



Dickey County

Ellendale, North Dakota

Audit Report

For the Year Ended December 31, 2018

JOSHUA C. GALLION
STATE AUDITOR

Office of the State Auditor
Division of Local Government

Dickey County

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DICKEY COUNTY

County Officials and Audit Personnel
December 31, 2018

COUNTY OFFICIALS

Joel Hamar	Commissioner - Chairman
Marke Roberts	Commissioner - Vice Chairman
Thor Sand	Commissioner
Dean Simek	Commissioner
John Hokana	Commissioner
Wanda Sheppard	Auditor
Gail Veland	Treasurer
Chris Estes	Sheriff
Deb Anderson	Recorder
Gary Neuharth/Jeff Glynn	State's Attorney

AUDIT PERSONNEL

Craig Hashbarger, CPA, CIA, CFE	Audit Manager
Sheri Berogan/Alex Bakken, CPA	Audit In-Charge



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
FARGO OFFICE BRANCH
1655 43RD STREET SOUTH, SUITE 203
FARGO, NORTH DAKOTA 58103

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dickey County
Ellendale, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, Ellendale, North Dakota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Dickey County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, Ellendale, North Dakota, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DICKEY COUNTY

Independent Auditor's Report - Continued

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickey County's basic financial statements. The *schedule of fund activity arising from cash transactions* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of fund activity arising from cash transactions* is the responsibility of management and was derived from and relates 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 fund activity arising from cash transactions* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2019 on our consideration of Dickey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickey County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
August 8, 2019

DICKEY COUNTY
Statement of Net Position
December 31, 2018

	Governmental Activities	
	Primary Government	Component Units
ASSETS		
Cash and Investments	\$ 4,382,571	\$ 3,272,863
Accounts Receivable	14,721	2,295
Intergovernmental Receivable	258,000	59,113
Road Receivables	25,948	-
Other Asset	-	317
Loans Receivable	-	43,323
Taxes Receivable	62,978	4,335
Special Assessment Receivable	-	3,872,990
Capital Assets, Net	14,038,455	6,848,158
Total Assets	\$ 18,782,673	\$ 14,103,394
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	\$ 1,288,573	\$ 149,532
Total Assets & Deferred Outflows of Resources	\$ 20,071,246	\$ 14,252,926
LIABILITIES		
Accounts Payable	\$ 18,605	\$ 461
Salary and Benefits Payable	12,503	-
Grants Received in Advance	61,800	-
Interest Payable	3,742	35,662
Long-Term Liabilities		
Due Within One Year		
Long Term Debt	215,169	310,338
Compensated Absences Payable	8,831	825
Due After One Year		
Long Term Debt	702,102	5,629,801
Compensated Absences Payable	79,482	7,426
Net Pension and OPEB Liability	3,183,193	335,400
Total Liabilities	\$ 4,285,427	\$ 6,319,913
DEFERRED INFLOWS OF RESOURCES		
Taxes Received in Advance	\$ 895,335	\$ 161,906
Derived from Pension and OPEB	207,690	23,527
Total Deferred Inflows of Resources	\$ 1,103,025	\$ 185,433
Total Liabilities & Deferred Inflows of Resources	\$ 5,388,452	\$ 6,505,346
NET POSITION		
Net Investment in Capital Assets	\$ 13,121,184	\$ 6,732,550
Restricted		
Highways and Bridges	987,546	-
Culture and Recreation	-	4,318
Conservation of Natural Resources	67,798	796,906
Emergencies	436,939	-
Economic Development	-	231,182
Unrestricted	-	(17,376)
Total Net Position	\$ 14,682,794	\$ 7,747,580

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

DICKEY COUNTY

Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					Primary Government	Component Units
Primary Government						
General Government	\$ 1,638,062	\$ 191,196	\$ 33,130	\$ -	\$ (1,413,736)	\$ -
Public Safety	674,596	141,232	-	-	(533,364)	-
Highways and Bridges	2,946,974	237,926	633,139	75,820	(2,000,089)	-
Flood Repair	126,945	-	195,263	-	68,318	-
Health and Welfare	953,914	16,682	755,081	-	(182,151)	-
Culture and Recreation	140,193	-	-	-	(140,193)	-
Conserv. of Natural Resources	50,910	24,514	1,173	-	(25,223)	-
Emergencies	8,477	-	-	-	(8,477)	-
Interest on Long-Term Debt	15,149	-	-	-	(15,149)	-
Total Primary Government	\$ 6,555,220	\$ 611,550	\$ 1,617,786	\$ 75,820	\$ (4,250,064)	\$ -
Component Units	\$ 1,266,219	\$ 493,115	\$ 506,679	\$ 42,513		\$ (223,912)
General Revenues						
Property Taxes					\$ 2,839,583	\$ 243,411
Non Restricted Grants and Contributions					616,119	392
Gain on Disposal of Capital Assets					132,306	-
Earnings on Investments					53,142	3,993
Miscellaneous Revenue					5,283	45,976
Total General Revenues					\$ 3,646,433	\$ 293,772
Change in Net Position					\$ (603,631)	\$ 69,860
Net Position - January 1					\$ 15,286,425	\$ 7,677,720
Net Position - December 31					\$ 14,682,794	\$ 7,747,580

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

DICKEY COUNTYBalance Sheet – Governmental Funds
December 31, 2018

	Major Funds			Total
	General	Special Revenue	Nonmajor Fund	Governmental Funds
ASSETS				
Cash and Investments	\$ 1,741,232	\$ 2,635,945	\$ 5,394	\$ 4,382,571
Taxes Receivable	37,933	25,045	-	62,978
Accounts Receivable	14,430	291	-	14,721
Intergovernmental Receivable	127,263	130,737	-	258,000
Road Receivables	-	25,948	-	25,948
Total Assets	\$ 1,920,858	\$ 2,817,966	\$ 5,394	\$ 4,744,218
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 5,853	\$ 12,752	\$ -	\$ 18,605
Salaries and Benefits Payable	3,928	8,575	-	12,503
Grants Received in Advance	-	61,800	-	61,800
Total Liabilities	\$ 9,781	\$ 83,127	\$ -	\$ 92,908
Deferred Inflows of Resources				
Taxes Receivable	\$ 37,933	\$ 25,045	\$ -	\$ 62,978
Road Receivables	-	25,948	-	25,948
Taxes Received in Advance	544,169	346,913	4,253	895,335
Total Deferred Inflows of Resources	\$ 582,102	\$ 397,906	\$ 4,253	\$ 984,261
Total Liabilities & Deferred Inflows	\$ 591,883	\$ 481,033	\$ 4,253	\$ 1,077,169
Fund Balances				
Committed				
County Improvement	\$ -	\$ 11,455	\$ -	\$ 11,455
Restricted				
General Government	-	540	-	540
Public Safety	-	86,318	-	86,318
Highways and Bridges	-	1,495,989	-	1,495,989
Flood Repair	-	69,327	-	69,327
Health and Welfare	-	81,291	-	81,291
Conservation of Natural Resources	-	107,654	-	107,654
Emergencies	-	484,359	-	484,359
Debt Service	-	-	1,141	1,141
Unassigned	1,328,975	-	-	1,328,975
Total Fund Balances	\$ 1,328,975	\$ 2,336,933	\$ 1,141	\$ 3,667,049
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,920,858	\$ 2,817,966	\$ 5,394	\$ 4,744,218

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

DICKEY COUNTY

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position December 31, 2018

Total Fund Balances for Governmental Funds \$ 3,667,049

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. 14,038,455

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

Property Taxes Receivable	\$ 62,978	
Road Receivables	<u>25,948</u>	88,926

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

Deferred Outflows Related to Pensions and OPEB	\$ 1,288,573	
Deferred Inflows Related to Pensions and OPEB	<u>(207,690)</u>	1,080,883

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position.

Long-Term Debt	\$ (917,271)	
Interest Payable	(3,742)	
Net Pension and OPEB Liability	(3,183,193)	
Compensated Absences Payable	<u>(88,313)</u>	<u>(4,192,519)</u>

Total Net Position of Governmental Activities \$ 14,682,794

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

DICKEY COUNTYStatement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2018

	Major Funds			Total Governmental Funds
	General	Special Revenue	Nonmajor Fund	
Revenues				
Taxes	\$ 1,804,129	\$ 1,020,044	\$ 2,447	\$ 2,826,620
Licenses, Permits and Fees	54,382	-	-	54,382
Intergovernmental	513,335	1,720,570	-	2,233,905
Charges for Services	136,815	426,077	-	562,892
Fines and Forfeits	-	-	-	-
Interest Income	53,142	-	-	53,142
Miscellaneous	-	5,284	-	5,284
Total Revenues	<u>\$ 2,561,803</u>	<u>\$ 3,171,975</u>	<u>\$ 2,447</u>	<u>\$ 5,736,225</u>
Expenditures				
Current				
General Government	\$ 1,490,767	\$ 3,435	\$ -	\$ 1,494,202
Public Safety	435,581	171,648	-	607,229
Highways	1,790	2,809,977	-	2,811,767
Flood Repair	-	128,667	-	128,667
Health and Welfare	400	840,092	-	840,492
Culture and Recreation	136,609	-	-	136,609
Conserv. of Natural Resources	-	237,748	-	237,748
Debt Service			-	
Principal	179,288	16,770	-	196,058
Interest and Fees	13,216	2,150	-	15,366
Total Expenditures	<u>\$ 2,257,651</u>	<u>\$ 4,210,487</u>	<u>\$ -</u>	<u>\$ 6,468,138</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 304,152</u>	<u>\$ (1,038,512)</u>	<u>\$ 2,447</u>	<u>\$ (731,913)</u>
Other Financing Sources (Uses)				
Lease Financing	\$ -	\$ 195,437	\$ -	\$ 195,437
Bond Drawdown Proceeds	-	61,473	-	61,473
Sale of Assets	6,000	122,750	-	128,750
Transfers In	3,643	697,352	-	700,995
Transfers Out	(609,375)	(88,327)	(3,293)	(700,995)
Total Other Financing Sources (Uses)	<u>\$ (599,732)</u>	<u>\$ 988,685</u>	<u>\$ (3,293)</u>	<u>\$ 385,660</u>
Net Change in Fund Balances	<u>\$ (295,580)</u>	<u>\$ (49,827)</u>	<u>\$ (846)</u>	<u>\$ (346,253)</u>
Fund Balance - January 1	<u>\$ 1,624,555</u>	<u>\$ 2,386,760</u>	<u>\$ 1,987</u>	<u>\$ 4,013,302</u>
Fund Balance - December 31	<u>\$ 1,328,975</u>	<u>\$ 2,336,933</u>	<u>\$ 1,141</u>	<u>\$ 3,667,049</u>

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

DICKEY COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in *Fund Balances* - Total Governmental Funds \$ (346,253)

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

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

Current Year Capital Outlay	\$ 437,396	
Current Year Depreciation Expense	(408,121)	29,275

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Gain on Sale of Capital Assets	\$ 132,306	
Sale of Capital Assets	(128,750)	3,556

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

Bond Proceeds	\$ (61,473)	
Capital Lease Financing	(195,437)	
Repayment of Debt	196,058	(60,852)

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

Increase in Net Pension Liability and OPEB	\$ (283,242)	
Decrease in Deferred Intflows of Resources Related to Pensions and OPEB	(9,253)	
Increase in Deferred Outflows of Resources Related to Pensions and OPEB	(82,759)	(375,254)

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

Decrease in Compensated Absences Liability	\$ 276	
Decrease in Retainage Payable	138,166	
Decrease in Interest Payable	217	138,659

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

Increase in Taxes Receivable	\$ 12,962	
Decrease in Road Receivables	(5,724)	7,238

Change in Net Position of Governmental Activities \$ (603,631)

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

DICKEY COUNTY

Statement of Fiduciary Assets and Liabilities – Agency Funds
December 31, 2018

ASSETS	
Cash and Investments	\$ 1,735,672
Other Asset	<u>10,513</u>
Total Assets	<u>\$ 1,746,185</u>
LIABILITIES	
Due to Other Governments	\$ 1,743,585
Benefits Payable	<u>2,600</u>
Total Liabilities	<u>\$ 1,746,185</u>

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

DICKEY COUNTY

Combining Statement of Net Position – All Discretely Presented Component Units
For the Year Ended December 31, 2018

	Water Resource District	Dickey-Sargent Joint Water Resource District	Health District	Fair	Job Development Authority	Totals
ASSETS						
Cash and Investments	\$ 879,655	\$ 1,961,457	\$ 186,988	\$ 50,498	\$ 194,265	\$ 3,272,863
Accounts Receivable	841	310	-	-	1,144	2,295
Intergovernmental Receivable	382	-	58,731	-	-	59,113
Loans Receivable	-	-	-	-	43,323	43,323
Taxes Receivable	567	-	2,459	-	1,309	4,335
Special Assessment Receivable	1,154,392	2,718,598	-	-	-	3,872,990
Other Asset	-	-	317	-	-	317
Capital Assets, Net	1,224,063	5,526,236	97,859	-	-	6,848,158
Total Assets	\$ 3,259,900	\$ 10,206,601	\$ 346,354	\$ 50,498	\$ 240,041	\$ 14,103,394
DEFERRED OUTFLOWS OF RESOURCES						
Pension and OPEB Items	\$ -	\$ -	\$ 149,532	\$ -	\$ -	\$ 149,532
Total Assets & Deferred Outflows of Resources	\$ 3,259,900	\$ 10,206,601	\$ 495,886	\$ 50,498	\$ 240,041	\$ 14,252,926
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ 461	\$ -	\$ -	\$ 461
Interest Payable	9,669	24,952	-	1,041	-	35,662
Long-Term Liabilities						
Due Within One Year						
Long Term Debt	80,000	220,000	-	10,338	-	310,338
Compensated Absences	-	-	825	-	-	825
Due After One Year						
Long Term Debt	1,190,000	4,405,000	-	34,801	-	5,629,801
Compensated Absences	-	-	7,426	-	-	7,426
Net Pension and OPEB Liability	-	-	335,400	-	-	335,400
Total Liabilities	\$ 1,279,669	\$ 4,649,952	\$ 344,112	\$ 46,180	\$ -	\$ 6,319,913
DEFERRED INFLOWS						
Pension and OPEB Items	\$ -	\$ -	\$ 23,527	\$ -	\$ -	\$ 23,527
Taxes Received in Advance	74,870	43,096	35,081	-	8,859	161,906
Total Liabilities & Deferred Inflows	\$ 1,354,539	\$ 4,693,048	\$ 402,720	\$ 46,180	\$ 8,859	\$ 6,505,346
NET POSITION						
Net Investment in Capital Assets	\$ 1,108,455	\$ 5,526,236	\$ 97,859	\$ -	\$ -	\$ 6,732,550
Restricted						
Culture and Recreation	-	-	-	4,318	-	4,318
Economic Development	-	-	-	-	231,182	231,182
Conservation of Natural Resources	796,906	-	-	-	-	796,906
Unrestricted	-	(12,683)	(4,693)	-	-	(17,376)
Total Net Position	\$ 1,905,361	\$ 5,513,553	\$ 93,166	\$ 4,318	\$ 231,182	\$ 7,747,580

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

DICKEY COUNTY

Combining Statement of Activities – All Discretely Presented Component Units
December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Water Resource District	Dickey-Sargent Joint Water Res. District	Health District	Fair	Job Development Authority	Totals
Component Units										
Water Resource District	\$ 144,235	\$ -	\$ 362,098	\$ 22,412	\$ 240,275	\$ -	\$ -	\$ -	\$ -	\$ 240,275
Dickey-Sargent Joint Water Res. Dist.	306,722	-	90,072	20,101	-	(196,549)	-	-	-	(196,549)
Health District	593,614	421,568	54,406	-	-	-	(117,640)	-	-	(117,640)
Fair	106,572	24,666	-	-	-	-	-	(81,906)	-	(81,906)
Job Development Authority	115,076	46,881	103	-	-	-	-	-	(68,092)	(68,092)
Total Component Units	\$ 1,266,219	\$ 493,115	\$ 506,679	\$ 42,513	\$ 240,275	\$ (196,549)	\$ (117,640)	\$ (81,906)	\$ (68,092)	\$ (223,912)
General Revenues										
Property taxes					\$ 12,384	\$ -	\$ 116,415	\$ 54,153	\$ 60,459	\$ 243,411
Non restricted grants and contributions					-	-	-	-	392	392
Earnings on investments					1,280	2,701	-	12	-	3,993
Miscellaneous revenue					3,121	16,400	-	26,455	-	45,976
Total General Revenues					\$ 16,785	\$ 19,101	\$ 116,415	\$ 80,620	\$ 60,851	\$ 293,772
Change in Net Position					\$ 257,060	\$ (177,448)	\$ (1,225)	\$ (1,286)	\$ (7,241)	\$ 69,860
Net Position - January 1					\$ 1,648,301	\$ 5,691,001	\$ 94,391	\$ 5,604	\$ 238,423	7,677,720
Net Position - December 31					\$ 1,905,361	\$ 5,513,553	\$ 93,166	\$ 4,318	\$ 231,182	\$ 7,747,580

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

DICKEY COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of Dickey County ("County"). The County has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause its financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria in GASB Statement No. 61 to be considered in determining financial accountability. These criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

Based on these criteria, the component 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 accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Unit

The component unit column in the government wide financial statements includes the financial data of the County's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the County.

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

Dickey-Sargent Joint Water Resource District ("Joint Water Resource District") - The Dickey-Sargent Joint Water Resource District was formed by the Sargent County Water Resource District and the Dickey County Water Resource District under the provisions of North Dakota Century Code section 61-16.1-11. Each County's water district board appoints 3 member to the joint board. Administration and record keeping for the joint board are maintained at the Dickey County Water Resource District office.

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

Dickey County Fair Association ("Fair") - The County's governing board appoints a voting majority of the members of the Dickey County Fair Association. The county has the authority to approve or modify the Fair Association's operational and capital budgets. The County's governing board must approve the tax levy established by the Fair Association.

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

Component Unit Financial Statements: The financial statements of the aggregate discretely presented component units are presented in the County's basic financial statements. Complete financial statements of the component units can be obtained from the Dickey County Auditor/Treasurer Dickey County, PO Box 215, Ellendale, ND 58436-0215.

DICKEY COUNTY

Notes to the Financial Statements – Continued

B. Basis of Presentation

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

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

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

D. Cash and Investments

Cash include amounts in demand deposits, money market accounts and short-term certificates of deposit. Cash includes certificates of deposit with maturities of 3 months or less.

The investments consist certificates of deposit with maturities of greater than 3 months.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Assets	Years
Buildings & Infrastructure	30 - 75
Vehicles & Equipment	7

F. Compensated Absences

Vacation leave is earned at the rate of 12 to 20 days per year depending on years of service. 15 days of vacation leave may be carried over from one year to the next. Any unused vacation in excess of one year’s accrual of vacation days will be forfeited. Upon termination vacation benefits that have accrued through the last day of work will be paid. Employees accrue sick leave benefits at the rate of 12 days per year. Unused sick leave benefits will be allowed to accumulate to a limit of 30 days. Vacation and sick leave may not be used until a six- month probationary period is completed. Once an employee has reached their maximum accrued sick leave level, they are eligible to trade any additional sick leave awarded that year, at a rate of one day of vacation for three days of sick leave. This trade must occur within the calendar year in which the sick leave is earned.

G. Long-Term Obligations

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

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

H. Pension

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

I. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

J. Fund Balances

Minimum Fund Balance Policy. The County established a \$300,000 general fund carryover balance target to help with financial stability. The fund balance range is a part of the County's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the County. Unassigned general fund balance was \$1,328,975 at December 31, 2018.

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

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

Committed Fund Balances. Committed fund balance reported in the special revenue fund is committed by the governing board to be used for county improvements.

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

K. Net Position

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

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

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

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

L. 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.

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 2: DEPOSITS

Custodial Credit Risk

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

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

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

At year ended December 31, 2018, the County’s carrying amount of deposits totaled \$8,752,818, and the bank balances totaled \$8,835,078. Of the bank balances, \$1,034,323 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the Dickey-Sargent Joint Water Resource District’s carrying amount of deposits totaled \$586,270, and the bank balances totaled \$586,581. Of the bank balances, \$385,064 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the Dickey County Fair’s carrying amount of deposits and bank balances totaled \$50,498, all of which were covered by Federal Depository Insurance.

NOTE 3: PROPERTY TAXES

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

NOTE 4: UNCOLLECTED SPECIAL ASSESSMENTS

Special assessments receivable consists of certified special assessments due to the Dickey-Sargent Joint Water Resource District (DSJWRD), and uncertified special assessments receivable, which represents a long-term receivable due to the DSJWRD for the Jackson Township drain project. Special assessments receivable also consists of certified special assessments due to the Dickey County Water Resource District (WRD), and uncertified special assessments receivable, which represents a long-term receivable due to the WRD for the Yorktown Maple Improvement District No. 3.

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 5: JOB DEVELOPMENT AUTHORITY LOANS RECEIVABLE

The Job Development Authority provides loans to businesses for either startup costs or expansion costs. The Development Authority receives applications from various businesses within the community and either approves or denies the applications based on majority board decision. The Job Development Authority had the following activity in loans outstanding for the year ended December 31, 2018:

Name/Business	Balance January 1	New Loans/ Additions	Principal Payments	Balance December 31
Loans Receivable Total	\$ 6,490	\$ 44,000	\$ 7,167	\$ 43,323

The Job Development Authority has also provided collateral of CD's to cover loans made to various businesses during the year ended December 31, 2018. The County reports the cash in the CD's, while the bank reports the loans receivable. Starion Financial and First State Bank is responsible for collecting loan payments and are ultimately responsible for uncollectible loans. The amount of the balances outstanding totaled \$14,432 at December 31, 2018.

NOTE 6: CAPITAL ASSETS**Primary Government**

The following is a summary of changes in capital assets for the year ended December 31, 2018:

Primary Government	Restated Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital Assets Not Being Depreciated					
Land	\$ 40,398	\$ -	\$ -	\$ -	\$ 40,398
Construction in Progress	4,384,363	200,517	-	(4,531,771)	53,109
Total Capital Assets, Not Being Depreciated	\$ 4,424,761	\$ 200,517	\$ -	\$ (4,531,771)	\$ 93,507
Capital Assets, Being Depreciated					
Buildings	\$ 2,179,199	\$ 8,500	\$ -	\$ -	\$ 2,187,699
Equipment	2,064,174	70,364	643,723	-	1,490,815
Vehicles	1,014,412	196,342	40,154	-	1,170,600
Infrastructure	8,072,330	-	-	4,531,771	12,604,101
Total Capital Assets, Being Depreciated	\$ 13,330,115	\$ 275,206	\$ 683,877	\$ 4,531,771	\$ 17,453,215
Less Accumulated Depreciation					
Buildings	\$ 750,910	\$ 45,661	\$ -	\$ -	\$ 796,571
Equipment	1,609,678	96,744	439,295	-	1,267,127
Vehicles	751,656	97,661	40,154	-	809,163
Infrastructure	467,351	168,055	-	-	635,406
Total Accumulated Depreciation	\$ 3,579,595	\$ 408,121	\$ 479,449	\$ -	\$ 3,508,267
Total Capital Assets Being Depreciated, Net	\$ 9,750,520	\$ (132,915)	\$ 204,428	\$ 4,531,771	\$ 13,944,948
Capital Assets - Net	\$ 14,175,281	\$ 67,602	\$ 204,428	\$ -	\$ 14,038,455

DICKEY COUNTY

Notes to the Financial Statements – Continued

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

Primary Government	
General Government	\$ 38,969
Public Safety	31,669
Highways	312,758
Culture and Recreation	3,584
Conservation of Natural Resources	21,141
Total Depreciation Expense	\$ 408,121

Water Resource District

The following is a summary of changes in capital assets for the year ended December 31, 2018:

Water Resource District	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital Assets Not Being Depreciated					
Construction in Progress	\$ 1,019,834	\$ 187,025	\$ -	\$ (1,206,859)	\$ -
Intangible	12,860	20,435	-	-	33,295
Total Capital Assets, Not Being Depreciated	\$ 1,032,694	\$ 207,460	\$ -	\$ (1,206,859)	\$ 33,295
Capital Assets, Being Depreciated					
Infrastructure	\$ -	\$ -	\$ -	\$ 1,206,859	\$ 1,206,859
Less Accumulated Depreciation					
Infrastructure	\$ -	\$ 16,091	\$ -	\$ -	\$ 16,091
Total Capital Assets Being Depreciated, Net	\$ -	\$ (16,091)	\$ -	\$ 1,206,859	\$ 1,190,768
Capital Assets - Net	\$ 1,032,694	\$ 191,369	\$ -	\$ -	\$ 1,224,063

Joint Water Resource District

The following is a summary of changes in capital assets for the year ended December 31, 2018:

Joint Water Resource District	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital Assets Not Being Depreciated					
Land	\$ 395,668	\$ -	\$ -	\$ -	\$ 395,668
Intangible	46,833	-	-	-	46,833
Total Capital Assets, Not Being Depreciated	\$ 442,501	\$ -	\$ -	\$ -	\$ 442,501
Capital Assets, Being Depreciated					
Infrastructure	\$ 5,295,557	\$ -	\$ -	\$ -	\$ 5,295,557
Total Capital Assets, Being Depreciated	\$ 5,295,557	\$ -	\$ -	\$ -	\$ 5,295,557
Less Accumulated Depreciation					
Infrastructure	\$ 105,911	\$ 105,911	\$ -	\$ -	\$ 211,822
Total Capital Assets Being Depreciated, Net	\$ 5,189,646	\$ (105,911)	\$ -	\$ -	\$ 5,083,735
Capital Assets - Net	\$ 5,632,147	\$ (105,911)	\$ -	\$ -	\$ 5,526,236

DICKEY COUNTY

Notes to the Financial Statements – Continued

Health District

The following is a summary of changes in capital assets for the year ended December 31, 2018:

Health District	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Capital Assets, Being Depreciated					
Buildings	\$ 108,732	\$ -	\$ -	\$ -	\$ 108,732
Less Accumulated Depreciation					
Buildings	\$ 7,249	\$ 3,624	\$ -	\$ -	\$ 10,873
Capital Assets - Net	\$ 101,483	\$ (3,624)	\$ -	\$ -	\$ 97,859

NOTE 7: LONG-TERM LIABILITIES

Primary Government

During the year ended December 31, 2018, the following changes occurred in liabilities reported in long-term liabilities:

Primary Government	Balance January 1	Increases	Loan Forgiveness	Decreases	Balance December 31	Due Within One Year
Long-Term Debt						
Leases Payable	\$ 242,545	\$ 195,437	\$ 169,656	\$ 16,770	\$ 251,556	\$ 53,675
Bonds Payable	783,530	61,473	-	179,288	665,715	161,494
Total Long-Term Debt	\$ 1,026,075	\$ 256,910	\$ 169,656	\$ 196,058	\$ 917,271	\$ 215,169
Compensated Absences *	\$ 88,589	\$ -	\$ -	\$ 276	\$ 88,313	\$ 8,831
Net Pension and OPEB Liability	2,899,951	283,242	-	-	3,183,193	-
Total Primary Government	\$ 4,014,615	\$ 540,152	\$ 169,656	\$ 196,334	\$ 4,188,777	\$ 224,000

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

Debt Service requirement on long-term debt at December 31, 2018 are as follows:

GOVERNMENTAL ACTIVITIES				
Year Ending December 31	Capital Leases		Bonds Payable	
	Principal	Interest	Principal	Interest
2019	\$ 53,675	\$ 8,591	\$ 161,494	\$ 12,511
2020	76,556	6,789	164,740	9,265
2021	39,040	4,305	168,052	5,954
2022	40,425	2,920	171,429	2,575
2023	41,860	1,485	-	-
Total	\$ 251,556	\$ 24,090	\$ 665,715	\$ 30,305

DICKEY COUNTY

Notes to the Financial Statements – Continued

Operating Lease Payments

The County entered into 5-year lease agreements in 2017 and 2018 for motor graders. For the year ended December 31, 2018, rental payments totaled \$63,958. The remaining rental payments at December 31, 2018 is outlined below:

GOVERNMENTAL ACTIVITIES				
Year Ending 31-Dec	JD 2018 Motor Grader	JD 2018 Motor Grader	JD 2017 Motor Grader	JD 2017 Motor Grader
2019	\$ 38,641	\$ 37,693	\$ 30,583	\$ 31,357
2020	38,641	37,693	30,583	31,357
2021	38,641	37,693	30,583	31,357
2022	38,641	37,693	30,583	31,357
2023	38,641	37,693	30,583	31,357
Totals	\$ 193,205	\$ 188,465	\$ 122,332	\$ 125,428

Water Resource District

During the year ended December 31, 2018, the following changes occurred in liabilities reported in long-term liabilities:

Water Resource District	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Long-Term Debt Bonds Payable	\$ 1,355,000	\$ -	\$ 85,000	\$ 1,270,000	\$ 80,000

Debt Service requirement on long-term debt at December 31, 2018 are as follows:

Water Resource District		
Year Ending December 31	Bonds Payable	
	Principal	Interest
2019	80,000	28,485
2020	80,000	27,445
2021	85,000	26,203
2022	85,000	24,758
2023	85,000	23,312
2024-2028	455,000	88,627
2029-2033	400,000	24,450
Total	\$ 1,270,000	\$ 243,280

Joint Water Resource District

During the year ended December 31, 2018, the following changes occurred in liabilities reported in long-term liabilities:

Joint Water Resource	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Long-Term Debt Bonds Payable	\$ 4,835,000	\$ -	\$ 210,000	\$ 4,625,000	\$ 220,000

DICKEY COUNTY

Notes to the Financial Statements – Continued

Debt Service requirement on long-term debt at December 31, 2018 are as follows:

Joint Water Resource District		
Year Ending December 31	Bonds Payable	
	Principal	Interest
2019	\$ 220,000	\$ 147,207
2020	220,000	141,928
2021	225,000	136,190
2022	230,000	130,007
2023	240,000	123,314
2024-2028	1,290,000	502,709
2029-2033	1,510,000	270,469
2034-2038	690,000	25,777
Total	\$ 4,625,000	\$ 1,477,601

Health District

During the year ended December 31, 2018, the following changes occurred in liabilities reported in long-term liabilities:

Health District	Restated Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated Absences *	\$ 6,910	\$ 1,341	\$ -	\$ 8,251	\$ 825
Net Pension and OPEB Liability	315,992	19,408	-	335,400	-
Total Health District	\$ 322,902	\$ 20,749	\$ -	\$ 343,651	\$ 825

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

Fair

During the year ended December 31, 2018, the following changes occurred in liabilities reported in long-term liabilities:

Fair	Restated Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Long-Term Debt Loan Payable	\$ 31,440	\$ 20,100	\$ 6,401	\$ 45,139	\$ 10,338

Debt Service requirement on long-term debt at December 31, 2018 are as follows:

Fair		
Year Ending December 31	Loans Payable	
	Principal	Interest
2019	10,338	2,552
2020	10,907	1,983
2021	6,573	1,365
2022	12,837	988
2023	4,484	261
Total	\$ 45,139	\$ 7,149

NOTE 8: PENSION PLAN

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contributions rates are 7.12% of covered compensation.

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

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

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

At December 31, 2018, the following net pension liabilities were reported:

	Net Pension Liability
Primary Government	\$ 3,049,577
Health District	321,321

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2018, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2017 Measurement	Pension Expense
Primary Government	0.180704%	0.008290%	\$ 502,999
Health District	0.019040%	0.000253%	56,710

At December 31, 2018, the County and Health District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Governmental	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,073	\$ 103,753
Changes of Assumptions	1,100,834	43,527
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	14,837
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	72,029	39,938
Employer Contributions Subsequent to the Measurement Date	75,320	-
Total	\$ 1,256,256	\$ 202,055

DICKEY COUNTY

Notes to the Financial Statements – Continued

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 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	30%	6.05%
International Equity	21%	6.71%
Private Equity	7%	10.2%
Domestic Fixed Income	23%	1.45%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.11%
Cash Equivalents	0%	0.00%

Discount Rate

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

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

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 3.62%; and the resulting Single Discount Rate is 6.32%.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount rate

The following presents the County’s and Health District’s proportionate share of the net pension liability calculated using the discount rate of 6.32 percent, as well as what the County’s and Health District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate.

Proportionate Share of the Net Pension Liability	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
County	\$ 4,143,808	\$ 3,049,577	\$ 2,136,476
Health District	436,615	321,321	225,111

DICKEY COUNTY

Notes to the Financial Statements – Continued

Pension Plan Fiduciary Net Position

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

NOTE 9: OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

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

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

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

OPEB Benefits

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

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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the following net OPEB liabilities were reported:

	Net OPEB Liability
Primary Government	\$ 133,616
Health District	14,079

DICKEY COUNTY

Notes to the Financial Statements – Continued

The net OPEB liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2018, the entities had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2017 Measurement	OPEB Expense
Primary Government	0.169656%	0.006963%	\$ 17,373
Health District	0.017876%	0.000148%	1,742

At December 31, 2018, the County and Health District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Governmental	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,001	\$ 2,761
Changes of Assumptions	10,963	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	2,874
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,294	-
Employer Contributions Subsequent to the Measurement Date	12,060	-
Total	\$ 32,318	\$ 5,635

Component Unit - Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 421	\$ 291
Changes of Assumptions	1,155	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	303
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	42	31
Employer Contributions Subsequent to the Measurement Date	1,057	-
Total	\$ 2,675	\$ 625

The following amounts were reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019:

Primary Government	\$ 12,060
Health District	1,057

DICKEY COUNTY

Notes to the Financial Statements – Continued

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

	County	Health District
2019	\$ 1,982	\$ 119
2020	1,982	119
2021	1,982	119
2022	3,250	253
2023	3,018	228
2024	2,005	135
Thereafter	404	20

Actuarial assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment Rate of Return	7.50%, net of investment expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	7.15%
Small Cap Domestic Equities	9%	14.42%
International Equities	14%	8.83%
Core-Plus Fixed Income	40%	0.10%

Discount rate

The discount rate used to measure the total OPEB liability was 7.50%. 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 the July 1, 2018, and July 1, 2017, 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.

DICKEY COUNTY

Notes to the Financial Statements – Continued

Sensitivity of the County's and Health District'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, 2018, 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:

Proportionate Share of the Net OPEB Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County	\$ 169,056	\$ 133,616	\$ 103,234
Health District	17,813	14,079	10,877

NOTE 10: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements of the governmental activities for the year ended December 31, 2018:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 3,643	609,375
Special Revenue Fund	697,352	88,327
Nonmajor Fund		
Debt Service Fund	-	3,293
Total Transfers	\$ 700,995	\$ 700,995

Transfers are primarily used to move funds from the general fund to the state no match road fund and to move social serviced funds to the family focus fund. The remaining transfers are for various purposes.

NOTE 11: CONSTRUCTION COMMITMENTS

The County had one open construction commitment as of December 31, 2018 as follows:

Project	Original Contract	Total Completed	Retainage	Remaining Balance
BRC-1100(020) Bridge Project	\$ 487,089	\$ -	\$ -	\$ 487,089

NOTE 12: RISK MANAGEMENT

The 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 (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile and \$3,842,033 for public assets (mobile equipment and portable property).

DICKEY COUNTY

Notes to the Financial Statements – Continued

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

NOTE 13: CONTINGENT LIABILITIES

The County is a defendant in a breach of contract lawsuit with Lakeview Excavating Inc. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the financial condition of the County.

DICKEY COUNTY

Budgetary Comparison Schedule – General Fund
 For the Year Ended December 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,851,491	\$ 1,851,491	\$ 1,804,129	\$ (47,362)
Licenses, Permits and Fees	36,800	36,800	54,382	17,582
Intergovernmental	379,052	379,052	513,335	134,283
Charges for Services	156,096	156,096	136,815	(19,281)
Interest Income	9,000	9,000	53,142	44,142
Total Revenues	\$ 2,432,439	\$ 2,432,439	\$ 2,561,803	\$ 129,364
Expenditures				
Current				
General Government	\$ 1,878,966	\$ 1,878,966	\$ 1,490,767	\$ 388,199
Public Safety	589,686	589,686	435,581	154,105
Highways	13,496	13,496	1,790	11,706
Health and Welfare	400	400	400	-
Culture and Recreation	189,113	189,113	136,609	52,504
Debt Service				
Principal	135,000	135,000	179,288	(44,288)
Interest & Fees	-	-	13,216	(13,216)
Total Expenditures	\$ 2,806,661	\$ 2,806,661	\$ 2,257,651	\$ 549,010
Excess (Deficiency) of Revenues Over Expenditures	\$ (374,222)	\$ (374,222)	\$ 304,152	\$ 678,374
Other Financing Sources (Uses)				
Transfers In	\$ 95,110	\$ 95,110	\$ 3,643	\$ (91,467)
Sale of Assets	4,443	4,443	6,000	1,557
Transfers Out	(599,000)	(599,000)	(609,375)	(10,375)
Total Other Financing Sources and Uses	\$ (499,447)	\$ (499,447)	\$ (599,732)	\$ (100,285)
Net Change in Fund Balances	\$ (873,669)	\$ (873,669)	\$ (295,580)	\$ 578,089
Fund Balance - January 1	\$ 1,624,555	\$ 1,624,555	\$ 1,624,555	\$ -
Fund Balance - December 31	\$ 750,886	\$ 750,886	\$ 1,328,975	\$ 578,089

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

DICKEY COUNTY

Budgetary Comparison Schedule – Special Revenue Fund
 For the Year Ended December 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,054,862	\$ 1,054,862	\$ 1,020,044	\$ (34,818)
Intergovernmental	2,006,990	2,006,990	1,651,243	(355,747)
Charges for Services	1,126,798	1,126,798	426,077	(700,721)
Miscellaneous	2,900	2,900	5,284	2,384
Total Revenues	\$ 4,191,550	\$ 4,191,550	\$ 3,102,648	\$ (1,088,902)
Expenditures				
Current				
General Government	\$ 554,739	\$ 554,739	\$ 3,435	551,304
Public Safety	591,992	591,992	171,648	420,344
Highways	3,103,795	3,307,634	2,809,977	497,657
Flood Repair	656,902	656,902	128,667	528,235
Health and Welfare	883,362	883,362	840,092	43,270
Conserv. of Natural Resources	286,930	286,930	237,748	49,182
Debt Service				
Principal	18,920	18,920	16,770	2,150
Interest	-	-	2,150	(2,150)
Total Expenditures	\$ 6,096,640	\$ 6,300,479	\$ 4,210,487	\$ 2,089,992
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,905,090)	\$ (2,108,929)	\$ (1,107,839)	\$ 1,001,090
Other Financing Sources (Uses)				
Loan Proceeds	\$ -	\$ -	\$ 195,437	\$ 195,437
Bond Drawdown Proceeds	-	-	61,473	61,473
Sale of Assets	-	-	122,750	122,750
Transfer In	692,000	692,000	697,352	5,352
Transfers Out	(93,000)	-	(88,327)	(88,327)
Total Other Financing Sources and Uses	\$ 599,000	\$ 692,000	\$ 988,685	\$ 296,685
Net Change in Fund Balances	\$ (1,306,090)	\$ (1,416,929)	\$ (119,154)	\$ 1,297,775
Fund Balance - January 1	\$ 2,386,760	\$ 2,386,760	\$ 2,386,760	\$ -
Fund Balance - December 31	\$ 1,080,670	\$ 969,831	\$ 2,267,606	\$ 1,297,775

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

DICKEY COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions
 For the Year Ended December 31, 2018

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

County	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.180704%	\$ 3,049,577	\$ 1,856,405	164.27%	62.80%
2017	0.172414%	2,771,259	1,760,080	157.45%	61.98%
2016	0.176041%	1,715,691	1,774,076	96.71%	70.46%
2015	0.174130%	1,184,054	1,551,286	76.33%	77.15%
2014	0.185246%	1,175,796	1,560,478	75.35%	77.70%

Health District	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.019040%	\$ 321,321	\$ 195,606	164.27%	62.80%
2017	0.018787%	301,969	191,790	157.45%	61.98%
2016	0.014428%	140,615	145,399	96.71%	70.46%
2015	0.014590%	99,210	129,979	76.33%	77.15%
2014	0.016663%	122,325	140,364	87.15%	77.70%

DICKEY COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued
 For the Year Ended December 31, 2018

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 136,732	\$ 136,134	\$ 598	\$ 1,856,405	7.33%
2017	127,627	133,674	(6,047)	1,760,080	7.59%
2016	128,440	129,909	(1,469)	1,774,076	7.32%
2015	117,833	122,862	(5,029)	1,551,286	7.92%
2014	111,106	111,106	-	1,560,478	7.12%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 14,407	\$ 13,926	\$ 481	\$ 195,606	7.12%
2017	13,907	13,655	252	191,790	7.12%
2016	10,527	10,352	175	145,399	7.12%
2015	9,873	9,610	263	129,979	7.39%
2014	9,994	9,994	-	140,364	7.12%

DICKEY COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
 For the Year Ended December 31, 2018

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

County	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.169656%	\$ 133,616	\$ 1,856,405	7.20%	61.89%
2017	0.162693%	128,692	1,760,080	7.31%	59.78%

Health District	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.017876%	\$ 14,079	\$ 195,606	7.20%	61.89%
2017	0.017728%	14,023	191,790	7.31%	59.78%

DICKEY COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions – Continued
 For the Year Ended December 31, 2018

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

County	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 21,775	\$ 21,797	\$ (22)	\$ 1,856,405	1.17%
2017	20,460	21,403	(943)	1,760,080	1.22%

Health District	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2018	\$ 2,294	\$ 2,230	\$ 64	\$ 195,606	1.14%
2017	2,229	2,186	43	191,790	-1.14%

DICKEY COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

NOTE 3: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2018. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

NOTE 4: LEGAL COMPLIANCE - BUDGETS

Budget Amendments

The board of County commissioners amended the budget for 2018 as follows:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Major Funds			
Special Revenue Fund	\$ 6,096,640	\$ 203,839	\$ 6,300,479

DICKEY COUNTY

Schedule of Fund Activity – Cash Basis For the Year Ended December 31, 2018

	Balance January 1	Receipts	Transfers In	Other Financing Source	Transfers Out	Disbursements	Balance December 31
Primary Government							
General Fund	\$ 1,517,788.00	\$ 2,526,877.51	\$ 3,643.00	\$ 6,000.00	\$ 609,375.00	\$ 2,250,363.41	\$ 1,194,570.10
Special Revenue Fund							
State No Match Road Fund	\$ 125,546.00	\$ 75,819.50	\$ 599,000.00	\$ 61,473.00	\$ -	\$ 861,839.00	\$ (0.50)
County Road and Bridge	1,254,297.00	1,713,742.39	7,295.00	315,242.00	-	1,958,243.00	1,332,333.39
Social Services	62,553.75	760,323.39	-	-	87,614.89	682,142.60	53,119.65
Economic Assistance	5,385.11	-	4,614.89	-	-	4,973.12	5,026.88
Family Focus	13,305.00	5,704.00	\$ 83,000.00	-	-	95,509.00	6,500.00
Designated Funds	862.00	-	-	-	-	62.00	800.00
24-7	1,635.00	3,565.00	-	-	-	3,194.00	2,006.00
Horizons	1,457.00	-	-	-	-	295.00	1,162.00
Emergency Fund	477,458.00	5,375.00	-	-	-	-	482,833.00
Capital Projects	26,384.00	97,915.00	-	-	-	42,381.00	81,918.00
Veterans Service Officer	12,002.00	37,226.00	-	-	-	52,154.00	(2,926.00)
County Agent	3,915.00	104,419.83	363.00	-	-	102,790.00	5,907.83
FEMA TWP 2011	161,301.72	-	-	-	-	108,162.17	53,139.55
FEMA TWP 2010	56,024.37	-	-	-	-	-	56,024.37
FEMA County 2011	26,434.54	-	-	-	0.12	17,774.00	8,660.42
FEMA Admin 2011	-	-	3,079.61	-	348.95	2,730.66	-
FEMA County 2010	13,302.34	-	-	-	-	-	13,302.34
Weed Control	70,698.00	119,271.00	-	-	-	132,674.00	57,295.00
911	55,721.00	139,564.00	-	-	-	123,119.00	72,166.00
Hazard	1,615.00	1,050.00	-	-	-	931.00	1,734.00
Grants	540.00	-	-	-	-	-	540.00
Document Preservation	34,504.00	7,888.00	-	-	-	2,091.00	40,301.00
Extension	365.00	885.00	-	-	\$ 363.00	887.00	-
Land Rental and Sale	11,456.00	-	-	-	-	-	11,456.00
Total Special Revenue Funds	\$ 2,416,761.83	\$ 3,072,748.11	\$ 697,352.50	\$ 376,715.00	\$ 88,326.96	\$ 4,191,951.55	\$ 2,283,298.93
Debt Service Fund							
Special Assessment	\$ 1,141.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,141.00
County Bond 2011	846.00	2,447.00	-	-	3,293.00	-	-
Total Debt Service Funds	\$ 1,987.00	\$ 2,447.00	\$ -	\$ -	\$ 3,293.00	\$ -	\$ 1,141.00
Total Governmental Funds	\$ 3,936,536.83	\$ 5,602,072.62	\$ 700,995.50	\$ 382,715.00	\$ 700,994.96	\$ 6,442,314.96	\$ 3,479,010.03
Agency Funds							
State Tax	\$ 12,630.00	\$ 36,940.00	\$ -	\$ -	\$ -	\$ 37,638.00	\$ 11,932.00
County Ambulance	413.00	182,933.59	-	-	-	141,640.00	41,706.59
County Airport	106.00	45,106.90	-	-	-	34,377.00	10,835.90
Senior Citizens	118.00	85,797.30	-	-	-	73,999.00	11,916.30
County Historical Society	2,401.00	15,338.41	-	-	-	14,760.00	2,979.41
Water Conservancy - Garrison	12,630.00	40,968.00	-	-	-	41,669.00	11,929.00
Soil Conservation Service	14,632.00	43,536.00	-	-	-	46,226.00	11,942.00
Kedish House	-	1,272.00	-	-	-	1,272.00	-
Cancer Insurance	-	43,760.00	-	-	-	43,691.00	69.00
Blue Cross Blue Shield	8,596.00	650,172.00	-	-	-	649,061.00	9,707.00
Income Tax Withholding	-	181,895.92	-	-	-	181,896.00	(0.08)
Life Insurance	621.00	8,498.00	-	-	-	8,380.00	739.00
Retirement	-	327,526.00	-	-	-	327,526.00	-
Dues/Garnishments	-	1,764.06	-	-	-	1,764.06	-
Deferred Comp.	-	57,510.00	-	-	-	57,510.00	-
Mobile Home	17,029.00	15,579.00	-	-	-	16,871.00	15,737.00
Flex	(1,041.00)	45,572.00	-	-	-	47,131.00	(2,600.00)
Dental/Vision	-	21,816.16	-	-	-	21,816.12	0.04
District Court Special	71,842.00	120,751.64	-	-	-	123,960.61	68,633.03
Total Cities, Parks and Townships	476,816.00	2,502,449.00	-	-	-	2,533,982.00	445,283.00
Total Rural Fire Protection District	40,814.00	120,266.61	-	-	-	123,549.86	37,530.75
Total School Districts	1,135,334.00	3,364,368.00	-	-	-	3,434,453.00	1,065,249.00
Total Agency Funds	\$ 1,792,941.00	\$ 7,913,820.59	\$ -	\$ -	\$ -	\$ 7,963,172.65	\$ 1,743,588.94
Total Primary Government	\$ 5,729,477.83	\$ 13,515,893.21	\$ 700,995.50	\$ 382,715.00	\$ 700,994.96	\$ 14,405,487.61	\$ 5,222,598.97

Continued on next page....

DICKEY COUNTY

Schedule of Fund Activity – Cash Basis - Continued

	Balance January 1	Receipts	Transfers In	Other Financing Source	Transfers Out	Disbursements	Balance December 31
Component Units							
County Water Resource District							
General	\$ 136,514.00	\$ 20,267.94	\$ 190,426.17	\$ -	\$ -	\$ 80,375.00	\$ 266,833.11
Yorktown Maple Improvement Dist.	616,689.00	1,985.00	-	-	225,082.00	243,005.00	150,587.00
Riverdale Improvement District	41.00	-	-	-	41.00	-	-
Drain #1	16,310.00	12,654.00	-	-	-	19,303.00	9,661.00
Oakes Pilot Drain	31,715.00	2,749.00	-	-	-	3,272.00	31,192.00
Yorktown Maple Project Bond	\$ 9,845.00	\$ 468,632.66	34,696.00	-	-	\$ 120,729.00	\$ 392,444.66
Total County Water Resource Dist.	\$ 811,114.00	\$ 506,288.60	\$ 225,122.17	\$ -	\$ 225,123.00	\$ 466,684.00	\$ 850,717.77
Joint Water Resource District							
Jackson Improvement District	\$ 554,535.00	\$ 81,994.00	\$ -	\$ -	\$ -	\$ 47,344.00	\$ 589,185.00
Jackson Township Drain Bond	1,383,088.00	353,369.00	-	-	-	364,185.00	1,372,272.00
Total Joint Water Resource Dist.	\$ 1,937,623.00	\$ 435,363.00	\$ -	\$ -	\$ -	\$ 411,529.00	\$ 1,961,457.00
Job Development Authority							
Health District	\$ 231,280.00	\$ 69,203.00	\$ -	\$ -	\$ -	\$ 115,076.00	\$ 185,407.00
County Fair	138,806.00	559,530.00	-	-	-	546,113.00	152,223.00
County Fair	37,853.00	105,386.62	-	20,000.00	-	112,741.58	50,498.04
Total Component Units	\$ 3,156,676.00	\$ 1,675,771.22	\$ 225,122.17	\$ 20,000.00	\$ 225,123.00	\$ 1,652,143.58	\$ 3,200,302.81
Total Reporting Entity	\$ 8,886,153.83	\$ 15,191,664.43	\$ 926,117.67	\$ 402,715.00	\$ 926,117.96	\$ 16,057,631.19	\$ 8,422,901.78

STATE AUDITOR

JOSHUA C. GALLION
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Local Government Division
FARGO OFFICE
MANAGER – CRAIG HASHBARGER
Phone (701)239-7250

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
FARGO OFFICE BRANCH
1655 43RD STREET SOUTH, SUITE 203
FARGO, NORTH DAKOTA 58103

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

Independent Auditor's Report

Board of County Commissioners
Dickey County
Ellendale, 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 financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated August 8, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *schedule of audit findings* as items 2018-001, 2018-002, and 2018-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickey County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

DICKEY COUNTY

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

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*.

Dickey County's Response to Findings

Dickey County's response to the findings identified in our audit is described in the accompanying *schedule of audit findings*. Dickey County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
August 8, 2019

DICKEY COUNTY

Summary of Auditor's Results
For the Year Ended December 31, 2018

Financial Statements

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

Internal control over financial reporting

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

DICKEY COUNTY

Schedule of Audit Findings

For the Year Ended December 31, 2018

2018-001 – FINANCIAL STATEMENT PREPARATION

Condition

Dickey County does not have an internal control system over financial reporting designed to provide for the preparation of the financial statements, including the accompanying note disclosures, as required by Generally Accepted Accounting Principles (GAAP).

Criteria

Management is responsible for establishing proper internal control over the preparation of Dickey County's annual financial statements to ensure that financial statements and note disclosures are reliable, accurate, free of material misstatement, and in accordance with GAAP.

Cause

Management may not be fully aware how to prepare basic financial statements that comply with GAAP and has chosen to have the auditors assist in the preparation of the financial statements and note disclosures.

Effect

There is an increased risk of material misstatement to Dickey County's financial statements.

Recommendation

We recommend Dickey County design and implement internal controls over financial reporting to ensure financial statements are presented in accordance with GAAP. We further recommend management continue to obtain sufficient knowledge to ensure the financial statements are free from material misstatement.

Dickey County's Response

Agree. Dickey County is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

2018-002 – ADJUSTING JOURNAL ENTRIES

Condition

Material auditor-identified adjusting entries to the financial statements were proposed to properly reflect the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Criteria

Dickey County is required to maintain internal controls at a level where support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Cause

Management is not fully knowledgeable of identifying necessary adjustments to present the financial statements in compliance with GAAP.

Effect

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

Recommendation

We recommend that Dickey County design and implement internal controls to identify the necessary adjustments to present the financial statements in compliance with GAAP.

Dickey County’s Response

Agree. Dickey County does not have adequate resources to obtain proper internal controls and training to make and identify all necessary adjustments. We will continue to try to identify all items in need of adjustment at year end to comply with GAAP.

2018-003 – LACK OF CONTROLS OVER FEMA FUNDS

Condition

Dickey County received a letter in 2014 from the North Dakota Department of Emergency Services (DES) stating it needed to spend the excess funds (\$69,295.61) remaining from the Disaster # DR 1907 on upgrading roads that are not Federal Aid Secondary Highway Systems (FAS) involved in a current disaster recovery, or hazard mitigation within one year from the date of the letter. As of December 31, 2018, the period expired, and Dickey County had not spent the excess funds.

Criteria

The letter from DES stated that Dickey County had a one-year period to spend the funds.

Cause

Management was unaware that Dickey County had received the letter. Proper communication channels between the Emergency Manager and the County Auditor were not in place.

Effect

Without proper internal controls, Dickey County may have had to repay the unused grant money back to DES and may have a more difficult time in the future receiving emergency aid.

Recommendation

We recommend that Dickey County implement controls surrounding its unused FEMA funds, such as setting calendar reminders, to make sure it spends the funds appropriately and within the grant agreement time limits.

Dickey County’s Response

Agree. Dickey County will develop a policy concerning the return of FEMA funds, to ensure the money is returned or used within the year. This is in compliance with the requirements of FEMA.

STATE AUDITOR

JOSHUA C. GALLION
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GOVERNANCE COMMUNICATION

Board of County Commissioners
Dickey County
Ellendale, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, North Dakota, for the year ended December 31, 2018 which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated August 8, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance

As stated in our engagement letter dated April 29, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Dickey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting.

As part of obtaining reasonable assurance about whether Dickey 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 and other matters, 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.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Dickey County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

DICKEY COUNTY

Governance Communication – Continued

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules below lists all misstatements detected as a result of audit procedures that were corrected by management.

PRIMARY GOVERNMENT			
Client Provided Adjustments			
Expenditures	\$	15,590	
Accounts Payable			\$ 12,712
Salaries Payable			2,878
Intergovernmental Receivable		130,737	
Accounts Receivable		291	
Revenue			131,028
Audit Adjustments			
Revenue		61,800	
Grants Received in Advance			61,800
Expenditures		2,945	
Capital Lease Financing			2,945
WATER RESOURCE DISTRICT			
Client Adjustments			
Intergovernmental Receivable	\$	382	
Accounts Receivable		840	
Revenue			\$ 1,222
Revenue		45,932	
Taxes Received in Advance			45,932
JOINT WATER RESOURCE DISTRICT			
Client Adjustments			
Accounts Receivable	\$	310	
Revenue			\$ 310
Revenue		43,097	
Taxes Received in Advance			43,097

HEALTH DISTRICT

Client Adjustments

Intergovernmental Receivable	\$	58,731		
Revenue			\$	58,731
Expenditures		461		
Accounts Payable				461

JOB DEVELOPMENT AUTHORITY

Client Adjustments

Accounts Receivable	\$	1,144		
Revenue			\$	1,144

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **AUGUST 8, 2019**.

Management Consultations with Other Independent Accountants

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

Difficulties Encountered in Performing the Audit

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

Other Audit Findings or Issues

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

The following presents our informal recommendation:

* * * * *

FRAUD RISK ASSESSMENT

Dickey County does not currently prepare a fraud risk assessment of the entire entity. If the County does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the COSO framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the County's goals in reporting, reliance, and accountability.

We recommend Dickey County prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

* * * * *

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

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

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
August 8, 2019

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www.nd.gov/auditor/

or by contacting the
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