, safety or work environment related, should be resolved by Management.

Motion to approve the Capital Asset Policy at the request of the North Dakota State Auditor's office. (Bopp/Arth) Upon roll call vote, motion carried unanimously.

CAPITAL ASSET POLICY

SCOPE/PURPOSE: Assets that have a useful life of more than one fiscal year are considered capital assets. The term capital assets (also referred to as capital and or plant assets) will be identified through the capital improvements planning process. The objectives of capital asset planning are to enhance the accuracy and reliability of County financial statements, amortize the cost of long term assets over their useful lives and strategically plan systematic replacement of capital investments. Capital asset accounting is required under compliance with Government Accounting Standards Board (GASB) Statement No. 34 and No.54. Application of this capital asset policy must adhere to GASB, North Dakota Century Code (NDCC), and the ordinances of the Sargent County.

Capital Asset Process - The capital improvements planning process will provide the necessary information to identify long term capital assets.

Designation as a Capital Asset - The acquisition of an independent asset with an estimated useful life of not less than one fiscal year and an estimated capitalized value of \$5,000 or greater will be designated through the capital improvements process and capitalized as a capital asset. Capitalized value will include interest, administrative, professional and or engineering costs, transportation charges, and site preparation. Donated items will be valued at their estimated fair market value at the time of acquisition

Asset Classifications and Estimated Useful Lives:

CLASSIFICATION

**ESTIMATED
USEFUL LIFE**

Buildings	30-50 years
Land	INDEFINITE
Machinery and Equipment	5-15 years
Vehicles	5-10 years

Land will be recorded at actual or estimated historical cost in the case of purchased land and recorded at fair market value on the date of donation for any land donated to the County. Land will not be subject to annual depreciation expense. Annual review of additions and disposals may warrant changes in estimated useful lives for subsequent additions. Typically, lives will be relative within a single asset classification, it is important to assign lives not less than the time intended to maintain the asset.

Asset Acquisition - The acquisition of capital assets will be determined in the capital improvement planning process. Assets and depreciation expenses will be assigned to specific funds. Collective purchases totaling \$5,000 or greater will be evaluated and may be transferred from an expense account to capital assets if their collective estimated useful life is greater than 1 year. *Collective purchase assets will be recorded in capital assets with a single acquisition value in a single asset number, identified as a collective purchase by noting the number of units.* An annual contingency fund for unanticipated acquisitions will be established upon board approval. Asset acquisitions will be capitalized at cost and effective on the date that they are put into use. Documentation of asset additions is a required element of GASB Statement 34 and 54 Management Discussion and Analysis (MDA).

Depreciation Method – The County uses Straight Line Depreciation for all assets and the assets will be depreciated yearly, with a full year of depreciation in the year of acquisition.

Asset Disposition - The disposition of capital assets will be determined by the department head responsible for assigned assets. Asset dispositions must be reported to the County Business Manager with the explanation for disposition: obsolescence, trade, sale, destruction, or theft. In the event an asset is disposed of prior to fulfilling the term of its’ estimated useful life, a loss on disposal will be calculated and reflected by department. Gain or loss on disposal is calculated as follows:

Acquisition Cost
- (LESS) Accumulated Depreciation
= EQUALS Net Book Value
- (LESS) Reimbursement Received
= EQUALS Loss or GAIN on Disposal

Dispositions resulting from insured perils will reflect subsequent reimbursements in the disposal transaction. Asset disposals are effective on the date the asset is removed from service. Assets may be transferred from one department to another without disposition as long as both departments agree. Documentation of asset disposals is a required element of GASB Statement 34 and 54 Management Discussion and Analysis (MDA).

Specific Topics of Capital Assets Program –

Collective Purchases: Purchases of similar items that are less than the \$5,000 minimum capitalization amount are intended to be pooled and capitalized as a consolidated asset, i.e. individual motor graders, computers, and radios. The transactions would transfer costs incurred from expenses to assets.

Donated Assets: Donations of tangible assets (i.e. literature, art, land, etc.) will be valued at their estimated fair market value at the time of acquisition plus any eligible costs incurred. In-kind donations cannot be capitalized/depreciated.

Improvements and Replacements: Improvement is the substitution of a better asset, having superior performance capabilities i.e. installing a concrete floor in place of a wooden floor. Replacement is substitution of a similar asset. The capitalization of a cost incurred is determined when the

improvement or replacement increases the future service level as opposed to merely maintaining the existing level of service (estimated useful life).

I.E. Roof repairs are expensed to maintenance, complete replacement of a roof is capitalized as an additional asset.

Infrastructure: Infrastructure assets will be recorded with the most readily available cost estimates. Assets greater than 20 years old will be reported using the modified approach as described by GASB Statement No. 34 and 54 which does not record an annual depreciation expense but must meet the following two requirements:

1. Infrastructure asset management system with the following characteristics:
 - A. Up to date inventory of infrastructure assets
 - B. Condition assessments of infrastructure assets using a consistent and measurable scale
 - C. Demonstrating consistent annual maintenance and preservation
 - D. Estimating annual costs to maintain and preserve

2. Documentation of asset preservation and maintenance, including a complete condition assessment every three years.

Discussion was held regarding the decision from the last meeting about waiting to advertise for an open position in the Auditor's office beginning January 1, 2024. Motion to reconsider the motion to hold off discussion until May, 2024. (Arth/Bopp) Roll Call Vote: Yes – Arth, Bopp, Breker & Johnson. No – Anderson. Motion carried.

Motion to advertise for an Auditor's Office Trainee starting January 1, 2024 with an interview team of the Auditor, Courthouse Commissioner, Chairman of the Board and the Human Resources Director. Application deadline will be December 8th, 2023. (Arth/Johnson) Upon roll call vote, motion carried unanimously.

Tim Faber, Road Supervisor, arrived at the meeting. Mr. Faber stated that the culverts on 150th Ave SE in Hall Township have been removed; Jacobson Plumbing, Heating & Excavating should be at the shop on Monday to fix the drain; there are a couple of trucks in the shop; and that snow equipment has been installed on the John Deere grader.

Motion to approve the weed mowing that the road department has done & apply it to the 2023 real estate taxes. (Anderson/Johnson) Upon roll call vote, motion carried unanimously.

Motion to increase the mowing charge to \$500 per half mile starting January 1, 2024. (Anderson/Bopp) Upon roll call vote, motion carried unanimously.

Motion to approve the Application for Drainage Work within County Road Right-of-Way that had been received from Quandt Farms, Oakes, to install a tile outlet. Currently they have an aluminum pipe through the culvert and would like to bury a 12" pipe so nothing will be in the ditch on the County Road #2 at 88th St SE ½ mile east of Dickey/Sargent County Line along the south side of Section 19-131-58 – Verner Township. (Arth/Anderson) Upon roll call vote, motion carried unanimously.

Meeting adjourned at 11:43 a.m.

MARK BREKER – CHAIRMAN

ATTEST:

PAM MALONEY – COUNTY AUDITOR