Financial Statements
December 31, 2017

Williams County

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Independent Auditor's Report

Board of County Commissioners
Williams County
Williston, North Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williams County, ND, as of and for the year ended December 31, 2017, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit 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 judgment, 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 entity'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 entity'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 modified cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williams County, ND, as of December 31, 2017, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williams County's financial statements. The Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions – Pension, Schedule of Employer's Share of Net OPEB Liability, and Schedule of Employer's Contributions – OPEB are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

The Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions – Pension, Schedule of Employer's Share of Net OPEB Liability, Schedule of Employer's Contributions – OPEB, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions – Pension, Schedule of Employer's Share of Net OPEB Liability, Schedule of Employer's Contributions – OPEB, and the Schedule of Expenditures of Federal Awards 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 March 29, 2019 on our consideration of Williams County, ND's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williams County, ND's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williams County's internal control over financial reporting and compliance.

Eide Bailly LLP

Bismarck, North Dakota
March 29, 2019

	Primary Government Governmental Activities	Component Unit Water Resource District
Assets		
Cash and investments	$ 67,179,544	$ 736,542
Capital assets not being depreciated		
Land	1,078,471	11,000
Construction in progress	44,759,114	-
Capital assets (net of accumulated depreciation)		
Land improvements	71,698	1,088,298
Infrastructure	72,591,376	-
Buildings	45,713,408	-
Building improvements	2,751,906	-
Machinery, furniture and equipment	9,121,705	60,770
Total capital assets	176,087,678	1,160,068
Total assets	243,267,222	1,896,610
Liabilities		
Long-term liabilities		
Due within one year		
Bond payable	30,000	-
Certificate of indebtedness	764,095	-
Due after one year		
Bond payable	2,466,301	-
Certificate of indebtedness	9,281,396	-
Total liabilities	12,541,792	-
Net Position		
Net investment in capital assets	163,545,886	1,160,068
Restricted for		
Public safety	5,576,888	-
Debt service	2,028,618	-
Conservation of natural resources	-	736,542
Highways	11,611,728	-
Unrestricted	47,962,310	
Total net position	230,725,430	1,896,610
Total liabilities and net position	$ 243,267,222	$ 1,896,610

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Water Resource District
Primary government						
Governmental activities						
General government	$ 11,813,530	$ 6,973,234	$ 133,330	$ -	$ (4,706,966)	$ -
Public safety	28,162,501	659,257	2,025,913	2,000,000	(23,477,331)	-
Highways	19,750,657	963,696	2,648,245	116,243	(16,022,473)	-
Health and welfare	4,445,284	24,132	956,089	-	(3,465,063)	-
Culture and recreation	57,113	6,765	151,079	-	100,731	-
Conservation of natural resources	490,623	-	2,197	-	(488,426)	-
Other	1,798	-	-	-	(1,798)	-
Interest and service charges	216,767	-	-	-	(216,767)	-
Total primary government	$ 64,938,273	$ 8,627,084	$ 5,916,853	$ 2,116,243	(48,278,093)	-
Component unit						
Water resource district	$ 383,400	$ -	$ 353,815	$ -	-	(29,585)
General revenues						
Taxes						
Property taxes, levied for general purposes					16,560,526	299,022
Oil and gas production tax					19,826,210	-
Highway tax distribution					3,429,429	-
Telecommunications tax					61,120	-
Sales/use tax					19,077,788	-
Nonrestricted grants and contributions					2,425,418	-
Earnings on investments					409,987	53
Mineral and oil royalties					466,332	-
Miscellaneous revenue					675,297	138,964
Rental income					54,887	-
Total general revenues					62,986,994	438,039
Loss on disposal of fixed assets					(480,877)	-
Change in net position					14,228,024	408,454
Net position - January 1					216,497,406	1,488,156
Net position - December 31					$ 230,725,430	$ 1,896,610

Williams County
Balance Sheet – Governmental Funds – Modified Cash Basis
December 31, 2017

	General	Public Safety 1% Sales Tax	County Road and Bridge/HTD	Facility Improvement	Debt Service Fund	Special Road Levy	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and investments	$ 34,715,020	$ 4,795,153	$ 2,418,922	$ 936,143	$ 2,028,618	$ 9,192,806	$ 8,075,725	$ 62,162,387
Interfund receivable	-	-	-	-	-	147,496	-	147,496
Total assets	$ 34,715,020	$ 4,795,153	$ 2,418,922	$ 936,143	$ 2,028,618	$ 9,340,302	$ 8,075,725	$ 62,309,883
Liabilities								
Interfund payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 147,496	$ 147,496
Fund Balances								
Nonspendable:								
Advances	-	-	-	-	-	147,496	-	147,496
Restricted for:								
Public safety	-	4,795,153	-	-	-	-	781,735	5,576,888
Debt service	-		-	-	2,028,618	-	-	2,028,618
Highways	-	-	2,418,922	-	-	9,192,806	-	11,611,728
Committed for:								
General government	360,290	-	-	-	-	-	1,410,124	1,770,414
Public safety	-	-	-	-	-	-	1,077,853	1,077,853
Health and welfare	-	-	-	-	-	-	519,230	519,230
Culture and recreation	-	-	-	-	-	-	460,538	460,538
Conservation of natural resources	-	-	-	-	-	-	2,019,984	2,019,984
Assigned for:								
General government	65,944	-	-	-	-	-	1,509,695	1,575,639
Public safety	184,786	-	-	-	-	-	229,069	413,855
Highways	-	-	-	-	-	-	405,904	405,904
Capital projects	-	-	-	936,143	-	-	-	936,143
Unassigned	34,104,000	-	-	-	-	-	(485,903)	33,618,097
Total fund balances	34,715,020	4,795,153	2,418,922	936,143	2,028,618	9,340,302	7,928,229	62,162,387
Total liabilities and fund balances	$ 34,715,020	$ 4,795,153	$ 2,418,922	$ 936,143	$ 2,028,618	$ 9,340,302	$ 8,075,725	$ 62,309,883

Total fund balances for governmental funds		$ 62,162,387
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	$ 233,053,019	
Less accumulated depreciation	(56,965,341)	
Net capital assets		176,087,678
An internal service fund is used by the County to charge the cost of health insurance claims to individual functions. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position is:		5,017,157
Long-term liabilities to the County's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at December 31, 2017 are		
Bond payable		(2,496,301)
Certificate of indebtedness		(10,045,491)
Total net position of governmental activities		$ 230,725,430

	General	Public Safety 1% Sales Tax	County Road and Bridge/HTD	Facility Improvement	Debt Service Fund	Special Road Levy	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 23,678,290	$ 19,077,788	$ 4,528,290	$ -	$ -	$ 6,038,081	$ 5,632,624	$ 58,955,073
Licenses, permits and fees	3,176,631	-	675,000	-	-	-	1,274,794	5,126,425
Intergovernmental	1,296,876	-	2,888,363	-	2,000,000	461,647	3,811,628	10,458,514
Charges for services	1,959,376	-	288,696	-	-	-	771,354	3,019,426
Interest income	379,323	-	-	-	-	-	5	379,328
Oil royalties	401,960	-	275	-	-	-	64,097	466,332
Rental income	-	-	-	-	-	-	54,887	54,887
Miscellaneous	100,207	-	31,937	535	-	122,070	420,548	675,297
Total revenues	30,992,663	19,077,788	8,412,561	535	2,000,000	6,621,798	12,029,937	79,135,282
Expenditures								
Current								
General government	7,729,596	-	-	40,983	-	-	2,766,514	10,537,093
Public safety	9,671,293	16,215,066	-	-	-	-	1,956,713	27,843,072
Highways	-	-	6,670,041	-	-	-	575	6,670,616
Health and welfare	-	-	-	-	-	-	4,426,124	4,426,124
Culture and recreation	-	-	-	-	-	-	31,765	31,765
Conservation of natural resources	-	-	-	-	-	-	419,469	419,469
Other	-	-	-	-	-	-	1,798	1,798
Capital outlay	685,012	-	1,747,498	24,846,575	-	853,372	2,335,327	30,467,784
Debt service								
Principal	-	-	-	-	3,924,920	-	35,000	3,959,920
Interest and service charges	-	-	-	-	209,528	-	7,239	216,767
Total expenditures	18,085,901	16,215,066	8,417,539	24,887,558	4,134,448	853,372	11,980,524	84,574,408
Excess (deficiency) of revenues over expenditures	12,906,762	2,862,722	(4,978)	(24,887,023)	(2,134,448)	5,768,426	49,413	(5,439,126)
Other Financing Sources (Uses)								
Loan proceeds	-	-	-	3,603,685	-	-	2,346,301	5,949,986
Transfers in	5,178,790	-	8,734,848	-	4,163,066	40,483	4,465,045	22,582,232
Transfers out	(4,226,146)	-	(4,441,328)	-		(1,687,542)	(12,227,216)	(22,582,232)
Total other financing sources (uses)	952,644	-	4,293,520	3,603,685	4,163,066	(1,647,059)	(5,415,870)	5,949,986
Net change in fund balances	13,859,406	2,862,722	4,288,542	(21,283,338)	2,028,618	4,121,367	(5,366,457)	510,860
Fund balance - January 1	20,855,614	1,932,431	(1,869,620)	22,219,481	-	5,218,935	13,294,686	61,651,527
Fund balance - December 31	$ 34,715,020	$ 4,795,153	$ 2,418,922	$ 936,143	$ 2,028,618	$ 9,340,302	$ 7,928,229	$ 62,162,387

Net change in fund balance - total governmental funds		$ 510,860
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 outlays exceeded depreciation in the current year		
Current year capital outlay	$ 30,467,784	
Current year depreciation expense	(14,791,569)	15,676,215
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net position		(480,877)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of debt		3,959,920
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.		(5,949,986)
An internal service fund is used by the County to charge the cost of medical claims to individual functions. The net revenue of the internal service fund is reported with governmental activities		511,892
Change in net position of governmental activities		$ 14,228,024

	Governmental Activity Internal Service Fund
Assets	
Current assets	
Cash	$ 5,017,157
Net Position	
Unrestricted	$ 5,017,157

	Governmental Activity Internal Service Fund
Operating Revenues	
Employer contributions	$ 3,771,483
Operating Expenses	
Claims	3,290,250
Operating income	481,233
Non-Operating Revenues	
Interest income	30,659
	30,659
Change in net position	511,892
Net position - January 1	4,505,265
Net position - December 31	$ 5,017,157

	Governmental Activity Internal Service Fund
Cash Flows from Operating Activities	
Received from employer	$ 3,771,483
Paid to administrator and employees	(3,290,250)
Net Cash From Operating Activities	481,233
Cash Flows from Investing Activities	
Interest received	30,659
Net Increase in Cash and Cash Equivalents	511,892
Cash and Cash Equivalents - January 1	4,505,265
Cash and Cash Equivalents - December 31	$ 5,017,157

	Agency Funds
Assets	
Cash and investments	$ 9,818,596
Liabilities	
Due to other governments	$ 9,818,596

Note 1 - Summary of Significant Accounting Policies

The financial statements of Williams County, Williston, North Dakota, have been prepared in conformity with the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of Williams 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 Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Williams 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 Williams County.

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

Component Unit

In conformity with a modified cash basis, the financial statements of the component unit have been included in the financial reporting entity as a discretely presented component unit.

Discretely Presented Component Unit – The component unit column in the government-wide financial statements includes the financial data of the County's one component unit, Williams County Water Resource District. This unit is reported in a separate column to emphasize that it is legally separate from the County.

Williams County Water Resource District – The members of the governing board are appointed by the Board of County Commissioners and can be removed from office by the County Commissioners for just cause. The County Commission can approve, disapprove or amend the district's annual budget.

Government-wide and Fund Financial Statements

Government-wide Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements.

Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Under this method, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred.

This basis differs from accounting principles generally accepted in the United States of America because accounts receivable, accounts payable, and accrued expenses are not included in the financial statements. Only capital assets and long-term debt are recorded under the basis of accounting described above on the statement of net position. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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.

Public Safety 1% Sales Tax Fund – This fund is used to track the County's portion of the 1% sales and use tax for the purpose of providing supplemental funding to public safety departments and agencies within the County.

County Road and Bridge/HTD Fund – This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund.

Debt Service Fund – This is the County's fund used to account for the payments on the outstanding bonds by using revenues from the sales/use tax.

Facility Improvement Fund – This is the County's fund used to account for the construction of the new County facilities.

Special Road Levy Fund – This is the County's fund used to account for the proceeds and uses of the special road levy.

Additionally, the County reports the following fund types:

Internal Service Fund – This fund accounts for health insurance coverage provided to other departments on a cost reimbursement basis.

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 fund is used to account for various deposits of other governments.

The County follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for all governmental entities. For the government-wide financial statements, the County follows all applicable GASB pronouncements to the extent they are applicable to the modified cash basis of accounting.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Equity Classifications

Government-wide Statements

Equity is classified as net position and is displayed in three components:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance Classification Policies and Procedures

The County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The County uses *restricted* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Cash and Investments

Cash includes amounts in demand deposits, money market accounts and certificates of deposit with a maturity date of 90 days or less.

Investments consist of certificates of deposit, with a maturity date in excess of 90 days, stated at fair value.

Budget

The County commission adopts an “appropriated budget” on the modified cash basis of accounting. The County Finance Director, through an enactment by the Williams County Board of County Commissioners, adopted August 16, 2016, performs certain statutory duties of the County Auditor, including preparing an annual budget for the general fund and each special revenue fund of the County. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them. The current budget, except for property taxes, may be amended throughout the year for revenues or appropriations anticipated when the budget was prepared. NDCC 57-15-31.1. Each budget is controlled by the County Finance Director, per the enactment adopted by the Williams County Board of County Commissioners on August 16, 2016, at the revenue and expenditure function/object level. All appropriations lapse at year-end. When expenditures are in excess of appropriations the County will fund these items through revenues in excess of budget, cash reserves of the fund, or from a cash transfer from other funds.

The County holds public hearings regarding disbursements. All tax levies and all taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04. The County commissioners meet on or before October to determine the amount of taxes that shall be levied for County purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. 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 the construction phase of capital assets is not capitalized.

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

Land improvements	20 years
Infrastructure	5 to 30 years
Buildings	100 years
Building improvements	20 years
Machinery, furniture and equipment	3 to 60 years

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 and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year incurred.

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. Payments on debt are recognized as other financing uses. 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.

Tax Revenues

The County receives sales tax payments through the State for local purchases. The sales tax is subject to a refund cap which is performed at the state level. The sales tax refunds are not measurable by the County until the County is notified by the State as to the amount of the refunds and the refunds are recorded by the County when received.

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

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

Pensions

For the purposes of measuring net pension liability and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is not reported under the modified cash basis of accounting, but the information disclosed in the pension footnote, Note 10, is shown as additional information to the users of the financial statements.

Other Post Employment Benefits (OPEB)

For the purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net OPEB liability is not reported under the modified cash basis of accounting, but the information disclosed in the OPEB footnote, Note 11, is shown as additional information to the users of the financial statements.

Interfund Transactions

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

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

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

Note 2 - 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 investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

At December 31, 2017, the pooled bank balance of the County funds and fiduciary funds was $77,182,897. The carrying amount of deposits was $76,998,140, which consisted of County deposits of $67,179,554 and agency fund deposits of $9,818,596. Of the bank balances, $1,750,000 was covered by Federal Depository Insurance. The remaining balance of $75,432,897 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2017, Williams County Water Resource District, a discretely presented component unit of Williams County, had a carrying amount of deposits of $736,542, all of which was covered by Federal Depository Insurance, and the bank balance was $690,978.

Interest Rate Risk – The County does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from changing interest rates, nor do the fiduciary funds or component unit. All investments are certificates of deposit.

Credit Risk

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

a) 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.
b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
d) Obligations of the state.

As of December 31, 2017, the County held certificates of deposit in the amount of $52,819,473. The Williams County Water Resource District, a discretely presented component unit of Williams County, held certificates of deposit in the amount of $38,811 which mature in 2022. The certificates of deposit are all considered deposits and are included in the above amount of total deposits.

As of December 31, 2017, the County held certificates of deposit with the following maturity dates:

	Within 1 Year	1 to 5 Years	Total
Certificates of Deposit	$ 50,778,494	$ 2,040,979	$ 52,819,473

Concentration of Credit Risk

The County does not have a limit on the amount the County may invest in any one issuer. All deposits and investments are held with the following six financial institutions: First International Bank, Bank of Tioga, First National Bank and Trust, American State Bank, Wells Fargo, and the Bank of North Dakota.

Note 3 - Advances to/from Other Funds

Advances to/from other funds are for long-term borrowing between the special road levy fund and the other governmental funds. The advances have 15-year terms, due in 2031, at an interest rate of 4.0%. Advances to/from other funds were $147,496 at December 31, 2017.

Note 4 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2017:

Primary Government

Governmental Activities	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets not being depreciated				
Land	$ 1,078,471	$ -	$ -	$ 1,078,471
Construction in progress	31,753,186	26,667,703	13,661,775	44,759,114
Total capital assets, not being depreciated	32,831,657	26,667,703	13,661,775	45,837,585
Capital assets being depreciated				
Land improvements	113,269	-	-	113,269
Infrastructure	102,583,495	13,648,591	-	116,232,086
Buildings	51,247,714	55,000	330,440	50,972,274
Building improvements	3,237,689	190,847	-	3,428,536
Machinery, furniture and equipment	14,384,918	4,468,564	2,384,213	16,469,269
Total capital assets, being depreciated	171,567,085	18,363,002	2,714,653	187,215,434
Less accumulated depreciation for				
Land improvements	35,908	5,663	-	41,571
Infrastructure	31,357,628	12,283,082	-	43,640,710
Buildings	4,752,599	635,921	129,654	5,258,866
Building improvements	513,488	163,142	-	676,630
Machinery, furniture and equipment	6,846,782	1,703,761	1,202,979	7,347,564
Total accumulated depreciation	43,506,405	14,791,569	1,332,633	56,965,341
Total capital assets being depreciated, net	128,060,680	3,571,433	1,382,020	130,250,093
Governmental activities - capital assets, net	$ 160,892,337	$ 30,239,136	$ 15,043,795	$ 176,087,678

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

Governmental Activities	
General government	$ 1,276,437
Public safety	319,429
Highways	13,080,041
Health and welfare	19,160
Conservation of natural resources	71,154
Culture and recreation	25,348
Total depreciation expense - governmental activities	$ 14,791,569

Component Unit – Williams County Water Resource District

Water Resource Board	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets not being depreciated				
Land	$ 11,000	$ -	$ -	$ 11,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	11,000	-	-	11,000
Capital assets being depreciated				
Land improvements	1,476,258	29,633	-	1,505,891
Machinery, furniture and equipment	507,877	-	-	507,877
Total capital assets, being depreciated	1,984,135	29,633	-	2,013,768
Less accumulated depreciation for				
Land improvements	325,981	91,612	-	417,593
Machinery, furniture and equipment	421,851	25,256	-	447,107
Total accumulated depreciation	747,832	116,868	-	864,700
Total capital assets being depreciated, net	1,236,303	(87,235)	-	1,149,068
Water resource board - capital assets, net	$ 1,247,303	$ (87,235)	$ -	$ 1,160,068

Note 5 - Interfund Transfers

Interfund transfers were used to move revenues from the funds that are required to collect them to funds that are allowed to expend them. The following is a reconciliation between transfers in and out for the year ended December 31, 2017:

Funds	Transfers In	Transfers Out
General Fund	$ 5,178,790	$ 4,226,146
County Road and Bridge/HTD	8,734,848	4,441,328
Debt Service Fund	4,163,066	-
Special Road Levy	40,483	1,687,542
Other Governmental Funds	4,465,045	12,227,216
Total transfers	$ 22,582,232	$ 22,582,232

Note 6 - Long-Term Liabilities

Changes in long-term liabilities – During the year ended December 31, 2017, the following changes occurred in liabilities reported as long-term debt:

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bond payable	$ 185,000	$ 2,346,301	$ 35,000	$ 2,496,301	$ 30,000
Certificate of indebtedness	10,366,726	3,603,685	3,924,920	10,045,491	764,095
Total	$ 10,551,726	$ 5,949,986	$ 3,959,920	$ 12,541,792	$ 794,095

Outstanding debt at December 31, 2017 consists of the following issues:

Bonds Payable

$2,860,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of $122,488 to $158,634, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Bond Paving fund	$ 2,038,146
$370,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of $18,519 to $23,984, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Bond Paving fund	308,155
$485,000 refunding improvement bonds dated June 1, 2007 for assisting with the construction of a road project. Annual installments of $20,000 to $35,000, plus interest, through May 1, 2022; interest at 4.0% to 4.35%, liquidated out of the Bond Paving fund	150,000
	$ 2,496,301

Debt service requirements on long-term debt at December 31, 2017 are as follows:

Year Ending December 31	Bond Payable Principal	Bond Payable Interest
2018	$ 30,000	$ 38,642
2019	171,007	50,785
2020	173,719	46,768
2021	176,730	42,449
2022	179,679	38,198
2023-2027	794,656	141,461
2028-2032	877,816	58,301
2033	92,694	920
Totals	$ 2,496,301	$ 417,524

Certificate of Indebtedness

$23,450,000 Certificate of Indebtedness Series 2017 - due in monthly installments of $33,972 through February 20, 2029; variable interest rate (2.5% at December 31, 2017), liquidated out of the Debt Service Fund	$ 3,603,686
$12,200,000 Certificate of Indebtedness Series 2014 - due in monthly installments of $110,905 through August 15, 2025; variable interest rate (2.88% at December 31, 2017), liquidated out of the Debt Service Fund	6,441,805
	$ 10,045,491

Debt service requirements on long-term debt at December 31, 2017 are as follows:

Year Ending December 31	Certificate of Indebtedness Principal	Certificate of Indebtedness Interest
2018	$ 764,095	$ 264,307
2019	1,050,441	242,894
2020	1,133,551	212,423
2021	1,166,299	179,675
2022	1,199,360	146,613
2023-2027	4,263,512	276,969
2027-2029	468,233	7,375
	$ 10,045,491	$ 1,330,256

The County has pledged future revenues related to oil and gas production tax revenues to repay Certificate of Indebtedness Series 2017. Proceeds from the certificate provided financing for construction and remodeling county facilities including detention and law enforcement centers. The County has drawn $3,603,685 of the available $23,450,000 on the certificate as of December 31, 2017. The certificate of indebtedness is payable through 2029. The total principal and interest remaining to be paid on the certificate is $4,182,042. Interest-only payments of $9,407 were made during the year. Total oil and gas production tax revenues were $19,826,210 in the current year.

The County has pledged future revenues related to oil and gas production tax revenues to repay Certificate of Indebtedness Series 2014. Proceeds from the certificate provided financing for the County's new Highway complex facility. The County had drawn the full available amount of $12,200,000 on the certificates as of December 31, 2017. The certificate of indebtedness is payable through 2025. The total principal and interest remaining to be paid on the certificate is $7,193,704. Principal payments of $3,924,919 and interest payments of $200,122 were made during the year. Total oil and gas production tax revenues were $19,826,210 in the current year.

Note 7 - Related Organizations

Williams County is also responsible for levying a property tax for the Williams County Council on Aging and Williams County Historical Society but the County's accountability for these entities does not extend beyond levying the tax. In 2017, the County remitted $381,854 to the Williams County Council on Aging and $18,358 to the Williams County Historical Society, respectively.

Note 8 - Joint Ventures

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

Audited summary financial information for the year ended December 31, 2017, the most recent year audited, is as follows:

Cash and investments	$ 1,627,999
Other assets	412,924
Total assets	2,040,923
Deferred outflows of resources	821,775
Total assets and deferred outflows of resources	$ 2,862,698
Total liabilities	$ 2,470,885
Deferred inflows of resources	140,262
Total net position	251,551
Total liabilities, deferred inflows of resources, and net position	$ 2,862,698
Total revenues	$ 3,049,274
Total expenses	3,178,439
Change in net position	$ (129,165)

Complete financial statements may be obtained from the Upper Missouri District Health Unit; 110 W Broadway Suite 101, Williston, ND 58801-6032.

Note 9 - Individual Fund Deficits

Fund	Amount
Sheriffs Grant	$ (177,808)
Drug Task Force	(160,599)
Ranches @ West Acres 1st Add Paving	(147,496)

The fund deficits are the result of the increased activity that continues to take place in the County. The Commissioners approved a motion to cover all fund deficits through future revenue sources.

Expenditures over Appropriations – the County exceeded the budget for the Public Safety – 1% Sales Tax Fund by $9,615,067, Debt Service Fund by $2,414,462, Self-Insurance Fund by $143,337, Emergency Poor Fund by $127,109, County Poor Fund by $4,119,053, E-911 Emergency Communications by $417,619, Sheriff's Grant Fund by $860,685, Dive Team Special Fund by $140, States Attorney Grants by $264, States Attorney Witness by $10,508, Drug Forfeiture Money by $8,407, and Vector Control #1 by $255,568, all of which were covered by excess revenues. No remedial action is required for the expenditures over appropriations.

Note 10 - Pension Plan

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

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

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

The Law Enforcement System is a cost-sharing multiple-employer defined benefit pension plan that covers peace officers and correctional officers employed by participating political subdivisions. Effective August 1, 2015, the plan will include National Guard Security Officers and Firefighters. The Law Enforcement System provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of 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 the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statue. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 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 of the Law Enforcement System are entitled to unreduced monthly pension benefits at normal retirement age (55) or the Rule of 85. The monthly pension benefit for the Law Enforcement is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service.

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

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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 and Law Enforcement, 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 and Law Enforcement, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Refunds of Member Contribution

Upon termination, if a member of the Main System and Law Enforcement is not vested (is not 65 or does not have three years of service), they will receive the accumulated member 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 state statute and are a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation for Public Employees Retirement System.

Contribution rates for the Law Enforcement System are established as follows:

Plan	Member contribution rate	Employer contribution rate
Law Enforcement with previous service		
Political Subdivisions	5.50%	9.81%
State	6.00%	10.31%
National Guard	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

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

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

Net Pension Liability

At December 31, 2017, the Employer's proportionate share of the net pension liability for Main System and Law Enforcement is $16,527,899 and $3,078,197. The net pension liability was measured as of July 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System and Law Enforcement pension plans relative to the covered payroll of all participating Main System and Law Enforcement employers. At July 1, 2017, the Employer's proportion was 1.028284 percent for the Main System and 13.981512 percent for Law Enforcement which was an increase of 0.169378 percent and decrease of 6.62488 percent, respectively, from its proportion measured as of July 1, 2016. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3.50%
Salary Increases (Payroll Growth)	Years of Service at beginning of Year	
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36 - 40	7.50%
	41 - 49	6.00%
	50 +	5.00%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment Rate of Return	7.75%, net of investment expenses, including inflation	
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 Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.05%
International Equity	21%	6.70%
Private Equity	5%	10.20%
Domestic Fixed Income	17%	1.43%
International Fixed Income	5%	-0.45%
Global Real Assets	20%	5.16%
Cash Equivalents	1%	0.00%

Discount Rate

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

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

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease in Discount Rate (5.44%)	Discount Rate (6.44%)	1% Increase in Discount Rate (7.44%)
County's proportionate share of the Main System net pension liability	$ 22,437,128	$ 16,527,899	$ 11,611,666

	1% Decrease in Discount Rate (5.44%)	Discount Rate (6.44%)	1% Increase in Discount Rate (7.44%)
County's proportionate share of the Law Enforcement System net pension liability	$ 4,632,127	$ 3,078,196	$ 1,813,912

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 11 - Other Post Employment Benefits

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

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

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

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

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

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

At December 31, 2017, the Employer's proportionate share of the net OPEB liability is $1,061,591. The net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2017, the Employer's proportion was 1.342069%.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	2.50%
Investment Rate of Return	7.75%, net of investment expenses
Salary Increases	Not applicable
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 Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
County's proportionate share of the NDPERS net OPEB liability	$ 1,328,983	$ 1,061,591	$ 832,389

Note 12 - Risk Management

Williams 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 (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Williams County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and automobile and $6,825,366 for inland marine.

Williams County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Williams 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 one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides Williams County with blanket fidelity bond coverage in the amount of $2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Note 13 - Commitments and Contingencies

Litigation

The County is a defendant in a lawsuit where the plaintiff is claiming the County unlawfully received oil bonus money in the amount of $1,314,517. Subsequent to December 31, 2017, the district court ruled in favor of the plaintiff and entered into a judgment against the count in the amount of $1,314,517. The County has appealed the decision, and the appeal is currently pending before the North Dakota Supreme Court. No charges to expenditures or liabilities were accrued in the accompanying 2017 financial statements as the County reports on the modified cash basis of accounting.

Construction Commitments

At December 31, 2017, the County had approximately $19,538,000 of commitments outstanding related to construction projects.

Supplementary Information
December 31, 2017

Williams County

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
NDPERS Main System	6/30/2015	0.858906%	$ 5,840,414	$ 7,651,808	76.33%	77.15%
NDPERS Main System	6/30/2016	1.041346%	$ 10,148,932	$ 10,494,308	96.71%	70.46%
NDPERS Main System	6/30/2017	1.028284%	$ 16,527,899	$ 10,497,172	157.45%	61.98%
NDPERS Law Enforcement	6/30/2015	20.6064%	$ 1,251,946	$ 3,020,167	41.45%	83.61%
NDPERS Law Enforcement	6/30/2016	13.904978%	$ 1,593,296	$ 3,924,798	40.60%	78.73%
NDPERS Law Enforcement	6/30/2017	13.981512%	$ 3,078,197	$ 4,021,877	76.54%	69.86%

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDPERS Main System	12/31/2015	$ 1,531,005	$ (1,531,005)	$ -	$ 10,033,099	15.26%
NDPERS Main System	12/31/2016	$ 759,771	$ (744,575)	$ 15,196	$ 10,494,308	7.10%
NDPERS Main System	12/31/2017	$ 761,172	$ (847,558)	$ (86,386)	$ 10,497,172	8.07%
NDPERS Law Enforcement	12/31/2015	$ 601,399	$ (601,399)	$ -	$ 3,655,915	16.45%
NDPERS Law Enforcement	12/31/2016	$ 331,508	$ (395,489)	$ (63,981)	$ 3,924,801	10.08%
NDPERS Law Enforcement	12/31/2017	$ 420,192	$ (455,651)	$ (35,459)	$ 4,021,877	11.33%

Other Post Employment Benefits Plan	Measurement Date	Employer's Proportion (Percentage) of the Net OPEB Liability	Employer's Proportionate Share (Amount) of the Net OPEB Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
NDRHICF	6/30/2017	1.342069%	$ 1,061,591	$ 14,519,049	7.31%	77.15%

Other Post Employment Benefits Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDRHICF	12/31/2017	$ 168,774	$ (188,654)	$ (19,880)	$ 14,519,049	1.30%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

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

Changes of Assumptions

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2017, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

Notes to the Schedule of Employer's Share of Net Other Post Employment Benefits Liability and Schedule of Employer's Contributions

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

Changes of Assumptions

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2017, based on the results of an actuarial experience study completed in 2017. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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Independent Auditor's 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*

Board of County Commissioners
Williams County
Williston, North Dakota

We have audited, 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, the modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williams County, North Dakota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Williams County's basic financial statements and have issued our report thereon dated March 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Williams 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 Williams County's internal control. Accordingly, we do not express an opinion on the effectiveness of Williams County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2017-A, 2017-B, 2017-C and 2017-D to be material weaknesses.

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williams 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Williams County's Responses to Findings

Williams County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Williams County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Eide Bailly LLP

Bismarck, North Dakota
March 29, 2019

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance

Board of County Commissioners
Williams County
Williston, North Dakota

Report on Compliance for Each Major Federal Program
We have audited Williams County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Williams County's major federal programs for the year ended December 31, 2017. Williams County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for Williams County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Williams County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Williams County's compliance.

Opinion on the Major Federal Programs
In our opinion, Williams County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

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Report on Internal Control over Compliance
Management of Williams County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Williams County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Williams County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Bismarck, North Dakota
March 29, 2019

Federal Grantor, Pass-through Grantor and Program Title	Federal CFDA Number	Grant Number	Expenditures
US Department of Justice			
Direct Assistance			
Edward Byrne Memorial Justice Assistance Grant	16.738	CY17408	$ 41,483
Passed through State Division of Juvenile Services and State Juvenile Justice State Advisory Group			
Juvenile Justice and Delinquency Prevention	16.540	2013-MU-FX-0032 & 2015-JF-FX-0030	22,658
Passed through State Department of Corrections and Rehabilitation			
Victims of Crime Act (VOCA)	16.240	2016-VA-GX-0038/2	50,077
Total U.S. Department of Justice			114,218
US Department of Transportation			
Passed through State Department of Transportation			
Highway Safety Cluster			
Alcohol Enforcement	20.616	PHSPOP1605-05-47	2,058
Click It or Ticket Grant	20.616	PHSPID1610-02-50	1,301
Cluster Total			3,359
Total Department of Transportation			3,359
US Department of Health and Human Services			
Passed through State Department of Human Services			
Promoting Safe & Stable Families	93.556	S071 & S075	17,623
TANF Cluster			
Temporary Assistance for Needy Families	93.558	S114	331,137
CCDF Cluster			
Child Care Mandatory and Matching Funds	93.596	S115	9,167
Children's Justice Grants to States	93.643	N/A	120
Stephanie Tubbs Jones Child Welfare Services	93.645	S073	11,310
Foster Care Title IV-E	93.658	S067	280,738
Adoption Assistance	93.659	S070	3,467
Maternal and Child Health Services Block Grant to the States	93.994	S023	4,654
Total US Department of Health and Human Services			658,216
US Department of Homeland Security			
Direct Assistance			
Game & Fish Boating Safety Grant	97.012	3317FAS170138	1,669
Passed through State Department of Emergency Services			
Emergency Management Performance Grants	97.042	A0053-001-2015-2015-EMPG	39,976
Total US Department of Homeland Security			41,645
US Department of Interior			
Passed through State Treasurer			
Taylor Grazing	15.227	4840	36
Flood Control Act	15.433	4150	301,903
Mineral Leasing Act (Public Domain Royalties)	15.437	4220	401,960
Total US Department of Interior			703,899
Total Expenditures of Federal Awards			$ 1,521,337

Note A - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes grant activity of Williams County and is presented using the same basis of accounting as disclosed in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Williams County receives federal awards both directly from federal agencies and indirectly through pass-through entities. Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Significant Accounting Policies

Federal reimbursements and interest income are recognized when received and federal expenditures are recognized when paid. For certain programs shown on the schedule of expenditures of federal awards federal reimbursements are not based upon specific expenditures, the amounts reported here represent cash received rather than federal expenditures. The County's summary of significant accounting policies is presented in Note 1 in their basic financial statements.

The County has not elected to use the 10% de minis cost rate.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Programs	CFDA number
Temporary Assistance for Needy Families	93.558
Mineral Leasing Act (Public Domain Royalties)	15.437

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2017-A Segregation of Duties Related to Department Controls over Cash
Material Weakness

Criteria: A good system of internal accounting control contemplates an adequate paper trail and proper segregation of duties so no one individual handles a transaction from beginning to end to mitigate abuse or fraud.

Condition: The County has a lack of effective internal controls related to the receipting process in various departments of the County that collect funds and remit them to the Treasurer's office. Specifically, it was noted that there have been significant increases in the activity and funds handled directly by departments such as the Highway Department, Planning and Zoning Department, the Recorder's Office and the Building Department. These departments have limited staff to handle the transactions and do not maintain detailed records of all transactions to support the activity. This was also a finding in the prior year.

Cause: The departments have limited staff available to properly segregate the duties related to the cash receipt process. The procedures followed for receipting cash also involve several manual steps which result in an inadequate audit trail.

Effect: Inadequate controls over cash receipts could affect the County's ability to detect errors or fraud.

Recommendation: We recommend the County eliminate as many manual procedures related to receipting cash as possible and maintain detailed records of all transactions handled in the departments. We also recommend the duties of entering and adjusting charges in the system, taking customer payments, receipting payments, and preparing the deposits be segregated. The County should also determine if there are additional controls that can be implemented to mitigate the risks due to limited staff in the departments.

Views of Responsible Officials: The County agrees with the finding.

2017-B Preparation of Financial Statements
Material Weakness

Criteria: A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements.

Condition: The County does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Cause: The County does not have staff trained in GASB reporting standards.

Effect: Inadequate control over financial reporting of the County could result in the more than a remote likelihood that the County would not be able to draft the financial statements and accompanying notes to the financial statements without material errors.

Recommendation: The circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: The County agrees with the finding.

2017-C Recording of Transactions and Uncorrected Misstatements
Material Weakness

Criteria: A good system of internal accounting control contemplates proper reconciliations of all accounts and adjustments of those accounts to the proper balances.

Condition: We identified a misstatement in the County's financial statements causing us to propose a material audit adjustment to the discretely presented component unit. We also identified uncorrected misstatements as a result of our audit procedures. The uncorrected misstatements were evaluated to be immaterial on both a qualitative and quantitative level by Williams County management.

Cause: Misstatements to the financial statements result from inadequate controls over recording of transactions.

Effect: Inadequate controls over recording of transactions affects the County's ability to detect misstatements in amounts that could be material in relation to the financial statements.

Recommendation: We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted.

Views of Responsible Officials: The County agrees with the finding.

2017-D Preparation of the Schedule of Expenditures of Federal Awards
Material Weakness

Criteria: As described in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) §200.508, auditees must complete the Schedule of Expenditures of Federal Awards and include Catalog of Federal Domestic Assistance (CFDA) title and numbers provided in Federal awards, as well as provide the proper back up for the expenditures.

Condition: During the course of our engagement, we assisted with the preparation of the Schedule of Expenditures of Federal Awards as the County did not prepare.

Cause: Lack of training and knowledge with County management and staff.

Effect: Federal expenditures may not be properly identified in the Schedule of Expenditures of Federal Awards. This control deficiency could result in a misstatement to the Schedule of Expenditures of Federal Awards that would not be detected or corrected.

Recommendation: Develop a system for identifying and tracking the following information for each contract: pass-through agency, Catalog of Federal Domestic Assistance (CFDA) title and number, and award.

Views of Responsible Officials: The County agrees with the finding.
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Section III – Federal Award Findings and Questioned Costs

There are no federal award findings reported in the current year.