

# AUDIT REPORT

EMMONS COUNTY  
Linton, North Dakota

For the Years Ended December 31, 2016 and 2015

**RATH & MEHRER, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

EMMONS COUNTY  
Linton, North Dakota

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For the Years Ended December 31, 2016 and 2015

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EMMONS COUNTY  
Linton, North Dakota

COUNTY OFFICIALS

Francis W. Lawler	Commission Chairman
Dennis J. Hummel	Commission Vice Chairman
Gary Hulm	Commissioner
Jeffrey J. Magrum	Commissioner
Leonard Weichel	Commissioner
Marlys Ohlhauser	Auditor/Treasurer
Anita Ibach	County Recorder/Clerk of Court
Gary R. Sanders	Sheriff
Donavin Grenz	States Attorney

# Rath & Mehrer, P.C.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Emmons County  
Linton, North Dakota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the county's preparation and fair presentation of the financial statements 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 the county's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the 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 Emmons County, Linton, North Dakota, as of December 31, 2016 and 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, budgeting comparison information on pages 43 through 55 and the schedule of employer's share of net pension liability on page 56 be presented to supplement the basic financial statements. Such 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. 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 audits 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.

### Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements.

The schedules of fund activity arising from cash transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 schedules of fund activity arising from cash transactions are 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 June 23, 2017 on our consideration of the 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 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 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 the county's internal control over financial reporting and compliance.

*Rath and Mehrer*

Rath and Mehrer, P.C.

Bismarck, North Dakota

June 23, 2017

EMMONS COUNTY

Management's Discussion and Analysis

December 31, 2016 and 2015

The Management's Discussion and Analysis (MD&A) of Emmons County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2016 and 2015. The intent of the MD&A is to look at the county's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

The MD&A is a new element of the Required Supplementary Information specified in the Government Accounting Standards Board's (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments". Certain comparative information between the current fiscal year and the prior years is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended December 31, 2016 are as follows:

- \* Net position of the county increased \$440,357 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$4,532,031.
- \* Total revenues from all sources were \$7,224,003.
- \* Total expenses were \$6,783,646.
- \* The county's general fund had \$2,090,829 in total revenues and \$1,891,737 in total expenditures. There was a total of \$164,540 paid from other financing uses. Overall, the general fund balance increased by \$34,551 for the year ended December 31, 2016.

Key financial highlights for the year ended December 31, 2015 are as follows:

- \* Net position of the county decreased \$2,141,149 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$4,091,674.
- \* Total revenues from all sources were \$5,354,209.
- \* Total expenses were \$7,495,358.
- \* The county's general fund had \$1,141,299 in total revenues and \$1,383,084 in total expenditures. There was a total of \$529,254 received from other financing sources. Overall, the general fund balance increased by \$287,469 for the year ended December 31, 2015.

## USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand the county as a financial whole. The statements then proceed to provide an increasingly detailed look at financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole county, presenting both an aggregate view of the county's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the county's general fund, county road and bridge fund, highway tax distribution fund, emergency fund, unorganized road and bridge fund, road projects fund and Beaver Bay Walther subdivision fund with all other governmental funds presented in total in one column.

## REPORTING ON THE COUNTY AS A WHOLE

### Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 2016 and 2015?"

The Statement of Net Position presents information on all the county's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The Statement of Activities presents information on how the county's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and/or vacation leave).

These two statements report the county's net position and changes in that position. This change in net position is important because it tells the reader whether, for the county as a whole, the financial position of the county has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the county reports governmental activities. Governmental activities are the activities where most of the county's programs and services are reported including, but not limited to, general government, public safety, highways and public improvement, health and welfare, culture and recreation, and conservation and economic development.

## REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

### Balance Sheet - Governmental Funds

The county uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the county to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the county's major funds. Using the criteria established by GASB Statement No. 34, the county's general fund, county road and bridge fund, highway tax distribution fund, emergency fund, unorganized road and bridge fund, road projects fund and Beaver Bay Walther subdivision fund are considered "major funds".

The county's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds".

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 2016, and 2015. A comparative analysis of county-wide data is presented for both current years and prior year.

As indicated in the financial highlights above, the county's net position increased by \$440,357 and decreased by \$2,141,149 for the years ended December 31, 2016 and 2015, respectively. Changes in net position may serve over time as a useful indicator of the county's financial position.

As of December 31, 2016 the county's net position of \$4,532,031 is segregated into three separate categories. Net investment in capital assets total \$2,053,094 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$2,455,112 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$23,826, which includes (\$902,142) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$925,968 is available to meet the county's ongoing obligations.

As of December 31, 2015 the county's net position of \$4,091,674 is segregated into three separate categories. Net investment in capital assets total \$2,089,698 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$2,038,818 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$36,842), which includes (\$935,317) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$898,475 is available to meet the county's ongoing obligations.



Table I  
 Net Position  
 As of December 31, 2016 and 2015  
 (With comparative totals for December 31, 2014)

	2016	2015	2014
<b>Assets</b>			
Current Assets	4,315,666	3,782,205	5,963,620
Capital Assets (net of accumulated depreciation)	2,511,771	2,768,563	2,701,200
<b>Total Assets</b>	<b>6,827,437</b>	<b>6,550,768</b>	<b>8,664,820</b>
Deferred Outflows of Resources	216,579	115,177	84,771
<b>Liabilities</b>			
Current Liabilities	341,326	280,828	255,045
Long-Term Liabilities	436,487	615,039	653,555
Net Pension Liability	831,470	878,924	1,016,556
<b>Total Liabilities</b>	<b>1,609,282</b>	<b>1,774,790</b>	<b>1,925,156</b>
Deferred Inflows of Resources	902,702	799,481	591,612
<b>Net Position</b>			
Net Investment in Capital Assets	2,053,094	2,089,698	2,006,410
Restricted	2,455,112	2,038,818	4,536,909
Unrestricted	23,826	(36,842)	(310,496)
<b>Total Net Position</b>	<b>4,532,031</b>	<b>4,091,674</b>	<b>6,232,823</b>

Table II shows the changes in net position for the fiscal years ended December 31, 2016 and 2015. A comparative analysis of county-wide data is presented for both current years and prior year.

Table II  
 Changes in Net Position  
 As of December 31, 2016 and 2015  
 (With comparative totals for December 31, 2014)

	2016	2015	2014
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for Services	336,865	242,768	273,032
Operating Grants and Contributions	3,704,480	1,861,072	2,825,867
<b>General Revenues:</b>			
Property Taxes	2,221,655	2,153,834	2,076,535
Other Taxes	110,842	116,427	112,784
Federal Aid - Unrestricted	41,060	16,960	90,284
State Aid - Unrestricted	646,813	787,596	602,173
Interest Earnings and Other Revenue	162,288	142,101	119,042
Gain on Trade-in/Disposal of Capital Assets		33,450	90,750
<b>Total Revenues</b>	<b>7,224,003</b>	<b>5,354,209</b>	<b>6,190,468</b>
<b>Expenses</b>			
General Government	1,348,961	1,307,904	1,308,898
Public Safety	630,568	635,155	472,714
Highways and Public Improve.	4,326,265	4,987,175	1,622,261
Health and Welfare	271,489	305,837	264,285
Culture and Recreation	63,350	44,705	41,545
Conser. and Economic Dvlpmnt.	108,695	96,852	84,740
Other	17,145	100,056	58,989
Interest on Long-Term Debt	17,173	17,673	22,126
<b>Total Expenses</b>	<b>6,783,646</b>	<b>7,495,358</b>	<b>3,875,558</b>
<b>Net Change in Position</b>	<b>440,357</b>	<b>(2,141,149)</b>	<b>2,314,910</b>

Property taxes constituted 31%, other taxes 2%, unrestricted state aid 9%, operating grants and contributions 51%, and charges for services made up 5% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2016.

General government constituted 20%, public safety 9%, highways and public improvement 64%, and health and welfare 4% of total expenses for governmental activities during the fiscal year ended December 31, 2016.

Property taxes constituted 40%, other taxes 2%, unrestricted state aid 15%, operating grants and contributions 35%, and charges for services made up 5% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2015.

General government constituted 17%, public safety 8%, highways and public improvement 67%, and health and welfare 4% of total expenses for governmental activities during the fiscal year ended December 31, 2015.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III

Total and Net Cost of Services  
As of December 31, 2016

	Total Cost Year Ended December 31, 2016	Total Cost Year Ended December 31, 2016
General Government	1,348,961	1,231,532
Public Safety	630,568	519,117
Highways and Public Improvement	4,326,265	550,465
Health and Welfare	271,489	238,324
Culture and Recreation	63,350	59,850
Conservation and Economic Dvlpmnt.	108,695	108,695
Other	17,145	17,145
Interest on Long-Term Debt	17,173	17,173
 Total Expenses	 <u>6,783,646</u>	 <u>2,742,301</u>
	=====	=====

Total and Net Cost of Services  
As of December 31, 2015

	Total Cost Year Ended December 31, 2015	Total Cost Year Ended December 31, 2015
General Government	1,307,904	1,181,435
Public Safety	635,155	420,922
Highways and Public Improvement	4,987,175	3,323,315
Health and Welfare	305,837	272,175
Culture and Recreation	44,705	44,705
Conservation and Economic Dvlpmnt.	96,852	96,852
Other	100,056	34,442
Interest on Long-Term Debt	17,673	17,673
 Total Expenses	 <u>7,495,358</u>	 <u>5,391,518</u>
	=====	=====

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$7,209,012 and expenditures of \$6,770,609 for the year ended December 31, 2016. As of December 31, 2016, the unassigned fund balance of the county's general fund was \$1,009,190 and total unassigned fund balances for all of the county's governmental funds was \$994,265. The county's governmental funds had total revenue of \$5,345,445 and expenditures of \$7,697,907 for the year ended December 31, 2015. As of December 31, 2015, the unassigned fund balance of the county's general fund was \$974,639 and total unassigned fund balances for all the county's governmental funds was \$973,059.

**GENERAL FUND BUDGET HIGHLIGHTS**

During the course of fiscal years 2016 and 2015, the county did not amend the general fund budgets.

Actual revenue for the year ended December 31, 2016 was \$163,769 more than budgeted. Actual expenditures for the year ended December 31, 2016 were under budget by \$286,090. This budget variance is due to the county overestimating appropriations for several departments included under general government, including the auditor/treasurer, states attorney and clerk of courts offices and for courthouse building and grounds. The county also overestimated appropriations for the sheriff's department and other public safety departments.

Actual revenue for the year ended December 31, 2015 was \$15,838 more than budgeted. Actual expenditures for the year ended December 31, 2015 were under budget by \$203,070. This budget variance is due to the county overestimating appropriations for several departments included under general government, including the auditor/treasurer, states attorney and tax director offices and for courthouse building and grounds.

**CAPITAL ASSETS**

As of December 31, 2016 and 2015, the county had \$2,511,771 and \$2,768,563, respectively, invested in capital assets. Table IV shows the balances as of December 31, 2016, 2015 and 2014.

Table IV  
Capital Assets  
(Net of Accumulated Depreciation)  
As of December 31, 2016 and 2015  
(With comparative totals for December 31, 2014)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Buildings	607,884	626,758	645,632
Machinery and Vehicles	1,903,887	2,141,805	2,055,568
Total (net of depreciation)	<u>2,511,771</u>	<u>2,768,563</u>	<u>2,701,200</u>
	=====	=====	=====

As of December 31, 2016, this total represents a decrease of \$256,792 in capital assets from January 1, 2016. As of December 31, 2015, this total represents an increase of \$67,363 in capital assets from January 1, 2015. During the years ending December 31, 2016 and 2015, the changes in machinery and vehicles were due to the purchase of machinery and vehicles for the county's highway and sheriff's departments including a 2016 140M3 Caterpillar motor grader, a 2011 Freightliner truck and a 2016 Chevy Tahoe.

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 6 to the audited financial statements which follow this analysis.

**DEBT ADMINISTRATION**

As of December 31, 2016, the county had \$627,940 in outstanding debt, which includes \$191,453 due within one year. As of December 31, 2015, the county had \$835,226 in outstanding debt, which includes \$220,188 due within one year. During fiscal years 2016 and 2015, the county issued one new long-term debt obligation:

Capital Lease Payable in the amount of \$166,750. The county obtained funding for the purchase of a 2016 Caterpillar 140M3 motor grader. This capital lease will have a final payment on December 31, 2020.

For a detailed breakdown of the long-term debt, readers are referred to Note 12 to the audited financial statements which follow this analysis.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers and creditors with a general overview of the county's finances and to show the county's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Marlys Ohlhauser, County Auditor/Treasurer, Emmons County, Linton, ND 58552.

EMMONS COUNTY  
Linton, North Dakota

Statement of Net Position  
December 31, 2016

	Primary	Component Units		
	Government			
	Governmental	Water Resource	Weed	District
	Activities	District	Control	Health
				Unit
<b>ASSETS:</b>				
Cash and Investments	4,266,054.78	415,149.18	175,490.31	202,176.14
Accounts Receivable	4,095.00			
Taxes Receivable	45,516.02	854.55	1,562.77	1,678.12
Capital Assets (net of accumulated depreciation):				
Buildings	607,884.00			
Machinery and Vehicles	1,903,887.00		48,642.00	
Total Capital Assets	2,511,771.00		48,642.00	
Total Assets	6,827,436.80	416,003.73	225,695.08	203,854.26
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	216,579.00			
<b>LIABILITIES:</b>				
Accounts Payable	94,313.96			
Salaries and Benefits Payable	51,813.27			
Interest Payable	3,745.45			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	191,453.08			
Due After One Year:				
Capital Leases Payable	267,224.32			
Compensated Absences Payable	169,262.19			
Net Pension Liability	831,470.00			
Total Liabilities	1,609,282.27			
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	615,451.35			
Changes in Resources Related to Pensions	287,251.00			
Total Deferred Inflows of Resources	902,702.35			
<b>NET POSITION:</b>				
Net Investment in Capital Assets	2,053,093.60		48,642.00	
Restricted for:				
Special Purposes	2,455,111.87			
Unrestricted	23,825.71	416,003.73	177,053.08	203,854.26
Total Net Position	4,532,031.18	416,003.73	225,695.08	203,854.26

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Statement of Net Position  
December 31, 2015

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Weed Control	District Health Unit
<b>ASSETS:</b>				
Cash and Investments	3,736,622.41	374,028.15	138,438.32	240,853.85
Accounts Receivable	15,058.00			
Taxes Receivable	30,524.40	619.88	945.93	1,123.41
Capital Assets (net of accumulated depreciation):				
Buildings	626,758.00			
Machinery and Vehicles	2,141,805.00		61,895.00	
Total Capital Assets	2,768,563.00		61,895.00	
Total Assets	6,550,767.81	374,648.03	201,279.25	241,977.26
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	115,177.00			
<b>LIABILITIES:</b>				
Accounts Payable	11,684.52			
Salaries and Benefits Payable	41,916.28			
Interest Payable	7,038.96			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	220,187.85			
Due After One Year:				
Capital Leases Payable	458,677.40			
Compensated Absences Payable	156,361.13			
Net Pension Liability	878,924.00			
Total Liabilities	1,774,790.14			
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	627,910.68			
Changes in Resources Related to Pensions	171,570.00			
Total Deferred Inflows of Resources	799,480.68			
<b>NET POSITION:</b>				
Net Investment in Capital Assets	2,089,697.75		61,895.00	
Restricted for:				
Special Purposes	2,038,818.40			
Unrestricted	(36,842.16)	374,648.03	139,384.25	241,977.26
Total Net Position	4,091,673.99	374,648.03	201,279.25	241,977.26

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Statement of Activities  
For the Year Ended December 31, 2016

	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Weed Control
<u>Functions/Programs</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	1,348,961.40	89,548.27	27,880.94	(1,231,532.19)		
Public Safety	630,567.84	93,129.11	18,321.27	(519,117.46)		
Highways and Public Improve.	4,326,264.63	143,031.25	3,632,768.56	(550,464.82)		
Health and Welfare	271,489.08	11,156.16	22,009.41	(238,323.51)		
Culture and Recreation	63,349.88		3,500.00	(59,849.88)		
Conser. and Economic Dvlpmnt.	108,695.02			(108,695.02)		
Other	17,145.06			(17,145.06)		
Interest on Long-Term Debt	17,173.23			(17,173.23)		
<b>Total Governmental Activities</b>	<b>6,783,646.14</b>	<b>336,864.79</b>	<b>3,704,480.18</b>	<b>(2,742,301.17)</b>		
<u>Component Units:</u>						
Water Resource District	13,144.43			(13,144.43)		
Weed Control	186,572.23	109,277.44			(77,294.79)	
District Health Unit	265,091.39	19,855.15	96,292.89			(148,943.35)

General Revenues:

Taxes:				
Property taxes; levied for general purposes	1,389,526.62	52,276.62	99,505.47	104,746.63
Property taxes; levied for special purposes	832,128.05			
Homestead tax credit	18,471.18			
Telecommunications taxes	9,178.23			
Transmission line taxes	38,074.29			
Emergency 911 taxes	45,118.67			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	5,706.83			
U.S. fish and wildlife	433.44			
Flood control	34,919.80			
State aid not restricted to specific program:				
State aid distribution	646,813.44			
Earnings on investments and other revenue	162,287.81	2,223.51	2,205.15	6,073.72
Total General Revenues	3,182,658.36	54,500.13	101,710.62	110,820.35
Change in Net Position	440,357.19	41,355.70	24,415.83	(38,123.00)
Net Position - January 1	4,091,673.99	374,648.03	201,279.25	241,977.26
Net Position - December 31	4,532,031.18	416,003.73	225,695.08	203,854.26

The accompanying notes are an integral part of these financial statements.





General Revenues:

Taxes:				
Property taxes; levied for general purposes	550,997.39	57,664.31	105,678.39	105,446.11
Property taxes; levied for special purposes	1,602,836.83			
Homestead tax credit	16,819.37			
Telecommunications taxes	8,999.11			
Transmission line taxes	44,986.68			
Emergency 911 taxes	45,621.91			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	8,809.55			
U.S. fish and wildlife	409.17			
Flood control	7,741.66			
State aid not restricted to specific program:				
State aid distribution	787,596.42			
Earnings on investments and other revenue	142,101.18	1,504.82	1,835.15	3,967.00
Gain on trade-in of capital assets	33,450.00		15,485.00	
Total General Revenues	3,250,369.27	59,169.13	122,998.54	109,413.11
Change in Net Position	(2,141,148.82)	15,433.02	(4,227.00)	(6,811.69)
Net Position - January 1	7,164,607.81	359,215.01	205,506.25	248,788.95
Prior Period Adjustment, See Note xx	(931,785.00)			
Net Position - January 1, as restated	6,232,822.81			
Net Position - December 31	4,091,673.99	374,648.03	201,279.25	241,977.26

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2016

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Emergency	Unorganized Road and Bridge	Road Projects	Beaver Bay Walther Subdivision	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>									
Cash and Investments	1,341,595.94	722,080.91	349,475.25	436,668.97	572,892.59	57,971.89	79,640.74	705,728.49	4,266,054.78
Accounts Receivable		4,095.00							4,095.00
Taxes Receivable	22,562.88	4,235.00		383.88	7,322.24			11,012.02	45,516.02
Interfund Receivable	14,925.38								14,925.38
<b>Total Assets</b>	<b>1,379,084.20</b>	<b>730,410.91</b>	<b>349,475.25</b>	<b>437,052.85</b>	<b>580,214.83</b>	<b>57,971.89</b>	<b>79,640.74</b>	<b>716,740.51</b>	<b>4,330,591.18</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts Payable	9,139.31				33,237.27	2,192.55	39,500.00	10,244.83	94,313.96
Salaries and Benefits Payable	6,812.06		44,501.21		500.00				51,813.27
Interfund Payable								14,925.38	14,925.38
<b>Total Liabilities</b>	<b>15,951.37</b>		<b>44,501.21</b>		<b>33,737.27</b>	<b>2,192.55</b>	<b>39,500.00</b>	<b>25,170.21</b>	<b>161,052.61</b>
<b>Deferred Inflows of Resources:</b>									
Unavailable Revenue	353,942.55	71,095.57		383.88	125,666.79			109,878.58	660,967.37
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>369,893.92</b>	<b>71,095.57</b>	<b>44,501.21</b>	<b>383.88</b>	<b>159,404.06</b>	<b>2,192.55</b>	<b>39,500.00</b>	<b>135,048.79</b>	<b>822,019.98</b>
<b>Fund Balances:</b>									
Restricted for:								9,305.98	9,305.98
General Government								152,542.89	152,542.89
Public Safety								209,166.34	1,690,186.57
Highways and Public Improve.		659,315.34	304,974.04		420,810.77	55,779.34	40,140.74	131,530.64	131,530.64
Health and Welfare								1,029.38	1,029.38
Culture and Recreation									436,668.97
Emergency Purposes				436,668.97				77.71	77.71
Debt Service								92,964.16	92,964.16
Other Purposes								(14,925.38)	994,264.90
Unassigned	1,009,190.28								
<b>Total Fund Balances</b>	<b>1,009,190.28</b>	<b>659,315.34</b>	<b>304,974.04</b>	<b>436,668.97</b>	<b>420,810.77</b>	<b>55,779.34</b>	<b>40,140.74</b>	<b>581,691.72</b>	<b>3,508,571.20</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>1,379,084.20</b>	<b>730,410.91</b>	<b>349,475.25</b>	<b>437,052.85</b>	<b>580,214.83</b>	<b>57,971.89</b>	<b>79,640.74</b>	<b>716,740.51</b>	<b>4,330,591.18</b>

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2015

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Emergency	Unorganized Road and Bridge	Road Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>								
Cash and Investments	1,390,965.69	516,326.66	421,110.51	435,599.15	218,816.83	46,643.99	707,159.58	3,736,622.41
Accounts Receivable		15,058.00						15,058.00
Taxes Receivable	8,751.34			1,377.96	4,684.74		15,710.36	30,524.40
Interfund Receivable	1,580.23							1,580.23
<b>Total Assets</b>	<b>1,401,297.26</b>	<b>531,384.66</b>	<b>421,110.51</b>	<b>436,977.11</b>	<b>223,501.57</b>	<b>46,643.99</b>	<b>722,869.94</b>	<b>3,783,785.04</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts Payable	4,729.53				3,069.79		3,885.20	11,684.52
Salaries and Benefits Payable	4,425.17		35,931.61				1,559.50	41,916.28
Interfund Payable							1,580.23	1,580.23
<b>Total Liabilities</b>	<b>9,154.70</b>		<b>35,931.61</b>		<b>3,069.79</b>		<b>7,024.93</b>	<b>55,181.03</b>
<b>Deferred Inflows of Resources:</b>								
Unavailable Revenue	417,503.75			1,377.96	113,113.16		126,440.21	658,435.08
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>426,658.45</b>		<b>35,931.61</b>	<b>1,377.96</b>	<b>116,182.95</b>		<b>133,465.14</b>	<b>713,616.11</b>
<b>Fund Balances:</b>								
Restricted for:								
General Government							122,757.92	122,757.92
Public Safety							128,088.11	128,088.11
Highways and Public Improve.		531,384.66	385,178.90		107,318.62	46,643.99	49,866.97	1,120,393.14
Health and Welfare							118,407.33	118,407.33
Culture and Recreation							3,196.54	3,196.54
Emergency Purposes				435,599.15				435,599.15
Debt Service							391.44	391.44
Other Purposes							168,276.72	168,276.72
Unassigned	974,638.81						(1,580.23)	973,058.58
<b>Total Fund Balances</b>	<b>974,638.81</b>	<b>531,384.66</b>	<b>385,178.90</b>	<b>435,599.15</b>	<b>107,318.62</b>	<b>46,643.99</b>	<b>589,404.80</b>	<b>3,070,168.93</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>1,401,297.26</b>	<b>531,384.66</b>	<b>421,110.51</b>	<b>436,977.11</b>	<b>223,501.57</b>	<b>46,643.99</b>	<b>722,869.94</b>	<b>3,783,785.04</b>

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended December 31, 2016

Total Fund Balances for Governmental Funds	3,508,571.20
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Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	5,467,679.00	
Less Accumulated Depreciation	(2,955,908.00)	
		2,511,771.00
Net Capital Assets		

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.	45,516.02
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The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources	216,579.00	
Total Deferred Inflows of Resources	(287,251.00)	
		(70,672.00)
Net Deferred Outflows/Inflows of Resources		

Long-term liabilities applicable to the county's governmental activities 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. Balances at December 31, 2016 are:

Capital Leases Payable	(458,677.40)	
Compensated Absences Payable	(169,262.19)	
Interest Payable	(3,745.45)	
Net Pension Liability	(831,470.00)	
		(1,463,155.04)
Total Long-Term Liabilities		

Total Net Position of Governmental Activities	4,532,031.18
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The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended December 31, 2015

Total Fund Balances for Governmental Funds		3,070,168.93
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	5,387,754.00	
Less Accumulated Depreciation	(2,619,191.00)	
Net Capital Assets	2,768,563.00	2,768,563.00
<p>Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.</p>		
		30,524.40
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources	115,177.00	
Total Deferred Inflows of Resources	(171,570.00)	
Net Deferred Outflows/Inflows of Resources	(56,393.00)	(56,393.00)
<p>Long-term liabilities applicable to the county's governmental activities 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. Balances at December 31, 2015 are:</p>		
Capital Leases Payable	(678,865.25)	
Compensated Absences Payable	(156,361.13)	
Interest Payable	(7,038.96)	
Net Pension Liability	(878,924.00)	
Total Long-Term Liabilities	(1,721,189.34)	(1,721,189.34)
Total Net Position of Governmental Activities		4,091,673.99

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2016

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Emergency	Unorganized Road and Bridge	Road Projects	Beaver Bay Walther Subdivision	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	1,380,333.54	974.16		1,087.47	405,762.23			472,802.55	2,260,959.95
Licenses, Permits and Fees	2,650.00								2,650.00
Intergovernmental	532,493.25	86,745.03	460,787.91		446,678.05	2,766,814.91		155,380.01	4,448,899.16
Charges for Services	137,164.09	28,865.74			15,165.51		99,000.00	54,019.45	334,214.79
Miscellaneous	38,187.75	58,061.43			19,107.48	33,512.53		13,418.62	162,287.81
<b>Total Revenues</b>	<b>2,090,828.63</b>	<b>174,646.36</b>	<b>460,787.91</b>	<b>1,087.47</b>	<b>886,713.27</b>	<b>2,800,327.44</b>	<b>99,000.00</b>	<b>695,620.63</b>	<b>7,209,011.71</b>
<b>Expenditures:</b>									
<b>Current:</b>									
General Government	1,173,460.03							190,662.90	1,364,122.93
Public Safety	465,597.21							146,750.11	612,347.32
Highways and Public Improve.	56,000.00	38,778.64	540,992.77		507,356.12	2,791,192.09	58,859.26	2,341.79	3,995,520.67
Health and Welfare								262,908.97	262,908.97
Culture and Recreation	47,330.90							16,018.98	63,349.88
Conser. and Economic Dvlpmnt.	108,695.02								108,695.02
Other	653.95			17.65				16,473.46	17,145.06
Capital Outlay	40,000.00				65,865.00				105,865.00
Debt Service:									
Principal		220,187.85							220,187.85
Interest		20,466.74							20,466.74
<b>Total Expenditures</b>	<b>1,891,737.11</b>	<b>279,433.23</b>	<b>540,992.77</b>	<b>17.65</b>	<b>573,221.12</b>	<b>2,791,192.09</b>	<b>58,859.26</b>	<b>635,156.21</b>	<b>6,770,609.44</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>199,091.52</b>	<b>(104,786.87)</b>	<b>(80,204.86)</b>	<b>1,069.82</b>	<b>313,492.15</b>	<b>9,135.35</b>	<b>40,140.74</b>	<b>60,464.42</b>	<b>438,402.27</b>

Other Financing Sources (Uses):

Transfers In	128,040.00	232,717.55					62,362.50	423,120.05	
Transfers Out	(292,580.05)						(130,540.00)	(423,120.05)	
Total Other Financing Sources (Uses)	(164,540.05)	232,717.55					(68,177.50)		
Net Change in Fund Balances	34,551.47	127,930.68	(80,204.86)	1,069.82	313,492.15	9,135.35	40,140.74	(7,713.08)	438,402.27
Fund Balance - January 1	974,638.81	531,384.66	385,178.90	435,599.15	107,318.62	46,643.99	-0-	589,404.80	3,070,168.93
Fund Balance - December 31	1,009,190.28	659,315.34	304,974.04	436,668.97	420,810.77	55,779.34	40,140.74	581,691.72	3,508,571.20

The accompanying notes are an integral part of these financial statements.



EMMONS COUNTY  
Linton, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2015

Major Funds

	County	Highway Tax	Emergency	Unorganized Road and Bridge	Road Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	560,502.23	98,430.05	395,232.52			1,178,976.33	2,233,141.13
Licenses, Permits and Fees	2,745.00						2,745.00
Intergovernmental	408,897.50	2,620.97	760,572.83		473,020.36	551,654.45	2,727,434.59
Charges for Services	138,218.73		9,500.00			57,048.56	240,022.79
Miscellaneous	30,935.24		17,146.87			40,962.10	142,101.18
Total Revenues	1,141,298.70	95,762.53	523,218.42	1,182,452.22	473,020.36	1,828,641.44	5,345,444.69
<b>Expenditures:</b>							
General Government	844,957.23					448,423.11	1,293,380.34
Public Safety	392,466.79					229,168.78	621,635.57
Highways and Public Improve.	50,307.22	1,048.56	709,379.29	2.36	2,471,360.16	262,759.88	4,634,770.52
Health and Welfare						302,363.88	302,363.88
Culture and Recreation						44,705.19	44,705.19
Conser. and Economic Dvlpmnt.	95,352.35			16.39		1,500.00	96,852.35
Other						100,039.92	100,039.92
Capital Outlay						399,380.00	399,380.00
Debt Service:							
Principal	3,950.00					61,117.90	182,674.95
Interest						4,530.90	22,087.53
Total Expenditures	1,383,083.59	4,998.56	709,379.29	18.75	2,471,360.16	1,454,609.56	7,697,906.64
Excess (Deficiency) of Revenues	(241,784.89)	90,763.97	(186,160.87)	101,032.27	(492,004.51)	374,031.88	(2,352,461.95)

Other Financing Sources (Uses):

Transfers In	591,616.86	22,865.66					62,362.50	676,845.02
Transfers Out	(62,362.50)						(614,482.52)	(676,845.02)
Proceeds from Capital Lease					166,750.00			166,750.00
<b>Total Other Financing Sources (Uses)</b>	<b>529,254.36</b>	<b>22,865.66</b>			<b>166,750.00</b>		<b>(552,120.02)</b>	<b>166,750.00</b>
<b>Net Change in Fund Balances</b>	<b>287,469.47</b>	<b>113,629.63</b>	<b>(186,160.87)</b>	<b>101,032.27</b>	<b>(325,254.51)</b>	<b>(1,998,339.80)</b>	<b>(178,088.14)</b>	<b>(2,185,711.95)</b>
<b>Fund Balance - January 1</b>	<b>687,169.34</b>	<b>417,755.03</b>	<b>571,339.77</b>	<b>334,566.88</b>	<b>432,573.13</b>	<b>2,044,983.79</b>	<b>767,492.94</b>	<b>5,255,880.88</b>
<b>Fund Balance - December 31</b>	<b>974,638.81</b>	<b>531,384.66</b>	<b>385,178.90</b>	<b>435,599.15</b>	<b>107,318.62</b>	<b>46,643.99</b>	<b>589,404.80</b>	<b>3,070,168.93</b>

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds 438,402.27

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

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

Current Year Capital Outlay	105,865.00	
Current Year Depreciation Expense	(362,657.00)	(256,792.00)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	0.00	
Repayment of Debt	220,187.85	220,187.85

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

Net Increase in Compensated Absences	(12,901.06)	
Net Decrease in Interest Payable	3,293.51	
Net Decrease to Pension Expense	33,175.00	23,567.45

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

Net Increase in Taxes Receivable		14,991.62

Change in Net Position of Governmental Activities		440,357.19

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds (2,185,711.95)

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

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

Current Year Capital Outlay	399,380.00	
Current Year Depreciation Expense	(365,467.00)	33,913.00

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.

Debt Proceeds	(166,750.00)	
Repayment of Debt	182,674.95	15,924.95

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

Net Increase in Compensated Absences	(14,921.53)	
Net Decrease in Interest Payable	4,414.60	
Net Increase to Pension Expense	(3,532.00)	(14,038.93)

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

Net Decrease in Taxes Receivable		(24,685.89)
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In the statement of activities, only the gain on the trade-in/disposal of capital assets is reported, whereas in the governmental funds, this transaction has no effect on financial resources. Thus the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.

33,450.00

Change in Net Position of Governmental Activities		(2,141,148.82)
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The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2016

	Agency Funds
<u>Assets:</u>	
Cash	968,081.36 =====
<u>Liabilities:</u>	
Due to Other Governments	968,081.36 =====

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2015

	Agency Funds
<u>Assets:</u>	
Cash	854,650.93
	=====
<u>Liabilities:</u>	
Due to Other Governments	854,650.93
	=====

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY  
Linton, North Dakota

Notes to the Financial Statements  
December 31, 2016 and 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The accompanying financial statements present the activities of the county. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Government 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 Emmons County.

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

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the county's three component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

Emmons County Water Resource District: The Emmons County Water Resource District's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the water resource district budget. The water resource district has the authority to issue its own debt.

Emmons County Weed Control: The Emmons County Weed Control's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the weed control budget. The weed control has the authority to issue its own debt.

Emmons County District Health Unit: The Emmons County District Health Unit's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the district health unit budget. The district health unit has the authority to issue its own debt.

The financial statements of each of the three discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Emmons County Auditor, 100 NW 4th Street, Linton, ND 58552.

## B. Basis of Presentation

*Government-wide Financial Statements:* The statement of net position and the statement of activities display information about the primary government, Emmons 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 nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the county's governmental activities. Direct expenses are those that are specifically associated with program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the county's funds including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

*County Road and Bridge.* This is the county's primary road maintenance fund. It accounts for a special levy and all financial resources related to highway maintenance, except those required to be accounted for in another fund.

*Highway Tax Distribution.* This fund accounts for the highway tax distribution from the State of North Dakota to be used for the maintenance and repair of roads within the county.

*Emergency.* This fund accounts for a special levy used to provide services during a county declared emergency.

*Unorganized - Road and Bridge.* This fund accounts for a special levy and state funding used for the maintenance and repair of township roads within the county.

*Road Projects.* This fund accounts for state funding for the purpose of infrastructure repairs within the county.

*Beaver Bay Walther Subdivision.* This fund accounts for assessments paid by property owners to the county for road improvements.

The county reports the following fund type:

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



C. 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. These 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. Nonexchange 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 general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the county funds certain programs by a combination of specific cost-reimbursements grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted components of net position 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.

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	40 to 100 years
Machinery and Vehicles	5 to 10 years

#### F. Compensated Absences

Vested or accumulation vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. The employees may carry forward a maximum of 200 hours of accrued annual leave past the employee anniversary date of employment.

Vested or accumulation sick leave is reported in the government-wide statement of net position. Compensation for unused sick leave will be granted to regular full-time and part-time employees working 20 hours or more per week. Sick leave is earned at the rate of one day per month (pro-rated for regular part-time employees). The maximum accrual for sick leave is 100 days. Employees who are terminating employment in good standing, shall be paid 20 days of unused sick leave.

#### G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### H. Pension

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

#### I. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the county is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

**Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

**Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

**Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the county commission through the adoption of a resolution. The county commission also may modify or rescind the commitment.

**Assigned** - Fund balances are reported as assigned when amounts are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The county reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

**Flow Assumptions** - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the county's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the county's policy to use fund balance in the following order:

- \* Committed
- \* Assigned
- \* Unassigned

**Net Position** - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the county has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

#### J. 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.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the county maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investments 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 any other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or other securities approved by the banking board.

At December 31, 2016 the county's carrying amount of deposits was \$4,892,954 and the bank balance was \$5,073,688. Of the bank balance, \$803,862 was covered by Federal Depository Insurance. The remaining balance of \$4,269,826 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2015 the county's carrying amount of deposits was \$4,458,569 and the bank balance was \$4,671,025. Of the bank balance, \$803,512 was covered by Federal Depository Insurance. The remaining balance of \$3,867,513 was collateralized with securities held by the pledging financial institution's agent in the government's name.

### Credit Risk

The county may invest idle funds as authorized in North Dakota Statutes, as follows:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation.
- (4) Obligations of the State.

At December 31, 2016 the county held certificates of deposit in the amount of \$352,194, which are all considered deposits.

At December 31, 2015 the county held certificates of deposit in the amount of \$350,968, which are all considered deposits.

### Concentration of Credit Risk

The county does not have a limit on the amount the county may invest in any one issuer.

#### Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due the county for services performed for cities, townships, etc. No allowance has been established for estimated uncollectible accounts receivable.

#### Note 4 TAXES RECEIVABLE

Taxes receivable represent the past two years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes and special assessment receivables.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% 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.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

Note 5 INTERFUND RECEIVABLES/PAYABLES

The interfund receivable/payable is created by a negative cash balance in the State Grants Fund. The amount shown as an interfund payable represents the amount of negative cash in this fund. The interfund receivable/payable for the years ended December 31, 2016 and 2015 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2016</u>		
General Fund	14,925.38	
State Grants		14,925.38
<u>December 31, 2015</u>		
General Fund	1,580.23	
State Grants		1,580.23

Note 6 CAPITAL ASSETS

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

Primary Government

	<u>2016</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
Capital assets				
being depreciated:				
Buildings	1,236,000			1,236,000
Machinery & Vehicles	4,151,754	105,865	25,940	4,231,679
Total	5,387,754	105,865	25,940	5,467,679
Less accumulated depreciation for:				
Buildings	609,242	18,874		628,116
Machinery & Vehicles	2,009,949	343,783	25,940	2,327,792
Total	2,619,191	362,657	25,940	2,955,908
Governmental Activities				
Capital Assets, Net	2,768,563	(256,792)	-0-	2,511,771
	=====	=====	=====	=====

	<u>2015</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
Capital assets				
<i>being depreciated:</i>				
Buildings	1,236,000			1,236,000
Machinery & Vehicles	3,840,474	545,380	234,100	4,151,754
Total	<u>5,076,474</u>	<u>545,380</u>	<u>234,100</u>	<u>5,387,754</u>
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	590,368	18,874		609,242
Machinery & Vehicles	1,784,906	346,593	121,550	2,009,949
Total	<u>2,375,274</u>	<u>365,467</u>	<u>121,550</u>	<u>2,619,191</u>
Governmental Activities				
Capital Assets, Net	<u>2,701,200</u>	<u>179,913</u>	<u>112,550</u>	<u>2,768,563</u>

Depreciation expense was charged to functions/programs of the county as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
General Government	10,820	10,820
Public Safety	17,889	11,223
Highways and Public Improve.	327,041	336,517
Health and Welfare	6,907	6,907
Total Depreciation Expense	<u>362,657</u>	<u>365,467</u>

Discretely Presented Component Unit

Weed Control Board

The following is a summary of changes in capital assets for the Emmons County Weed Control, a discretely presented component unit of Emmons County, for the years ended December 31:

	<u>2016</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
Capital assets				
<i>being depreciated:</i>				
Machinery & Vehicles	86,900			88,460
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Machinery & Vehicles	25,005	13,253		38,258
Governmental Activities				
Capital Assets, Net	<u>61,895</u>	<u>(13,253)</u>	<u>-0-</u>	<u>48,642</u>

	<u>2015</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
Capital assets being depreciated:				
Machinery & Vehicles	88,460	51,640	53,200	86,900
Less accumulated depreciation for:				
Machinery & Vehicles	50,872	13,253	39,120	25,005
Governmental Activities Capital Assets, Net	37,588	38,387	14,080	61,895

Depreciation expense was charged to functions/programs of the weed control as follows for the years ending December 31:

	<u>2016</u>	<u>2015</u>
Conservation and Economic Development	13,253	13,253

Note 7 ACCOUNTS PAYABLE

Accounts payable consist of amounts on open account for goods and services received prior to December 31 and chargeable to the appropriations for the periods then ended, but paid for subsequent to that date.

Note 8 SALARIES AND BENEFITS PAYABLE

Salaries and benefits payable consist of the December payroll, which was paid after year end.

Note 9 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31, 2016 and 2015.

Note 10 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivable and prepaid property taxes.

Unavailable revenue on the government-wide financial statements consists of prepaid property taxes.



Note 11 CAPITAL LEASES PAYABLE

The county has entered into the following lease agreements.

Lease-purchase of John Deere 772G motor grader due in annual installments of \$19,928.00, which include interest at 4.8%, through June 20, 2017.	18,995.87
Lease-purchase of (2) Caterpillar 140M2 motor graders due in annual installments of \$36,837.78, which include interest at 2.85%, through January 15, 2017.	35,816.99
Lease-purchase of (2) Caterpillar 140M2 motor graders due in annual installments of \$51,989.26, which include interest at 2.7%, through December 16, 2018.	99,939.56
Lease-purchase of John Deere 624K Wheel Loader due in annual installments of \$26,576.09, which include interest at 3.5%, through May 6, 2019.	74,375.98
Lease-purchase of Caterpillar 140M2 motor grader due in annual installments of \$32,536.82, which include interest at 2.5%, through November 1, 2019.	93,377.00
Lease-purchase of Caterpillar 140M3 motor grader due in annual installments of \$35,892.41, which include interest at 2.15%, through December 1, 2020.	136,172.00
<b>Total Capital Leases</b>	<u>458,677.40</u> =====

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the minimum lease payments at December 31, 2016;

<u>Year Ending</u> <u>December 31</u>	<u>Payments</u>
2017	203,510.42
2018	146,744.64
2019	94,755.38
2020	35,892.41
Total minimum lease payments	<u>480,902.85</u>
Less: amount representing interest	(22,225.45)
Present value of future minimum lease payments	<u>458,677.40</u> =====

Note 12 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2016 and 2015, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2016</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Capital Leases	678,865		220,188	458,677	191,453
Compensated Absences *	156,361	12,901		169,262	
<b>Total</b>	<b>835,226</b>	<b>12,901</b>	<b>220,188</b>	<b>627,939</b>	<b>191,453</b>

	<u>2015</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Capital Leases	694,790	166,750	182,675	678,865	220,188
Compensated Absences *	141,440	14,921		156,361	
<b>Total</b>	<b>836,230</b>	<b>181,671</b>	<b>182,675</b>	<b>835,226</b>	<b>220,188</b>

\* The changes in compensated absences is shown as a net change because changes in salary prohibit exact calculations of increases and decreases.

Note 13 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2016</u>		
Assessments General Fund	62,362.50	62,362.50
To set-aside county's share of assessment project.		
County Road and Bridge General Fund	230,217.55	230,217.55
To transfer share of property taxes.		
General Fund	128,040.00	
Social Security		60,000.00
County Park		6,000.00
Oasis Extended		14,000.00
Insurance Reserve		12,000.00
Comprehensive Health		2,000.00
Technology		34,000.00
Abandoned Cemeteries		40.00
County Road and Bridge	2,500.00	
County Road		1,700.00
County Loan		800.00

To transfer estimated amount of fund balance to close fund for funds with discontinued levies.

December 31, 2015

Assessments	62,362.50	
General Fund		62,362.50

To set-aside county's share of assessment project.

General Fund	591,616.86	
Social Security		27,589.34
Advertising		2,602.00
County Park		11,621.35
Oasis Extended		132,454.72
Insurance Reserve		47,413.54
Comprehensive Health		337,829.96
Technology		31,821.92
Abandoned Cemeteries		284.03
County Road and Bridge	22,865.66	
County Road		1,577.22
County Loan		21,288.44

To transfer estimated amount of fund balance to close fund for funds with discontinued levies.

Note 14 DEFICIT FUND BALANCES

The following funds had deficit balances at December 31:

	<u>2016</u>	<u>2015</u>
<u>Special Revenue Fund</u>		
State Grants	(14,925.38)	(1,580.23)
<u>Agency Fund</u>		
Reimbursable Accounts	(506.86)	

The county plans to eliminate these deficits with future revenue collections and/or transfers from other funds.

Note 15 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Emmons County Senior Citizens and Emmons County Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2016 and 2015, the county remitted \$55,388.23 and \$51,666.78 to the Senior Citizens and \$8,021.17 and \$8,480.44 to the Historical Society, respectively.

Note 16 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRF), 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 NDRF for its general liability, automobile and public assets insurance coverage. The coverage by NDRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$4,266,387 for public assets.

The county also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a 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 Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

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

Note 17 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 NDPERS plan is financed by investment income and contributions.

Responsibility for administration of the NDPERS benefits program is assigned to a Board comprised of seven 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 active membership of the NDPERS system; and one member elected by the retired public employees.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be 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. 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 of 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 covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% 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 25 months of service -  
Greater of two percent of monthly salary or \$25
- 25 to 36 months of service -  
Greater of three percent of monthly salary or \$25
- Longer than 36 months of service -  
Greater of four percent of monthly salary or \$25

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

At December 31, 2016, Emmons County reported a liability of \$831,470 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015 the county's proportion was .122278 percent, which was a decrease of .016196 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016 the county recognized pension expense of \$59,849. At December 31, 2016 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	-----	-----
Differences between expected and actual experience	24,122	
Changes in assumptions		74,080
Net difference between projected and actual earnings on pension plan investments	96,075	113,627
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,880	99,544
County contributions subsequent to the measurement date (see below)	93,502	
Total	<u>216,579</u> -----	<u>287,251</u> -----

\$93,502 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

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

Year ended June 30:	
-----	
2017	(41,924)
2018	(41,924)
2019	(41,924)
2020	(5,654)
2021	(32,739)
Thereafter	0

**Actuarial assumptions.** The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses.
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Morality Table with ages set back one year for males (not set back for females).

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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 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%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Equity Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

**Discount rate.** The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

Sensitivity of the county's proportionate share of the net pension liability to changes in the discount rate. The following presents the county's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
	-----	-----	-----
The county's proportionate share of the net pension liability	1,275,017	831,470	468,568

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

Note 18 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the Governmental Activities. This adjustment was made to account for the county's net pension liability less its deferred outflows of resources at December 31, 2014.



EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	1,333,541.14	1,333,541.14	1,380,333.54	46,792.40
Licenses, Permits and Fees	1,880.00	1,880.00	2,650.00	770.00
Intergovernmental	456,056.00	456,056.00	532,493.25	76,437.25
Charges for Services	122,582.35	122,582.35	137,164.09	14,581.74
Miscellaneous	13,000.00	13,000.00	38,187.75	25,187.75
<b>Total Revenues</b>	<b>1,927,059.49</b>	<b>1,927,059.49</b>	<b>2,090,828.63</b>	<b>163,769.14</b>
<u>Expenditures:</u>				
Current:				
General Government	1,345,591.81	1,345,591.81	1,173,460.03	172,131.78
Public Safety	580,535.56	580,535.56	465,597.21	114,938.35
Highways and Public Improve.	58,000.00	58,000.00	56,000.00	2,000.00
Culture and Recreation	74,000.00	74,000.00	47,330.90	26,669.10
Conser. and Economic Dvlpmnt.	116,899.54	116,899.54	108,695.02	8,204.52
Other	2,800.00	2,800.00	653.95	2,146.05
Capital Outlay			40,000.00	(40,000.00)
<b>Total Expenditures</b>	<b>2,177,826.91</b>	<b>2,177,826.91</b>	<b>1,891,737.11</b>	<b>286,089.80</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(250,767.42)</b>	<b>(250,767.42)</b>	<b>199,091.52</b>	<b>449,858.94</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	4,330.00	4,330.00	128,040.00	123,710.00
Transfers Out	(62,362.50)	(62,362.50)	(292,580.05)	(230,217.55)
<b>Total Other Financing Sources (Uses)</b>	<b>(58,032.50)</b>	<b>(58,032.50)</b>	<b>(164,540.05)</b>	<b>(106,507.55)</b>
<b>Net Change in Fund Balances</b>	<b>(308,799.92)</b>	<b>(308,799.92)</b>	<b>34,551.47</b>	<b>343,351.39</b>
<b>Fund Balance - January 1</b>	<b>974,638.81</b>	<b>974,638.81</b>	<b>974,638.81</b>	
<b>Fund Balance - December 31</b>	<b>665,838.89</b>	<b>665,838.89</b>	<b>1,009,190.28</b>	<b>343,351.39</b>

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	583,633.01	583,633.01	560,502.23	(23,130.78)
Licenses, Permits and Fees	2,760.00	2,760.00	2,745.00	(15.00)
Intergovernmental	386,968.00	386,968.00	408,897.50	21,929.50
Charges for Services	140,000.00	140,000.00	138,218.73	(1,781.27)
Miscellaneous	12,100.00	12,100.00	30,935.24	18,835.24
<b>Total Revenues</b>	<b>1,125,461.01</b>	<b>1,125,461.01</b>	<b>1,141,298.70</b>	<b>15,837.69</b>
<u>Expenditures:</u>				
Current:				
General Government	997,884.00	997,884.00	844,957.23	152,926.77
Public Safety	436,691.57	436,691.57	392,466.79	44,224.78
Highways and Public Improve.	50,307.22	50,307.22	50,307.22	
Conser. and Economic Dvlpmnt.	101,271.27	101,271.27	95,352.35	5,918.92
<b>Total Expenditures</b>	<b>1,586,154.06</b>	<b>1,586,154.06</b>	<b>1,383,083.59</b>	<b>203,070.47</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(460,693.05)</b>	<b>(460,693.05)</b>	<b>(241,784.89)</b>	<b>218,908.16</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	310,000.00	310,000.00	591,616.86	281,616.86
Transfers Out	(62,362.50)	(62,362.50)	(62,362.50)	
<b>Total Other Financing Sources (Uses)</b>	<b>247,637.50</b>	<b>247,637.50</b>	<b>529,254.36</b>	<b>281,616.86</b>
<b>Net Change in Fund Balances</b>	<b>(213,055.55)</b>	<b>(213,055.55)</b>	<b>287,469.47</b>	<b>500,525.02</b>
<b>Fund Balance - January 1</b>	<b>687,169.34</b>	<b>687,169.34</b>	<b>687,169.34</b>	
<b>Fund Balance - December 31</b>	<b>474,113.79</b>	<b>474,113.79</b>	<b>974,638.81</b>	<b>500,525.02</b>

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
County Road and Bridge Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	280,900.00	280,900.00	974.16	(279,925.84)
Intergovernmental	67,970.00	67,970.00	86,745.03	18,775.03
Charges for Services	6,500.00	6,500.00	28,865.74	22,365.74
Miscellaneous	57,000.00	57,000.00	58,061.43	1,061.43
Total Revenues	412,370.00	412,370.00	174,646.36	(237,723.64)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	315,000.00	315,000.00	38,778.64	276,221.36
Debt Service:				
Principal	220,187.85	220,187.85	220,187.85	
Interest	20,467.04	20,467.04	20,466.74	0.30
Total Expenditures	555,654.89	555,654.89	279,433.23	276,221.66
Excess (Deficiency) of Revenues Over Expenditures	(143,284.89)	(143,284.89)	(104,786.87)	38,498.02
<u>Other Financing Sources:</u>				
Transfers In			232,717.55	232,717.55
Net Change in Fund Balances	(143,284.89)	(143,284.89)	127,930.68	271,215.57
Fund Balance - January 1	531,384.66	531,384.66	531,384.66	
Fund Balance - December 31	388,099.77	388,099.77	659,315.34	271,215.57

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
County Road and Bridge Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental			7,741.66	7,741.66
Charges for Services	3,000.00	3,000.00	35,255.50	32,255.50
Miscellaneous	52,307.22	52,307.22	52,765.37	458.15
<b>Total Revenues</b>	<b>55,307.22</b>	<b>55,307.22</b>	<b>95,762.53</b>	<b>40,455.31</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	118,000.00	118,000.00	1,048.56	116,951.44
Debt Service:				
Principal			3,950.00	(3,950.00)
<b>Total Expenditures</b>	<b>118,000.00</b>	<b>118,000.00</b>	<b>4,998.56</b>	<b>113,001.44</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(62,692.78)</b>	<b>(62,692.78)</b>	<b>90,763.97</b>	<b>153,456.75</b>
<u>Other Financing Sources:</u>				
Transfers In			22,865.66	22,865.66
<b>Net Change in Fund Balances</b>	<b>(62,692.78)</b>	<b>(62,692.78)</b>	<b>113,629.63</b>	<b>176,322.41</b>
<b>Fund Balance - January 1</b>	<b>417,755.03</b>	<b>417,755.03</b>	<b>417,755.03</b>	
<b>Fund Balance - December 31</b>	<b>355,062.25</b>	<b>355,062.25</b>	<b>531,384.66</b>	<b>176,322.41</b>

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Highway Tax Distribution Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	567,167.00	567,167.00	460,787.91	(106,379.09)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	594,000.00	594,000.00	540,992.77	53,007.23
Net Change in Fund Balances	(26,833.00)	(26,833.00)	(80,204.86)	(53,371.86)
Fund Balance - January 1	385,178.90	385,178.90	385,178.90	
Fund Balance - December 31	358,345.90	358,345.90	304,974.04	(53,371.86)

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Highway Tax Distribution Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	550,713.00	550,713.00	522,926.82	(27,786.18)
Miscellaneous			291.60	291.60
<b>Total Revenues</b>	<b>550,713.00</b>	<b>550,713.00</b>	<b>523,218.42</b>	<b>(27,494.58)</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	831,050.00	831,050.00	709,379.29	121,670.71
<b>Net Change in Fund Balances</b>	<b>(280,337.00)</b>	<b>(280,337.00)</b>	<b>(186,160.87)</b>	<b>94,176.13</b>
<b>Fund Balance - January 1</b>	<b>571,339.77</b>	<b>571,339.77</b>	<b>571,339.77</b>	
<b>Fund Balance - December 31</b>	<b>291,002.77</b>	<b>291,002.77</b>	<b>385,178.90</b>	<b>94,176.13</b>

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Emergency Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	450.00	450.00	1,087.47	637.47
Intergovernmental	2,533.00	2,533.00		(2,533.00)
<b>Total Revenues</b>	<b>2,983.00</b>	<b>2,983.00</b>	<b>1,087.47</b>	<b>(1,895.53)</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	350,000.00	350,000.00		350,000.00
Other			17.65	(17.65)
<b>Total Expenditures</b>	<b>350,000.00</b>	<b>350,000.00</b>	<b>17.65</b>	<b>349,982.35</b>
<b>Net Change in Fund Balances</b>	<b>(347,017.00)</b>	<b>(347,017.00)</b>	<b>1,069.82</b>	<b>348,086.82</b>
<b>Fund Balance - January 1</b>	<b>435,599.15</b>	<b>435,599.15</b>	<b>435,599.15</b>	
<b>Fund Balance - December 31</b>	<b>88,582.15</b>	<b>88,582.15</b>	<b>436,668.97</b>	<b>348,086.82</b>

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Emergency Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	100,375.00	100,375.00	98,430.05	(1,944.95)
Intergovernmental	2,328.00	2,328.00	2,620.97	292.97
<b>Total Revenues</b>	<b>102,703.00</b>	<b>102,703.00</b>	<b>101,051.02</b>	<b>(1,651.98)</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	200,000.00	200,000.00	2.36	199,997.64
Other			16.39	(16.39)
<b>Total Expenditures</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>18.75</b>	<b>199,981.25</b>
<b>Net Change in Fund Balances</b>	<b>(97,297.00)</b>	<b>(97,297.00)</b>	<b>101,032.27</b>	<b>198,329.27</b>
<b>Fund Balance - January 1</b>	<b>334,566.88</b>	<b>334,566.88</b>	<b>334,566.88</b>	
<b>Fund Balance - December 31</b>	<b>237,269.88</b>	<b>237,269.88</b>	<b>435,599.15</b>	<b>198,329.27</b>



EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Unorganized - Road and Bridge Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	423,500.00	423,500.00	405,762.23	(17,737.77)
Intergovernmental	533,790.00	533,790.00	446,678.05	(87,111.95)
Charges for Services			15,165.51	15,165.51
Miscellaneous			19,107.48	19,107.48
Total Revenues	957,290.00	957,290.00	886,713.27	(70,576.73)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	956,285.80	956,285.80	507,356.12	448,929.68
Capital Outlay	150,000.00	150,000.00	65,865.00	84,135.00
Total Expenditures	1,106,285.80	1,106,285.80	573,221.12	533,064.68
Net Change in Fund Balances	(148,995.80)	(148,995.80)	313,492.15	462,487.95
Fund Balance - January 1	107,318.62	107,318.62	107,318.62	
Fund Balance - December 31	(41,677.18)	(41,677.18)	420,810.77	462,487.95

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Unorganized - Road and Bridge Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	405,379.97	405,379.97	395,232.52	(10,147.45)
Intergovernmental	696,092.00	696,092.00	760,572.83	64,480.83
Charges for Services			9,500.00	9,500.00
Miscellaneous			17,146.87	17,146.87
<b>Total Revenues</b>	<b>1,101,471.97</b>	<b>1,101,471.97</b>	<b>1,182,452.22</b>	<b>80,980.25</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	969,500.00	1,242,527.64	1,139,913.05	102,614.59
Capital Outlay	286,750.00	286,750.00	399,380.00	(112,630.00)
Debt Service:				
Principal	150,000.00	150,000.00	117,607.05	32,392.95
Interest	27,626.86	27,626.86	17,556.63	10,070.23
<b>Total Expenditures</b>	<b>1,433,876.86</b>	<b>1,706,904.50</b>	<b>1,674,456.73</b>	<b>32,447.77</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(332,404.89)</b>	<b>(605,432.53)</b>	<b>(492,004.51)</b>	<b>113,428.02</b>
<u>Other Financing Sources:</u>				
Proceeds from Capital Lease	166,750.00	166,750.00	166,750.00	
<b>Net Change in Fund Balances</b>	<b>(165,654.89)</b>	<b>(438,682.53)</b>	<b>(325,254.51)</b>	<b>113,428.02</b>
<b>Fund Balance - January 1</b>	<b>432,573.13</b>	<b>432,573.13</b>	<b>432,573.13</b>	
<b>Fund Balance - December 31</b>	<b>266,918.24</b>	<b>(6,109.40)</b>	<b>107,318.62</b>	<b>113,428.02</b>

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Road Projects Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	3,549,735.76	3,549,735.76	2,766,814.91	(782,920.85)
Miscellaneous			33,512.53	33,512.53
Total Revenues	3,549,735.76	3,549,735.76	2,800,327.44	(749,408.32)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	3,549,735.76	3,549,735.76	2,791,192.09	758,543.67
Net Change in Fund Balances			9,135.35	9,135.35
Fund Balance - January 1	46,643.99	46,643.99	46,643.99	
Fund Balance - December 31	46,643.99	46,643.99	55,779.34	9,135.35

EMMONS COUNTY  
Linton, North Dakota

Budgetary Comparison Schedule  
Road Projects Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	478,960.21	478,960.21	473,020.36	(5,939.85)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	2,446,994.00	2,446,994.00	2,471,360.16	(24,366.16)
Net Change in Fund Balances	(1,968,033.79)	(1,968,033.79)	(1,998,339.80)	(30,306.01)
Fund Balance - January 1	2,044,983.79	2,044,983.79	2,044,983.79	
Fund Balance - December 31	76,950.00	76,950.00	46,643.99	(30,306.01)

EMMONS COUNTY  
Linton, North Dakota

Notes to the Budgetary Comparison Schedules  
December 31, 2016 and 2015

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Annually, the board of county commissioners provides each office a department budget. The departments complete their budget and file it with the county auditor. Based upon the departmental budget requests and other financial information, the county auditor prepares the preliminary county budget. The budget is prepared for the general and special revenue funds on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The board of county commissioners holds a public hearing where any taxpayer may testify in favor or against any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before the October meeting, the board adopts the final budget and shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. No expenditure shall be made or liability incurred in excess of the total appropriation by fund, except for transfers as authorized by the North Dakota Century Code Section 11-23-07. However, the board of county commissioners may amend the budget, except for property taxes, during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

Note 2

LEGAL COMPLIANCE

The governing board approved the following amendments to the county's budget for the year ending December 31, 2015:

	Original Budget	Amendment	Amended Budget
	<u>Appropriations</u>		
<u>Special Revenue Fund</u>			
Road and Bridge			
Unorganized	1,433,877	273,028	1,706,905

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31, 2016 and 2015:

	2016	2015
<u>Special Revenue Funds</u>		
Road Projects		24,366.16
Social Security	319.73	
Advertising	671.64	
Historical Society		1,868.78
Senior Citizens		26,513.17
State Grants	9,172.66	46,414.90

No remedial action is anticipated or required by the county regarding these excess expenditures.

EMMONS COUNTY  
Linton, North Dakota

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

	2015 -----	2016 -----
County's proportion of the net pension liability	0.138474%	0.122278%
County's proportionate share of the net pension liability	878,924	831,470
County's covered-employee payroll	1,192,653	1,210,724
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.69%	68.68%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	77.15%

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

	2015 -----	2016 -----
Statutorily required contribution	78,900	86,203
Contributions in relation to the statutorily required contribution	(78,900)	(86,203)
Contribution deficiency (excess)	0	0
County's covered-employee payroll	1,192,653	1,210,724
Contributions as a percentage of covered-employee payroll	6.62%	7.12%

\* Complete data for this schedule is not available prior to 2015.

- For changes of assumptions, see Note 17 to the financial statements.

EMMONS COUNTY  
Linton, North Dakota

Schedule of Fund Activity  
Arising from Cash Transactions  
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
<b>Major Governmental Funds</b>						
General Fund	1,392,545.92	2,013,455.89	128,040.00	292,580.05	1,884,940.44	1,356,521.32
County Road and Bridge	516,326.66	252,469.93	232,717.55		279,433.23	722,080.91
Highway Tax Distribution	421,110.51	460,787.91			532,423.17	349,475.25
Emergency	435,599.15	1,087.47			17.65	436,668.97
Unorganized - Road and Bridge	218,816.83	896,629.40			542,553.64	572,892.59
Road Projects:						
HB 1358 Road Project	46,643.99	29,569.55			76,213.54	
SB 2103 Road Project		1,571,256.77			1,571,256.77	
HB 1176 Road Project		1,199,501.12			1,141,529.23	57,971.89
Beaver Bay Walther Subdivision		99,000.00			19,359.26	79,640.74
<b>Total Major Governmental Funds</b>	<b>3,031,043.06</b>	<b>6,523,758.04</b>	<b>360,757.55</b>	<b>292,580.05</b>	<b>6,047,726.93</b>	<b>3,575,251.67</b>
<b>Non-Major Governmental Funds</b>						
Human Services	161,507.53	214,193.23			207,529.44	168,171.32
Farm to Market Road	85,013.55	161,726.98			2,340.71	244,399.82
Social Security	60,699.81	2,591.88		60,000.00	319.73	2,971.96
Advertising	69.94	714.87			671.64	113.17
County Road	416.27	1,730.28		1,700.00	1.08	445.47
Auditorium	2,411.83	525.00				2,936.83
Corps Grant	6,541.32				749.97	5,791.35
State Aid Distribution	73,299.36	50,000.00			22,343.59	100,955.77
County Park	3,168.42	3,843.86		6,000.00	4.36	1,007.92
Oasis Extended	14,000.39	761.31		14,000.00	10.91	750.79
Emergency 911	26,290.36	45,118.67			43,962.22	27,446.81
Insurance Reserve	12,295.80	453.22		12,000.00	8.71	740.31
Comprehensive Health	821.69	2,110.94		2,000.00	34.71	897.92
County Historical Society	1,791.59	8,124.89			8,021.17	1,895.31
Senior Citizens	7,451.95	55,519.44			55,388.23	7,583.16
County Loan	391.44	493.45		800.00	7.18	77.71
County Jail	97,065.29	83,156.31			70,880.13	109,341.47
Technology	33,958.46	975.75		34,000.00	39.21	895.00
Abandoned Cemeteries	22.36	26.46		40.00	0.43	8.39
State Grants	(1,580.23)	8,827.51			22,172.66	(14,925.38)
Assessments	94,955.00	33,867.50	62,362.50		191,185.00	
Police Contract	24,987.22	8,995.79			4,685.00	29,298.01
<b>Total Non-Major Governmental Funds</b>	<b>705,579.35</b>	<b>683,757.34</b>	<b>62,362.50</b>	<b>130,540.00</b>	<b>630,356.08</b>	<b>690,803.11</b>
<b>Total Governmental Funds</b>	<b>3,736,622.41</b>	<b>7,207,515.38</b>	<b>423,120.05</b>	<b>423,120.05</b>	<b>6,678,083.01</b>	<b>4,266,054.78</b>
<b>Agency Funds</b>						
Permits	3,090.00	32,812.14				35,902.14
Tax Deposits		18,736.62			18,736.62	
Hazardous Chemicals	2,788.61	937.50				3,726.11
Extension Fund	2,926.69	2,442.00			771.65	4,597.04

(continued)

EMMONS COUNTY  
Linton, North Dakota

Schedule of Fund Activity  
Arising from Cash Transactions  
For the Year Ended December 31, 2016  
(continued)

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
<u>Agency Funds (cont.)</u>						
Asset Forfeiture Fund	10,168.29					10,168.29
Domestic Violence Victims Act		910.00			875.00	35.00
State General	7,451.95	28,481.19			28,349.98	7,583.16
District Court Costs		1,449.97			1,449.97	
Reimbursable Accounts	4,204.48	48,011.33			52,722.67	(506.86)
Document Preservation	19,452.14	7,069.50			8,294.54	18,227.10
Soil Conservation Districts	14,707.90	56,780.45			56,364.15	15,124.20
Hospital	37,259.81	143,276.17			142,620.06	37,915.92
Total Cities	91,536.15	538,128.37			516,475.53	113,188.99
Total City Park Districts	7,885.84	41,799.05			38,896.82	10,788.07
Total School Districts	536,047.41	2,136,680.17			2,098,110.58	574,617.00
Total Townships	3,118.01	16,217.13			16,643.27	2,691.87
State Game and Fish	5,339.00	9,685.00			14,939.00	85.00
Total Rural Fire Districts	35,430.89	144,907.76			143,643.00	36,695.65
Weed Control	22,040.82	123,041.04			99,591.22	45,490.64
Water Resource District	11,654.65	51,562.05			52,056.66	11,160.04
District Health Unit	23,273.47	104,458.99			104,219.87	23,512.59
Ambulance	11,207.59	53,793.81			50,172.16	14,829.24
Victim Witness Fee	1,998.33				1,998.33	
SO 24/7 Program	3,068.90	6,203.00			7,021.73	2,250.17
<b>Total Agency Funds</b>	<b>854,650.93</b>	<b>3,567,383.24</b>			<b>3,453,952.81</b>	<b>968,081.36</b>
<b>Total Primary Government</b>	<b>4,591,273.34</b>	<b>10,774,898.62</b>	<b>423,120.05</b>	<b>423,120.05</b>	<b>10,132,035.82</b>	<b>5,234,136.14</b>
<u>Discretely Presented</u>						
<u>Component Units</u>						
Weed Control	138,438.32	210,371.22			173,319.23	175,490.31
Water Resource District	374,028.15	54,265.46			13,144.43	415,149.18
District Health Unit	240,853.85	226,413.68			265,091.39	202,176.14
<b>Total Discretely Presented Component Units</b>	<b>753,320.32</b>	<b>491,050.36</b>			<b>451,555.05</b>	<b>792,815.63</b>
<b>Total Reporting Entity</b>	<b>5,344,593.66</b>	<b>11,265,948.98</b>	<b>423,120.05</b>	<b>423,120.05</b>	<b>10,583,590.87</b>	<b>6,026,951.77</b>



EMMONS COUNTY  
Linton, North Dakota

Schedule of Fund Activity  
Arising from Cash Transactions  
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<b>Major Governmental Funds</b>						
General Fund	866,653.00	1,384,177.73	591,616.86	62,362.50	1,387,539.17	1,392,545.92
County Road and Bridge	406,247.30	92,212.26	22,865.66		4,998.56	516,326.66
Highway Tax Distribution	599,932.63	523,218.42			702,040.54	421,110.51
Emergency	360,194.88	75,423.02			18.75	435,599.15
Unorganized - Road and Bridge	548,469.26	1,186,135.91			1,515,788.34	218,816.83
Road Projects:						
HB 1358 Road Project	2,044,983.79	473,020.36			2,471,360.16	46,643.99
<b>Total Major Governmental Funds</b>	<b>4,826,480.86</b>	<b>3,734,187.70</b>	<b>614,482.52</b>	<b>62,362.50</b>	<b>6,081,745.52</b>	<b>3,031,043.06</b>
<b>Non-Major Governmental Funds</b>						
Human Services	118,405.98	293,798.65			250,697.10	161,507.53
Farm to Market Road	174,030.08	171,688.59			260,705.12	85,013.55
Social Security	141,017.68	230,034.75		27,589.34	282,763.28	60,699.81
Advertising	3,057.76	4,159.92		2,602.00	4,545.74	69.94
County Road	3,471.61	6,517.24		1,577.22	7,995.36	416.27
Auditorium	2,156.83	255.00				2,411.83
Corps Grant	11,541.32				5,000.00	6,541.32
State Aid Distribution	68,208.54	50,000.00			44,909.18	73,299.36
County Park	17,994.21	29,520.31		11,621.35	32,724.75	3,168.42
Oasis Extended	100,073.63	63,182.14		132,454.72	16,800.66	14,000.39
Emergency 911	23,927.97	45,621.91			43,259.52	26,290.36
Insurance Reserve	62,179.55	61,132.48		47,413.54	63,602.69	12,295.80
Comprehensive Health	132,416.47	206,272.66		337,829.96	37.48	821.69
County Historical Society	1,700.21	8,571.82			8,480.44	1,791.59
Senior Citizens	6,497.61	52,621.12			51,666.78	7,451.95
County Loan	40,719.07	27,293.84		21,288.44	46,333.03	391.44
County Jail	68,425.25	102,919.90			74,279.86	97,065.29
Technology	79,835.41	62,696.45		31,821.92	76,751.48	33,958.46
Abandoned Cemeteries	1,029.11	1,877.69		284.03	2,600.41	22.36
State Grants		181,834.67			183,414.90	(1,580.23)
Assessments		32,592.50	62,362.50			94,955.00
Police Contract	13,732.33	11,254.89				24,987.22
<b>Total Non-Major Governmental Funds</b>	<b>1,070,420.62</b>	<b>1,643,846.53</b>	<b>62,362.50</b>	<b>614,482.52</b>	<b>1,456,567.78</b>	<b>705,579.35</b>
<b>Total Governmental Funds</b>	<b>5,896,901.48</b>	<b>5,378,034.23</b>	<b>676,845.02</b>	<b>676,845.02</b>	<b>7,538,313.30</b>	<b>3,736,622.41</b>
<b>Agency Funds</b>						
Permits		3,090.00				3,090.00
Tax Deposits	2,637.15	9,057.97			11,695.12	
Hazardous Chemicals	4,183.21	937.50			2,332.10	2,788.61
Extension Fund	2,341.60	1,278.80			693.71	2,926.69

(continued)

EMMONS COUNTY  
Linton, North Dakota

Schedule of Fund Activity  
Arising from Cash Transactions  
For the Year Ended December 31, 2015  
(continued)

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<u>Agency Funds (cont.)</u>						
Asset Forfeiture Fund		15,168.29			5,000.00	10,168.29
Domestic Violence Victims Act	35.00	455.00			490.00	
State General	6,524.21	25,993.52			25,065.78	7,451.95
District Court Costs		443.40			443.40	
Reimbursable Accounts	4,828.51	60,302.36			60,926.39	4,204.48
Document Preservation	18,499.68	10,237.15			9,284.69	19,452.14
Soil Conservation Districts		14,707.90				14,707.90
Hospital	32,620.86	130,663.94			126,024.99	37,259.81
Total Cities	76,697.12	407,630.38			392,791.35	91,536.15
Total City Park Districts	5,836.83	31,743.57			29,694.56	7,885.84
Total School Districts	484,395.25	1,920,415.10			1,868,762.94	536,047.41
Total Townships	1,949.80	21,587.82			20,419.61	3,118.01
State Game and Fish	7,569.00	23,045.00			25,275.00	5,339.00
Total Rural Fire Districts	31,462.65	134,514.51			130,546.27	35,430.89
Weed Control	18,234.64	119,067.71			115,261.53	22,040.82
Water Resource District	11,704.92	58,184.77			58,235.04	11,654.65
District Health Unit	21,309.97	108,403.16			106,439.66	23,273.47
Ambulance	11,818.33	58,249.01			58,859.75	11,207.59
Victim Witness Fee	4,780.47	2,250.00			5,032.14	1,998.33
SO 24/7 Program	1,986.20	6,018.00			4,935.30	3,068.90
<b>Total Agency Funds</b>	<b>749,415.40</b>	<b>3,163,444.86</b>			<b>3,058,209.33</b>	<b>854,650.93</b>
<b>Total Primary Government</b>	<b>6,646,316.88</b>	<b>8,541,479.09</b>	<b>676,845.02</b>	<b>676,845.02</b>	<b>10,596,522.63</b>	<b>4,591,273.34</b>
<u>Discretely Presented</u>						
<u>Component Units</u>						
Weed Control	166,199.33	181,442.16			209,203.17	138,438.32
Water Resource District	358,032.84	59,731.42			43,736.11	374,028.15
District Health Unit	246,687.36	207,140.93			212,974.44	240,853.85
<b>Total Discretely Presented</b> <b>Component Units</b>	<b>770,919.53</b>	<b>448,314.51</b>			<b>465,913.72</b>	<b>753,320.32</b>
<b>Total Reporting Entity</b>	<b>7,417,236.41</b>	<b>8,989,793.60</b>	<b>676,845.02</b>	<b>676,845.02</b>	<b>11,062,436.35</b>	<b>5,344,593.66</b>

# Rath & Mehler, P.C.

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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

Governing Board  
Emmons County  
Linton, 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 Emmons County, Linton, North Dakota, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated June 23, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the county's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the county'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. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the county's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

### 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 county's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rath and Mehrer*

Rath and Mehrer, P.C.

Bismarck, North Dakota

June 23, 2017

EMMONS COUNTY  
Linton, North Dakota

Schedule of Findings and Responses  
For the Years Ended December 31, 2016 and 2015

**SECTION I - SUMMARY OF AUDIT RESULTS:**

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified
Discretely Presented Component Units	Unmodified
Major Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	___ Yes	___ X ___ No
* Significant deficiency(ies) identified?	___ Yes	___ X ___ None Reported
Noncompliance Material to financial statements noted?	___ Yes	___ X ___ No

**SECTION II - FINANCIAL STATEMENT FINDINGS:**

No matters were reported