

AUDIT REPORT

EMMONS COUNTY
Linton, North Dakota

For the Years Ended December 31, 2018 and 2017

RATH & MEHRER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

EMMONS COUNTY
Linton, North Dakota

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EMMONS COUNTY
Linton, North Dakota

COUNTY OFFICIALS

Leonard Weichel	Commission Chairman
Alex Jahner	Commission Vice Chairman
Don Eberle	Commissioner
David Kalberer	Commissioner
Erin Magrum	Commissioner
Marlys Ohlhauser	Auditor/Treasurer
Anita Ibach	County Recorder/Clerk of Court
Gary R. Sanders	Sheriff
Joseph M. Hanson	States Attorney

Rath & Mehrer

Certified Public Accountants

Specializing in Governmental Auditing

Phone: (701) 258-4560

Jayson Rath, CPA

Ken Mehrer, CPA

425 North Fifth Street
Bismarck, ND 58501

INDEPENDENT AUDITOR'S REPORT

Governing Board
Emmons County
Linton, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the county's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of December 31, 2018 and 2017, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, budgeting comparison information on pages 43 through 53 and the schedule of employer's share of net pension liability on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedules of fund activity arising from cash transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of fund activity arising from cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2019 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.



Rath and Mehrer, P.C.

Bismarck, North Dakota

May 24, 2019

EMMONS COUNTY

Management's Discussion and Analysis

December 31, 2018 and 2017

The Management's Discussion and Analysis (MD&A) of Emmons County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2018 and 2017. The intent of the MD&A is to look at the county's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2018 are as follows:

- * Net position of the county decreased \$178,629 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$4,335,583.
- * Total revenues from all sources were \$4,470,487.
- * Total expenses were \$4,649,116.
- * The county's general fund had \$1,805,156 in total revenues and \$2,043,409 in total expenditures. There was a total of \$39,642 paid from other financing uses. Overall, the general fund balance decreased by \$277,895 for the year ended December 31, 2018.

Key financial highlights for the year ended December 31, 2017 are as follows:

- * Net position of the county decreased \$17,819 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$4,514,212.
- * Total revenues from all sources were \$4,935,151.
- * Total expenses were \$4,952,970.
- * The county's general fund had \$1,832,630 in total revenues and \$1,935,345 in total expenditures. There was a total of \$46,615 paid from other financing uses. Overall, the general fund balance decreased by \$149,331 for the year ended December 31, 2017.

USING THIS ANNUAL REPORT

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

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

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 2018 and 2017?"

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

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

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

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

REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

Balance Sheet - Governmental Funds

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 2018, and 2017. A comparative analysis of county-wide data is presented for both current years and prior year.

As indicated in the financial highlights above, the county's net position decreased by \$178,629 and by \$17,819 for the years ended December 31, 2018 and 2017, respectively. Changes in net position may serve over time as a useful indicator of the county's financial position.

As of December 31, 2018 the county's net position of \$4,335,583 is segregated into three separate categories. Net investment in capital assets total \$2,092,385 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$2,928,861 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$685,663), which includes (\$1,197,687) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$512,024 is available to meet the county's ongoing obligations.

As of December 31, 2017 the county's net position of \$4,514,212 is segregated into three separate categories. Net investment in capital assets total \$2,058,726 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$2,626,166 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$170,680), which includes (\$967,578) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$796,898 is available to meet the county's ongoing obligations.

Table I
 Net Position
 As of December 31, 2018 and 2017
 (With comparative totals for December 31, 2016)

	2018	2017	2016
Assets			
Current Assets	4,482,944	4,531,280	4,315,666
Capital Assets (net of accumulated depreciation)	3,192,947	2,694,100	2,511,771
Total Assets	7,675,891	7,225,380	6,827,437
Deferred Outflows of Resources	1,103,254	459,852	216,579
Liabilities			
Current Liabilities	365,707	435,853	341,326
Long-Term Liabilities	1,014,268	605,776	436,487
Net Pension Liability	2,183,218	1,275,027	831,470
Total Liabilities	3,563,193	2,316,656	1,609,282
Deferred Inflows of Resources	880,369	854,364	902,702
Net Position			
Net Investment in Capital Assets	2,092,385	2,058,726	2,053,094
Restricted	2,928,861	2,626,167	2,455,112
Unrestricted	(685,663)	(170,680)	23,826
Total Net Position	4,335,583	4,514,212	4,532,031

Table II shows the changes in net position for the fiscal years ended December 31, 2018 and 2017. A comparative analysis of county-wide data is presented for both current years and prior year.

Table II
 Changes in Net Position
 As of December 31, 2018 and 2017
 (With comparative totals for December 31, 2016)

	2018	2017	2016
Revenues			
Program Revenues:			
Charges for Services	220,361	296,991	336,865
Operating Grants and Contributions	958,715	1,368,229	3,704,480
General Revenues:			
Property Taxes	2,468,121	2,320,579	2,221,655
Other Taxes	64,071	62,364	110,842
Federal Aid - Unrestricted	100,405	99,431	41,060
State Aid - Unrestricted	444,537	555,697	646,813
Interest Earnings and Other Revenue	126,870	103,860	162,288
Gain on Trade-in/Disposal of Capital Assets	87,407	128,000	
Total Revenues	4,470,487	4,935,151	7,224,003
Expenses			
General Government	1,495,574	1,333,023	1,308,898
Public Safety	719,824	696,351	472,714
Highways and Public Improve.	1,943,194	2,446,105	1,622,261
Health and Welfare	229,623	283,705	264,285
Culture and Recreation	40,897	44,951	41,545
Conser. and Economic Dvlpmnt.	117,260	121,484	84,740
Other	79,819	11,228	58,989
Interest on Long-Term Debt	22,925	16,123	22,126
Total Expenses	4,649,116	4,952,970	3,875,558
Net Change in Position	(178,629)	(17,819)	3,348,446

Property taxes constituted 55%, other taxes 1%, unrestricted state aid 10%, operating grants and contributions 21%, and charges for services made up 5% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2018.

General government constituted 32%, public safety 15%, highways and public improvement 42%, and health and welfare 5% of total expenses for governmental activities during the fiscal year ended December 31, 2018.

Property taxes constituted 47%, other taxes 1%, unrestricted state aid 11%, operating grants and contributions 28%, and charges for services made up 6% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2017.

General government constituted 27%, public safety 14%, highways and public improvement 49%, and health and welfare 6% of total expenses for governmental activities during the fiscal year ended December 31, 2017.

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

Table III

Total and Net Cost of Services
As of December 31, 2018

	Total Cost Year Ended December 31, 2018	Total Cost Year Ended December 31, 2018
General Government	1,495,574	1,430,600
Public Safety	719,824	543,733
Highways and Public Improvement	1,943,194	1,258,709
Health and Welfare	229,623	3,709
Culture and Recreation	40,897	40,897
Conservation and Economic Dvlpmnt.	117,260	117,260
Other	79,819	52,206
Interest on Long-Term Debt	22,925	22,925
Total Expenses	<u>4,649,116</u>	<u>3,470,039</u>

Total and Net Cost of Services
As of December 31, 2017

	Total Cost Year Ended December 31, 2017	Total Cost Year Ended December 31, 2017
General Government	1,333,023	1,215,831
Public Safety	696,351	561,516
Highways and Public Improvement	2,446,105	1,107,072
Health and Welfare	283,705	273,714
Culture and Recreation	44,951	44,951
Conservation and Economic Dvlpmnt.	121,484	121,484
Other	11,228	(52,940)
Interest on Long-Term Debt	16,123	16,123
Total Expenses	<u>4,952,970</u>	<u>3,287,750</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$4,382,888 and expenditures of \$5,010,958 for the year ended December 31, 2018. As of December 31, 2018, the unassigned fund balance of the county's general fund was \$581,965. The county's governmental funds had total revenue of \$4,807,928 and expenditures of \$5,117,865 for the year ended December 31, 2017. As of December 31, 2017, the unassigned fund balance of the county's general fund was \$859,859.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal year 2018, the county amended the general fund budget. The gross effect of the amendment was to increase appropriations by \$38,000. During the course of fiscal year 2017, the county did not amend the general fund budget.

Actual revenue for the year ended December 31, 2018 was \$145,750 more than budgeted. Actual expenditures for the year ended December 31, 2018 were under budget by \$247,959. This budget variance was mainly due to the county overestimating appropriations for general government purposes.

Actual revenue for the year ended December 31, 2017 was \$14,046 less than budgeted. Actual expenditures for the year ended December 31, 2017 were under budget by \$303,471. This budget variance was mainly due to the county overestimating appropriations for general government purposes.

CAPITAL ASSETS

As of December 31, 2018 and 2017, the county had \$3,192,947 and \$2,694,100, respectively, invested in capital assets. Table IV shows the balances as of December 31, 2018, 2017 and 2016.

Table IV
Capital Assets
(Net of Accumulated Depreciation)
As of December 31, 2018 and 2017
(With comparative totals for December 31, 2016)

	2018	2017	2016
Buildings	570,136	589,010	607,884
Machinery and Vehicles	2,622,811	2,105,090	1,903,887
Total (net of depreciation)	3,192,947	2,694,100	2,511,771
	=====	=====	=====

As of December 31, 2018, this total represents an increase of \$498,847 in capital assets from January 1, 2018. As of December 31, 2017, this total represents an increase of \$182,329 in capital assets from January 1, 2017. During the years ending December 31, 2018 and 2017, the changes in machinery and vehicles were due to the purchase of machinery and vehicles for the county's highway and sheriff's departments.

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 5 to the audited financial statements which follow this analysis.

DEBT ADMINISTRATION

As of December 31, 2018, the county had \$1,302,740 in outstanding debt, which includes \$288,472 due within one year. As of December 31, 2017, the county had \$816,022 in outstanding debt, which includes \$210,246 due within one year. During fiscal years 2018 and 2017, the county issued four new long-term debt obligations:

Capital Lease Payable in the amount of \$242,250. The county obtained funding for the purchase of a 2017 Caterpillar 140M3 motor grader. This capital lease will have a final payment on July 26, 2022.

Capital Lease Payable in the amount of \$125,950. The county obtained funding for the purchase of a 2017 Caterpillar excavator. This capital lease will have a final payment on October 5, 2022.

Capital Lease Payable in the amount of \$242,250. The county obtained funding for the purchase of two 2018 Caterpillar 140M3 motor graders. This capital lease will have a final payment on March 1, 2023.

Capital Lease Payable in the amount of \$353,434. The county obtained funding for the purchase of two 2018 772GX John Deere motor graders. This capital lease will have a final payment on October 20, 2023.

For a detailed breakdown of the long-term debt, readers are referred to Note 10 to the audited financial statements which follow this analysis.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

EMMONS COUNTY
Linton, North Dakota

Statement of Net Position
December 31, 2018

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Weed Control	District Health Unit
ASSETS:				
Cash and Investments	4,437,673.63	465,480.77	152,146.77	131,388.09
Accounts Receivable	339.25			
Taxes Receivable	44,930.88	864.74	1,829.34	1,852.93
Capital Assets (net of accumulated depreciation):				
Buildings	570,136.00			
Machinery and Vehicles	2,622,811.00		47,644.00	
Total Capital Assets	3,192,947.00		47,644.00	
Total Assets	7,675,890.76	466,345.51	201,620.11	133,241.02
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	1,103,254.00			
LIABILITIES:				
Accounts Payable	61,218.37			
Interest Payable	16,016.25			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	288,472.12			
Due After One Year:				
Capital Leases Payable	812,089.81			
Compensated Absences Payable	202,178.43			
Net Pension Liability	2,183,218.00			
Total Liabilities	3,563,192.98			
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	762,645.85			
Changes in Resources Related to Pensions	117,723.00			
Total Deferred Inflows of Resources	880,368.85			
NET POSITION:				
Net Investment in Capital Assets	2,092,385.07		47,644.00	
Restricted for:				
Special Purposes	2,928,860.74			
Unrestricted	(685,662.88)	466,345.51	153,976.11	133,241.02
Total Net Position	4,335,582.93	466,345.51	201,620.11	133,241.02

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

EMMONS COUNTY
Linton, North Dakota

Statement of Net Position
December 31, 2017

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Weed Control	District Health Unit
ASSETS:				
Cash and Investments	4,476,624.75	431,790.27	186,772.79	159,807.82
Accounts Receivable	9,916.00			
Taxes Receivable	44,739.23	839.44	1,649.95	1,748.73
Capital Assets (net of accumulated depreciation):				
Buildings	589,010.00			
Machinery and Vehicles	2,105,090.00		35,389.00	
Total Capital Assets	2,694,100.00		35,389.00	
Total Assets	7,225,379.98	432,629.71	223,811.74	161,556.55
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	459,852.00			
LIABILITIES:				
Accounts Payable	217,795.84			
Interest Payable	7,810.87			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	210,246.39			
Due After One Year:				
Capital Leases Payable	425,127.93			
Compensated Absences Payable	180,648.38			
Net Pension Liability	1,275,027.00			
Total Liabilities	2,316,656.41			
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	701,960.59			
Changes in Resources Related to Pensions	152,403.00			
Total Deferred Inflows of Resources	854,363.59			
NET POSITION:				
Net Investment in Capital Assets	2,058,725.68		35,389.00	
Restricted for:				
Special Purposes	2,626,166.53			
Unrestricted	(170,680.23)	432,629.71	188,422.74	161,556.55
Total Net Position	4,514,211.98	432,629.71	223,811.74	161,556.55

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

EMMONS COUNTY
Linton, North Dakota

Statement of Activities
For the Year Ended December 31, 2018

	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Weed Control
<u>Functions/Programs</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	1,495,573.96	45,853.29	19,120.31	(1,430,600.36)		
Public Safety	719,823.94	164,763.70	11,326.86	(543,733.38)		
Highways and Public Improve.	1,943,193.88	9,744.25	674,741.08	(1,258,708.55)		
Health and Welfare	229,623.29		225,914.34	(3,708.95)		
Culture and Recreation	40,897.31			(40,897.31)		
Conser. and Economic Dvlpmnt.	117,259.98			(117,259.98)		
Other	79,818.50		27,612.73	(52,205.77)		
Interest on Long-Term Debt	22,925.09			(22,925.09)		
Total Governmental Activities	4,649,115.95	220,361.24	958,715.32	(3,470,039.39)		

<u>Component Units:</u>						
Water Resource District	20,189.97				(20,189.97)	
Weed Control	231,806.22	91,192.29	616.46			(139,997.47)
District Health Unit	332,259.93	74,685.52	103,109.87			(154,464.54)

<u>General Revenues:</u>				
Taxes:				
Property taxes; levied for general purposes	1,258,963.96	51,397.81	95,092.40	111,049.98
Property taxes; levied for special purposes	1,209,156.68			
Homestead tax credit	18,382.24		912.53	
Veterans tax credit	2,753.05			
Telecommunications taxes	9,030.59			
Transmission line taxes	33,905.18			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	90,749.19			
U.S. fish and wildlife	396.94			
Flood control	9,258.80			
State aid not restricted to specific program:				
State aid distribution	444,536.51		15,550.56	
Earnings on investments and other revenue	126,870.20	2,507.96	6,250.35	15,099.03
Gain on trade-in of capital assets	87,407.00			
Total General Revenues	3,291,410.34	53,905.77	117,805.84	126,149.01
Change in Net Position	(178,629.05)	33,715.80	(22,191.63)	(28,315.53)
Net Position - January 1	4,514,211.98	432,629.71	223,811.74	161,556.55
Net Position - December 31	4,335,582.93	466,345.51	201,620.11	133,241.02
	=====			

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

EMMONS COUNTY
Linton, North Dakota

Statement of Activities
For the Year Ended December 31, 2017

	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues		Primary Gov't	Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Weed Control
<u>Functions/Programs</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	1,333,022.60	88,071.52	29,120.31	(1,215,830.77)		
Public Safety	696,351.28	125,055.71	9,779.37	(561,516.20)		
Highways and Public Improve.	2,446,105.30	83,863.38	1,255,169.88	(1,107,072.04)		
Health and Welfare	283,705.48		9,991.65	(273,713.83)		
Culture and Recreation	44,950.50			(44,950.50)		
Conser. and Economic Dvlpmnt.	121,484.37			(121,484.37)		
Other	11,227.83		64,168.27	52,940.44		
Interest on Long-Term Debt	16,123.06			(16,123.06)		
Total Governmental Activities	4,952,970.42	296,990.61	1,368,229.48	(3,287,750.33)		

<u>Component Units:</u>						
Water Resource District	41,069.22		5,280.00	(35,789.22)		
Weed Control	182,672.96	58,538.27	20,138.86		(103,995.83)	
District Health Unit	296,150.95	50,614.14	87,438.84			(158,097.97)

<u>General Revenues:</u>				
Taxes:				
Property taxes; levied for general purposes	1,147,940.04	50,901.52	87,846.59	107,470.58
Property taxes; levied for special purposes	1,172,639.33			
Homestead tax credit	18,470.23		887.13	
Veterans tax credit	2,060.50			
Telecommunications taxes	9,111.09			
Transmission line taxes	32,721.83			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	89,665.62			
U.S. fish and wildlife	488.01			
Flood control	9,277.04			
State aid not restricted to specific program:				
State aid distribution	555,697.18		12,712.64	
Earnings on investments and other revenue	103,860.26	1,513.68	666.13	8,329.68
Gain on trade-in of capital assets	128,000.00			
Total General Revenues	<u>3,269,931.13</u>	<u>52,415.20</u>	<u>102,112.49</u>	<u>115,800.26</u>
Change in Net Position	(17,819.20)	16,625.98	(1,883.34)	(42,297.71)
Net Position - January 1	<u>4,532,031.18</u>	<u>416,003.73</u>	<u>225,695.08</u>	<u>203,854.26</u>
Net Position - December 31	<u>4,514,211.98</u>	<u>432,629.71</u>	<u>223,811.74</u>	<u>161,556.55</u>
	=====	=====	=====	=====

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

EMMONS COUNTY
Linton, North Dakota

Balance Sheet
Governmental Funds
December 31, 2018

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Unorganized Road and Bridge	Road Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>							
Cash and Investments	1,043,870.76	1,111,271.95	213,684.02	841,661.70		1,227,185.20	4,437,673.63
Accounts Receivable		339.25					339.25
Taxes Receivable	25,309.16	5,234.33		7,691.92		6,695.47	44,930.88
Total Assets	1,069,179.92	1,116,845.53	213,684.02	849,353.62	-0-	1,233,880.67	4,482,943.76
=====							
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts Payable	33,454.02			14,905.72		12,858.63	61,218.37
<u>Deferred Inflows of Resources:</u>							
Unavailable Revenue	453,761.20	72,145.07		186,987.29		94,683.17	807,576.73
Total Liabilities and Deferred Inflows of Resources	487,215.22	72,145.07		201,893.01	-0-	107,541.80	868,795.10

Fund Balances:

Restricted for:							
General Government						3,146.83	3,146.83
Public Safety						157,521.97	157,521.97
Highways and Public Improve.	1,044,700.46	213,684.02	647,460.61			266,536.70	2,172,381.79
Health and Welfare						113,902.54	113,902.54
Culture and Recreation						59.42	59.42
Emergency Purposes						410,687.08	410,687.08
Other Purposes						174,484.33	174,484.33
Unassigned	581,964.70						581,964.70
Total Fund Balances	581,964.70	1,044,700.46	213,684.02	647,460.61	-0-	1,126,338.87	3,614,148.66
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,069,179.92	1,116,845.53	213,684.02	849,353.62	-0-	1,233,880.67	4,482,943.76
	=====						

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

EMMONS COUNTY
Linton, North Dakota

Balance Sheet
Governmental Funds
December 31, 2017

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Unorganized Road and Bridge	Road Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments	1,246,362.55	940,390.61	305,351.96	703,391.57	47,642.85	1,233,485.21	4,476,624.75
Accounts Receivable		9,916.00					9,916.00
Taxes Receivable	25,120.62	5,121.26		6,831.04		7,666.31	44,739.23
Total Assets	1,271,483.17	955,427.87	305,351.96	710,222.61	47,642.85	1,241,151.52	4,531,279.98
=====							
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable	19,364.94			17,652.29	600.00	180,178.61	217,795.84
Deferred Inflows of Resources:							
Unavailable Revenue	392,258.89	81,768.56		172,676.17		99,996.20	746,699.82
Total Liabilities and Deferred Inflows of Resources	411,623.83	81,768.56		190,328.46	600.00	280,174.81	964,495.66

Fund Balances:

Restricted for:							
General Government						2,961.83	2,961.83
Public Safety						148,926.94	148,926.94
Highways and Public Improve.	873,659.31	305,351.96	519,894.15	47,042.85	198,880.97	1,944,829.24	
Health and Welfare						100,475.64	100,475.64
Culture and Recreation						29.13	29.13
Emergency Purposes						374,964.16	374,964.16
Other Purposes						134,738.04	134,738.04
Unassigned	859,859.34						859,859.34
Total Fund Balances	859,859.34	873,659.31	305,351.96	519,894.15	47,042.85	960,976.71	3,566,784.32
Total Liabilities, Deferred Inflows of Resources and Fund Balances	1,271,483.17	955,427.87	305,351.96	710,222.61	47,642.85	1,241,151.52	4,531,279.98

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

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2018

Total Fund Balances for Governmental Funds		3,614,148.66
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	5,878,872.00	
Less Accumulated Depreciation	(2,685,925.00)	
Net Capital Assets		3,192,947.00
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		44,930.88
The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.		
Total Deferred Outflows of Resources	1,103,254.00	
Total Deferred Inflows of Resources	(117,723.00)	
Net Deferred Outflows/Inflows of Resources		985,531.00
Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on Long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2018 are:		
Capital Leases Payable	(1,100,561.93)	
Compensated Absences Payable	(202,178.43)	
Interest Payable	(16,016.25)	
Net Pension Liability	(2,183,218.00)	
Total Long-Term Liabilities		(3,501,974.61)
Total Net Position of Governmental Activities		4,335,582.93

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

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2017

Total Fund Balances for Governmental Funds		3,566,784.32
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	5,714,644.00	
Less Accumulated Depreciation	(3,020,544.00)	
Net Capital Assets		2,694,100.00
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		44,739.23
The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.		
Total Deferred Outflows of Resources	459,852.00	
Total Deferred Inflows of Resources	(152,403.00)	
Net Deferred Outflows/Inflows of Resources		307,449.00
Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on Long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2017 are:		
Capital Leases Payable	(635,374.32)	
Compensated Absences Payable	(180,648.38)	
Interest Payable	(7,810.87)	
Net Pension Liability	(1,275,027.00)	
Total Long-Term Liabilities		(2,098,860.57)
Total Net Position of Governmental Activities		4,514,211.98
		=====

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

EMMONS COUNTY
Linton, North Dakota

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

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Unorganized Road and Bridge	Road Projects	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	1,263,601.76	335,287.17		560,284.04		382,187.37	2,541,360.34
Licenses, Permits and Fees	3,135.00						3,135.00
Intergovernmental	359,277.22	58,969.52	482,377.56	268,433.59		389,639.34	1,558,697.23
Charges for Services	128,762.53	9,744.25				14,318.70	152,825.48
Miscellaneous	50,379.18	464.00		74,762.02		1,265.00	126,870.20
Total Revenues	1,805,155.69	404,464.94	482,377.56	903,479.65		787,410.41	4,382,888.25
Expenditures:							
Current:							
General Government	1,215,392.69					37,720.00	1,253,112.69
Public Safety	562,051.15					132,987.51	695,038.66
Highways and Public Improve.	73,742.43	8,457.69	574,045.50	640,043.19	47,042.85	185,361.58	1,528,693.24
Health and Welfare	6,500.00					214,667.43	221,167.43
Culture and Recreation	30,362.46					10,534.85	40,897.31
Conser. and Economic Dvlpmnt.	117,259.98						117,259.98
Other						80,418.50	80,418.50
Capital Outlay	38,100.00	675,434.00		135,870.00			849,404.00
Debt Service:							
Principal		210,246.39					210,246.39
Interest		14,719.71					14,719.71
Total Expenditures	2,043,408.71	908,857.79	574,045.50	775,913.19	47,042.85	661,689.87	5,010,957.91
Excess (Deficiency) of Revenues Over Expenditures	(238,253.02)	(504,392.85)	(91,667.94)	127,566.46	(47,042.85)	125,720.54	(628,069.66)

<u>Other Financing Sources (Uses):</u>							
Transfers In	358.38					40,000.00	40,358.38
Transfers Out	(40,000.00)					(358.38)	(40,358.38)
Proceeds from Capital Leases		675,434.00					675,434.00
Total Other Financing Sources (Uses)	(39,641.62)	675,434.00				39,641.62	675,434.00
Net Change in Fund Balances	(277,894.64)	171,041.15	(91,667.94)	127,566.46	(47,042.85)	165,362.16	47,364.34
Fund Balance - January 1	859,859.34	873,659.31	305,351.96	519,894.15	47,042.85	960,976.71	3,566,784.32
Fund Balance - December 31	581,964.70	1,044,700.46	213,684.02	647,460.61	-0-	1,126,338.87	3,614,148.66

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

EMMONS COUNTY
Linton, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Unorganized Road and Bridge	Road Projects	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	1,150,105.67	322,366.89		461,668.83		450,885.50	2,385,026.89
Licenses, Permits and Fees	3,130.00						3,130.00
Intergovernmental	519,286.01	54,190.86	471,002.63	232,188.61	654,249.51	174,812.58	2,105,730.20
Charges for Services	126,317.28	39,919.70				43,943.68	210,180.66
Miscellaneous	33,790.58	1,315.88		52,321.79		16,432.01	103,860.26
Total Revenues	1,832,629.54	417,793.33	471,002.63	746,179.23	654,249.51	686,073.77	4,807,928.01
Expenditures:							
Current:							
General Government	1,165,169.47					96,230.00	1,261,399.47
Public Safety	513,605.42					162,052.87	675,658.29
Highways and Public Improve.	62,000.00	341.13	512,631.92	589,095.85	662,986.00	215,562.53	2,042,617.43
Health and Welfare						274,473.73	274,473.73
Culture and Recreation	36,285.84					8,664.66	44,950.50
Conser. and Economic Dvlpmnt.	121,484.37						121,484.37
Other						12,820.38	12,820.38
Capital Outlay	36,800.00	368,150.00		58,000.00		18,000.00	480,950.00
Debt Service:							
Principal		191,453.08					191,453.08
Interest		12,057.64					12,057.64
Total Expenditures	1,935,345.10	572,001.85	512,631.92	647,095.85	662,986.00	787,804.17	5,117,864.89
Excess (Deficiency) of Revenues Over Expenditures	(102,715.56)	(154,208.52)	(41,629.29)	99,083.38	(8,736.49)	(101,730.40)	(309,936.88)

<u>Other Financing Sources (Uses):</u>							
Transfers In	15,747.12	402.49	42,007.21			62,362.50	120,519.32
Transfers Out	(62,362.50)					(58,156.82)	(120,519.32)
Proceeds from Capital Leases		368,150.00					368,150.00
Total Other Financing Sources (Uses)	(46,615.38)	368,552.49	42,007.21			4,205.68	368,150.00
Net Change in Fund Balances	(149,330.94)	214,343.97	377.92	99,083.38	(8,736.49)	(97,524.72)	58,213.12
Fund Balance - January 1	1,009,190.28	659,315.34	304,974.04	420,810.77	55,779.34	1,058,501.43	3,508,571.20
Fund Balance - December 31	859,859.34	873,659.31	305,351.96	519,894.15	47,042.85	960,976.71	3,566,784.32

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

EMMONS COUNTY
Linton, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds 47,364.34

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

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

Current Year Capital Outlay	849,404.00	
Current Year Depreciation Expense	(437,964.00)	411,440.00

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

Debt Proceeds	(675,434.00)	
Repayment of Debt	210,246.39	(465,187.61)

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

Net Increase in Compensated Absences	(21,530.05)	
Net Increase in Interest Payable	(8,205.38)	
Net Increase to Pension Expense	(230,109.00)	(259,844.43)

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

Net Increase in Taxes Receivable		191.65
----------------------------------	--	--------

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

		87,407.00

Change in Net Position of Governmental Activities		(178,629.05)
		=====

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

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds 58,213.12

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

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

Current Year Capital Outlay	480,950.00	
Current Year Depreciation Expense	(426,621.00)	54,329.00

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

Debt Proceeds	(368,150.00)	
Repayment of Debt	191,453.08	(176,696.92)

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

Net Increase in Compensated Absences	(11,386.19)	
Net Increase in Interest Payable	(4,065.42)	
Net Increase to Pension Expense	(65,436.00)	(80,887.61)

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

Net Decrease in Taxes Receivable		(776.79)
----------------------------------	--	----------

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

128,000.00

Change in Net Position of Governmental Activities

(17,819.20)

=====

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

EMMONS COUNTY
Linton, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	1,270,477.46 =====
<u>Liabilities:</u>	
Due to Other Governments	1,270,477.46 =====

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

EMMONS COUNTY
Linton, North Dakota

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

	Agency Funds
<u>Assets:</u>	
Cash and Investments	1,161,265.14 =====
<u>Liabilities:</u>	
Due to Other Governments	1,161,265.14 =====

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

EMMONS COUNTY
Linton, North Dakota

Notes to the Financial Statements
December 31, 2018 and 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The accompanying financial statements present the activities of the county. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the county to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Emmons County.

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

The county reports the following major governmental funds:

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

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

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

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

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

The county reports the following fund type:

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

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

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

F. Compensated Absences

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

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

G. Long-Term Obligations

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

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

H. Pension

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

I. Fund Equity

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

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

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

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

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

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

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

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

- * Committed
- * Assigned
- * Unassigned

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

J. Interfund Transactions

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

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

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

K. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2018 the county's carrying amount of deposits was \$5,703,923 and the bank balance was \$5,863,891. Of the bank balance, \$828,411 was covered by Federal Depository Insurance. The remaining balance of \$5,035,480 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2017 the county's carrying amount of deposits was \$5,635,531 and the bank balance was \$5,751,704. Of the bank balance, \$803,512 was covered by Federal Depository Insurance. The remaining balance of \$4,916,794 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2018 the county held certificates of deposit in the amount of \$354,542, which are all considered deposits.

At December 31, 2017 the county held certificates of deposit in the amount of \$353,424, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 ACCOUNTS RECEIVABLE

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

Note 4 TAXES RECEIVABLE

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

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

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

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

Note 5 CAPITAL ASSETS

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

Primary Government

	<u>2018</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	1,236,000			1,236,000
Machinery & Vehicles	4,478,644	1,476,968	1,312,740	4,642,872
Total	<u>5,714,644</u>	<u>1,476,968</u>	<u>1,312,740</u>	<u>5,878,872</u>
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	646,990	18,874		665,864
Machinery & Vehicles	2,373,554	419,090	772,583	2,020,061
Total	<u>3,020,544</u>	<u>437,964</u>	<u>772,583</u>	<u>2,685,925</u>
Governmental Activities				
Capital Assets, Net	<u>2,694,100</u>	<u>1,039,004</u>	<u>540,157</u>	<u>3,192,947</u>

	<u>2017</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	1,236,000			1,236,000
Machinery & Vehicles	4,231,679	608,950	361,985	4,478,644
Total	<u>5,467,679</u>	<u>608,950</u>	<u>361,985</u>	<u>5,714,644</u>
<i>Less accumulated depreciation for:</i>				
Buildings	628,116	18,874		646,990
Machinery & Vehicles	2,327,792	407,747	361,985	2,373,554
Total	<u>2,955,908</u>	<u>426,621</u>	<u>361,985</u>	<u>3,020,544</u>
Governmental Activities				
Capital Assets, Net	<u>2,511,771</u>	<u>182,329</u>	<u>-0-</u>	<u>2,694,100</u>
	=====	=====	=====	=====

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

	<u>2018</u>	<u>2017</u>
General Government	10,820	10,820
Public Safety	19,150	18,838
Highways and Public Improve.	401,087	390,056
Health and Welfare	6,907	6,907
Total Depreciation Expense	<u>437,964</u>	<u>426,621</u>
	=====	=====

Discretely Presented Component Unit

Weed Control Board

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

	<u>2018</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Machinery & Vehicles	86,900	57,173	51,640	92,433
<i>Less accumulated depreciation for:</i>				
Machinery & Vehicles	51,511	18,688	25,410	44,789
Governmental Activities				
Capital Assets, Net	<u>35,389</u>	<u>38,485</u>	<u>26,230</u>	<u>47,644</u>
	=====	=====	=====	=====

	<u>2017</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Machinery & Vehicles	86,900			86,900
<hr/>				
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Machinery & Vehicles	38,258	13,253		51,511
<hr/>				
Governmental Activities				
Capital Assets, Net	48,642	(13,253)	-0-	35,389
	=====	=====	=====	=====

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

	<u>2018</u>	<u>2017</u>
Conservation and Economic Development	18,688	13,253
	=====	=====

Note 6 ACCOUNTS PAYABLE

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

Note 7 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31, 2018 and 2017.

Note 8 UNAVAILABLE REVENUE

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

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

Note 9 CAPITAL LEASES PAYABLE

The county has entered into the following lease agreements.

Lease-purchase of John Deere 624K Wheel Loader due in final installment of \$26,326.15, which includes interest at 3.25%, on May 6, 2019.	25,663.31
Lease-purchase of Caterpillar 140M2 motor grader due in final installment of \$32,536.82, which includes interest at 2.5%, on November 1, 2019.	31,820.00
Lease-purchase of Caterpillar 140M3 motor grader due in annual installments of \$35,892.41, which include interest at 2.15%, through December 1, 2020.	69,534.00
Lease-purchase of Caterpillar 140M3 motor grader due in annual installments of \$52,143.55, which include interest at 2.5%, through July 26, 2022.	196,162.70
Lease-purchase of Caterpillar excavator due in annual installments of \$27,099.58, which include interest at 2.5%, through October 5, 2022.	101,947.92
Lease-purchase of (2) Caterpillar 140M3 motor graders due in annual installments of \$69,309.49, which include interest at 2.5%, through March 1, 2023.	322,000.00
Lease-purchase of (2) 772GX JD motor graders due in annual installments of \$82,873.28, which include interest at 5.45%, through October 20, 2023.	353,434.00
Total Capital Leases	<u>1,100,561.93</u> =====

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the minimum lease payments at December 31, 2018;

<u>Year Ending</u> <u>December 31</u>	<u>Payments</u>
2019	326,181.28
2020	267,318.31
2021	231,425.90
2022	231,425.90
2023	152,182.77
Total minimum lease payments	<u>1,208,534.16</u>
Less: amount representing interest	(107,972.23)
Present value of future minimum lease payments	<u>1,100,561.93</u> =====

Note 10 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2018 and 2017, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2018</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases	635,374	675,434	210,246	1,100,562	288,472
Compensated Absences *	180,648	21,530		202,178	
Total	816,022	696,964	210,246	1,302,740	288,472
	=====	=====	=====	=====	=====
	<u>2017</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases	458,677	368,150	191,453	635,374	210,246
Compensated Absences *	169,262	11,386		180,648	
Total	627,939	379,536	191,453	816,022	210,246
	=====	=====	=====	=====	=====

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

Note 11 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2018</u>		
Assessment Account	40,000.00	
General		40,000.00
To subsidize expenditures.		
General	358.38	
Human Services		358.38
To transfer excess funds in accordance with state law.		

December 31, 2017

County and Bridge	148.78	
County Road		148.78
Highway Tax Distribution	42,007.21	
Emergency		42,007.21
SB 2103 Road Project	47,000.39	
HB 1176 Road Project		47,000.39
Assessment Account	62,362.50	
General		62,362.50
To subsidize expenditures.		
General Fund	10,581.66	
Social Security		4,029.34
Advertising		133.41
County Park		1,134.53
Oasis Extended		1,101.40
Insurance Reserve		944.34
Comprehensive Health		1,904.70
Technology		1,312.90
Abandoned Cemeteries		21.04
To close funds.		
County Road and Bridge	253.71	
County Loan		253.71
To close fund.		
General	5,165.46	
Human Services		5,165.46
To transfer excess funds in accordance with state law.		

Note 12 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Emmons County Senior Citizens and Emmons County Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2018 and 2017, the county remitted \$68,957.43 and \$59,964.38 to the Senior Citizens and \$10,534.85 and \$8,664.66 to the Historical Society, respectively.

Note 13 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$5,869,921 for public assets.

The county also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The county has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

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

Note 14 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

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

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

Responsibility for administration of the NDPERS benefits program is assigned to a Board comprised of 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 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 benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

At December 31, 2018, Emmons County reported a liability of \$2,183,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017 the county's proportion was .135829 percent, which was an increase of .005003 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2018 the county recognized pension expense of \$327,406. At December 31, 2018 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources -----	Deferred Inflows of Resources -----
Differences between expected and actual experience	12,977	10,637
Changes in assumptions	895,267	49,242
Net difference between projected and actual earnings on pension plan investments	29,362	
Changes in proportion and differences between employer contributions and proportionate share of contributions	65,692	57,844
County contributions subsequent to the measurement date (see below)	99,956	
Total	1,103,254	117,723

\$99,956 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

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

Year ended June 30: -----	
2019	187,263
2020	227,552
2021	197,405
2022	179,848
2023	93,507
Thereafter	0

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

Inflation 3.50%

Salary increases	Service at Beginning of Year	Increase Rate
	-----	-----
	0	15.00%
	1	10.00%
	2	8.00%
	Age *	

	Under 36	8.00%
	36 - 40	7.50%
	41 - 49	6.00%
	50+	5.00%

* Age-based salary increase rates apply for employees with three or more years of service.

Investment rate of return 7.75%, net of investment expenses.
Cost-of-living adjustments None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Morality Table with ages set back one year for males (not set back for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2017, funding actuarial valuation for NDPERS.

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

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

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

Discount rate. For PERS, GASB 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 contribution, 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 payment payments through the year 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061. and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

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

	1% Decrease (5.44%)	Current Rate (6.44%)	1% Increase (7.44%)
	-----	-----	-----
The county's proportionate share of the net pension liability	2,963,785	2,183,218	1,533,818

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

EMMONS COUNTY
Linton, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	1,206,001.67	1,206,001.67	1,263,601.76	57,600.09
Licenses, Permits and Fees	1,720.00	1,720.00	3,135.00	1,415.00
Intergovernmental	309,530.00	309,530.00	359,277.22	49,747.22
Charges for Services	125,254.00	125,254.00	128,762.53	3,508.53
Miscellaneous	16,900.00	16,900.00	50,379.18	33,479.18
Total Revenues	1,659,405.67	1,659,405.67	1,805,155.69	145,750.02
<u>Expenditures:</u>				
Current:				
General Government	1,423,852.74	1,423,852.74	1,215,392.69	208,460.05
Public Safety	583,473.45	621,473.45	562,051.15	59,422.30
Highways and Public Improve.	73,742.43	73,742.43	73,742.43	
Health and Welfare	11,000.00	11,000.00	6,500.00	4,500.00
Culture and Recreation	37,000.00	37,000.00	30,362.46	6,637.54
Conser. and Economic Dvlpmnt.	124,299.45	124,299.45	117,259.98	7,039.47
Capital Outlay			38,100.00	(38,100.00)
Total Expenditures	2,253,368.07	2,291,368.07	2,043,408.71	247,959.36
Excess (Deficiency) of Revenues Over Expenditures	(593,962.40)	(631,962.40)	(238,253.02)	393,709.38
<u>Other Financing Sources (Uses):</u>				
Transfers In			358.38	358.38
Transfers Out	(40,000.00)	(40,000.00)	(40,000.00)	
Total Other Financing Sources (Uses)	(40,000.00)	(40,000.00)	(39,641.62)	358.38
Net Change in Fund Balances	(633,962.40)	(671,962.40)	(277,894.64)	394,067.76
Fund Balance - January 1	859,859.34	859,859.34	859,859.34	
Fund Balance - December 31	225,896.94	187,896.94	581,964.70	394,067.76

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	1,355,705.23	1,355,705.23	1,150,105.67	(205,599.56)
Licenses, Permits and Fees	1,720.00	1,720.00	3,130.00	1,410.00
Intergovernmental	329,450.00	329,450.00	519,286.01	189,836.01
Charges for Services	136,700.00	136,700.00	126,317.28	(10,382.72)
Miscellaneous	23,100.00	23,100.00	33,790.58	10,690.58
Total Revenues	1,846,675.23	1,846,675.23	1,832,629.54	(14,045.69)
<u>Expenditures:</u>				
Current:				
General Government	1,429,968.30	1,429,968.30	1,165,169.47	264,798.83
Public Safety	539,332.79	539,332.79	513,605.42	25,727.37
Highways and Public Improve.	62,000.00	62,000.00	62,000.00	
Culture and Recreation	47,000.00	47,000.00	36,285.84	10,714.16
Conser. and Economic Dvlpmnt.	123,714.89	123,714.89	121,484.37	2,230.52
Capital Outlay	36,800.00	36,800.00	36,800.00	
Total Expenditures	2,238,815.98	2,238,815.98	1,935,345.10	303,470.88
Excess (Deficiency) of Revenues Over Expenditures	(392,140.75)	(392,140.75)	(102,715.56)	289,425.19
<u>Other Financing Sources (Uses):</u>				
Transfers In	8,000.00	8,000.00	15,747.12	7,747.12
Transfers Out	(62,362.50)	(62,362.50)	(62,362.50)	
Total Other Financing Sources (Uses)	(54,362.50)	(54,362.50)	(46,615.38)	7,747.12
Net Change in Fund Balances	(446,503.25)	(446,503.25)	(149,330.94)	297,172.31
Fund Balance - January 1	1,009,190.28	1,009,190.28	1,009,190.28	
Fund Balance - December 31	562,687.03	562,687.03	859,859.34	297,172.31

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	346,180.00	346,180.00	335,287.17	(10,892.83)
Intergovernmental	51,336.00	51,336.00	58,969.52	7,633.52
Charges for Services	18,000.00	18,000.00	9,744.25	(8,255.75)
Miscellaneous	400.00	400.00	464.00	64.00
Total Revenues	415,916.00	415,916.00	404,464.94	(11,451.06)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	77,795.65	77,795.65	8,457.69	69,337.96
Capital Outlay	675,434.00	675,434.00	675,434.00	
Debt Service:				
Principal	210,246.39	210,246.39	210,246.39	
Interest	14,719.71	14,719.71	14,719.71	
Total Expenditures	978,195.75	978,195.75	908,857.79	69,337.96
Excess (Deficiency) of Revenues Over Expenditures	(562,279.75)	(562,279.75)	(504,392.85)	57,886.90
<u>Other Financing Sources:</u>				
Proceeds from Capital Leases	675,434.00	675,434.00	675,434.00	
Net Change in Fund Balances	113,154.25	113,154.25	171,041.15	57,886.90
Fund Balance - January 1	873,659.31	873,659.31	873,659.31	
Fund Balance - December 31	986,813.56	986,813.56	1,044,700.46	57,886.90

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	335,640.00	335,640.00	322,366.89	(13,273.11)
Intergovernmental	56,505.00	56,505.00	54,190.86	(2,314.14)
Charges for Services	13,000.00	13,000.00	39,919.70	26,919.70
Miscellaneous	1,000.00	1,000.00	1,315.88	315.88
Total Revenues	406,145.00	406,145.00	417,793.33	11,648.33
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	63,339.36	63,339.36	341.13	62,998.23
Capital Outlay	368,150.00	368,150.00	368,150.00	
Debt Service:				
Principal	191,453.00	191,453.00	191,453.08	(0.08)
Interest	12,057.64	12,057.64	12,057.64	
Total Expenditures	635,000.00	635,000.00	572,001.85	62,998.15
Excess (Deficiency) of Revenues Over Expenditures	(228,855.00)	(228,855.00)	(154,208.52)	74,646.48
<u>Other Financing Sources:</u>				
Transfers In	270.00	270.00	402.49	132.49
Proceeds from Capital Leases	368,150.00	368,150.00	368,150.00	
Total Other Financing Sources	368,420.00	368,420.00	368,552.49	132.49
Net Change in Fund Balances	139,565.00	139,565.00	214,343.97	74,778.97
Fund Balance - January 1	659,315.34	659,315.34	659,315.34	
Fund Balance - December 31	798,880.34	798,880.34	873,659.31	74,778.97

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	450,000.00	450,000.00	482,377.56	32,377.56
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	624,000.00	624,000.00	574,045.50	49,954.50
Net Change in Fund Balances	(174,000.00)	(174,000.00)	(91,667.94)	82,332.06
Fund Balance - January 1	305,351.96	305,351.96	305,351.96	
Fund Balance - December 31	131,351.96	131,351.96	213,684.02	82,332.06

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	450,000.00	450,000.00	471,002.63	21,002.63
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	624,000.00	624,000.00	512,631.92	111,368.08
Excess (Deficiency) of Revenues Over Expenditures	(174,000.00)	(174,000.00)	(41,629.29)	132,370.71
<u>Other Financing Sources:</u>				
Transfers In			42,007.21	42,007.21
Net Change in Fund Balances	(174,000.00)	(174,000.00)	377.92	174,377.92
Fund Balance - January 1	304,974.04	304,974.04	304,974.04	
Fund Balance - December 31	130,974.04	130,974.04	305,351.96	174,377.92

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Unorganized - Road and Bridge Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	581,176.04	581,176.04	560,284.04	(20,892.00)
Intergovernmental	232,204.44	232,204.44	268,433.59	36,229.15
Miscellaneous	15,000.00	15,000.00	74,762.02	59,762.02
Total Revenues	828,380.48	828,380.48	903,479.65	75,099.17
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	1,119,640.00	1,119,640.00	640,043.19	479,596.81
Capital Outlay	135,870.00	135,870.00	135,870.00	
Total Expenditures	1,255,510.00	1,255,510.00	775,913.19	479,596.81
Net Change in Fund Balances	(427,129.52)	(427,129.52)	127,566.46	554,695.98
Fund Balance - January 1	519,894.15	519,894.15	519,894.15	
Fund Balance - December 31	92,764.63	92,764.63	647,460.61	554,695.98

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Unorganized - Road and Bridge Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	547,480.00	547,480.00	461,668.83	(85,811.17)
Intergovernmental	227,840.00	227,840.00	232,188.61	4,348.61
Miscellaneous	15,000.00	15,000.00	52,321.79	37,321.79
Total Revenues	790,320.00	790,320.00	746,179.23	(44,140.77)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	869,510.00	869,510.00	589,095.85	280,414.15
Capital Outlay	58,000.00	58,000.00	58,000.00	
Total Expenditures	927,510.00	927,510.00	647,095.85	280,414.15
Net Change in Fund Balances	(137,190.00)	(137,190.00)	99,083.38	236,273.38
Fund Balance - January 1	420,810.77	420,810.77	420,810.77	
Fund Balance - December 31	283,620.77	283,620.77	519,894.15	236,273.38

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Road Projects Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental			-0-	
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.			47,042.85	(47,042.85)
Net Change in Fund Balances			(47,042.85)	(47,042.85)
Fund Balance - January 1	47,042.85	47,042.85	47,042.85	
Fund Balance - December 31	47,042.85	47,042.85	-0-	(47,042.85)

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Road Projects Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	763,809.46	763,809.46	654,249.51	(109,559.95)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	763,809.46	763,809.46	662,986.00	100,823.46
Net Change in Fund Balances			(8,736.49)	(8,736.49)
Fund Balance - January 1	55,779.34	55,779.34	55,779.34	
Fund Balance - December 31	55,779.34	55,779.34	47,042.85	(8,736.49)

EMMONS COUNTY
Linton, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2018 and 2017

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

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

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

Note 2

LEGAL COMPLIANCE

The governing board approved the following amendment to the county's budget for the year ending:

December 31, 2018

	<u>Original Budget</u>	<u>Amendment</u>	<u>Amended Budget</u>
	<u>Appropriations</u>		
General Fund	2,253,368	38,000	2,291,368

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<u>Special Revenue Funds</u>		
* Road Projects	47,042.85	
Corps Grant		4,797.35
Senior Citizens		2,159.38
State Grants	9,172.66	

* A budget was not prepared for this fund for the year ending December 31, 2018.

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

EMMONS COUNTY
Linton, North Dakota

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

	2018	2017	2016	2015
	-----	-----	-----	-----
County's proportion of the net pension liability	0.135829%	0.130826%	0.122278%	0.138474%
County's proportionate share of the net pension liability	2,183,218	1,275,027	831,470	878,924
County's covered-employee payroll	1,344,358	1,263,589	1,210,724	1,192,653
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	162.40%	100.91%	68.68%	73.69%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%	77.70%

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

	2018	2017	2016	2015
	-----	-----	-----	-----
Statutorily required contribution	95,718	89,967	86,203	78,900
Contributions in relation to the statutorily required contribution	(95,718)	(89,967)	(86,203)	(78,900)
Contribution deficiency (excess)	0	0	0	0
County's covered-employee payroll	1,344,358	1,263,589	1,210,724	1,192,653
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%	6.62%

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

- For changes of assumptions, see Note 14 to the financial statements.

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2018

	Balance 1-1-18	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-18
<u>Major Governmental Funds</u>						
General Fund	1,246,362.55	1,866,469.46	358.38	40,000.00	2,029,319.63	1,043,870.76
County Road and Bridge	940,390.61	404,305.13			233,423.79	1,111,271.95
Highway Tax Distribution	305,351.96	482,377.56			574,045.50	213,684.02
Unorganized - Road and Bridge Road Project:	703,391.57	916,929.89			778,659.76	841,661.70
SB 2103 Road Project	47,642.85				47,642.85	
Total Major Governmental Funds	3,243,139.54	3,670,082.04	358.38	40,000.00	3,663,091.53	3,210,488.43
<u>Non-Major Governmental Funds</u>						
Human Services	100,358.38	228,332.21		358.38	214,667.43	113,664.78
Emergency	385,349.99	30,965.38			52.36	416,263.01
Farm to Market Road	418,230.38	256,847.19			351,467.74	323,609.83
County Road	328.37					328.37
Auditorium	2,961.83	185.00				3,146.83
State Aid Distribution	140,838.04	50,000.00			12,668.71	178,169.33
Emergency 911	32,710.69	64,400.76			62,551.19	34,560.26
County Historical Society	2,625.56	10,756.70			10,534.85	2,847.41
Senior Citizens	10,503.09	69,843.88			68,957.43	11,389.54
County Jail	126,678.62	56,616.61			57,200.78	126,094.45
State Grants	2,400.00	801.79			3,201.79	
Assessment Account		1,275.00	40,000.00		37,720.00	3,555.00
Police Contract	10,500.26	13,043.70			9,987.57	13,556.39
Total Non-Major Governmental Funds	1,233,485.21	783,068.22	40,000.00	358.38	829,009.85	1,227,185.20
Total Governmental Funds	4,476,624.75	4,453,150.26	40,358.38	40,358.38	4,492,101.38	4,437,673.63
<u>Agency Funds</u>						
Permits	48,534.79	33,115.95			746.74	80,904.00
Tax Deposits		9,323.26			9,323.26	
Hazardous Chemicals	4,638.13	1,000.00			1,051.25	4,586.88
Extension Fund	4,665.04	895.17			576.86	4,983.35
Asset Forfeiture Fund	7,343.29				249.99	7,093.30
Domestic Violence Victims Act		665.00			665.00	
State General	10,503.09	36,692.26			35,805.81	11,389.54
Reimbursable Accounts	8.92	16,808.12			16,811.26	5.78
Document Preservation	18,194.83	7,561.11			5,355.69	20,400.25
Soil Conservation Districts	21,006.13	68,434.79			72,238.86	17,202.06
Hospital	52,515.44	185,034.48			180,602.19	56,947.73
Total Cities	135,286.23	635,675.11			626,627.62	144,333.72
Total City Park Districts	14,970.94	57,677.47			57,140.52	15,507.89
Total School Districts	700,745.05	2,473,125.37			2,421,582.00	752,288.42

(continued)

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2018
(continued)

	Balance 1-1-18	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-18
<u>Agency Funds (cont.)</u>						
Total Townships	2,812.86	15,260.30			13,710.85	4,362.31
State Game and Fish	96.50	1,501.00			1,517.50	80.00
Total Rural Fire Districts	48,958.29	183,061.42			178,646.87	53,372.84
Weed Control	27,761.71	110,505.85			111,537.43	26,730.13
Water Resource District	12,844.80	51,501.66			51,448.10	12,898.36
District Health Unit	27,678.37	113,955.13			111,107.98	30,525.52
Ambulance	19,745.69	82,206.97			79,199.57	22,753.09
SO 24/7 Program	2,955.04	6,395.00			5,237.75	4,112.29
Total Agency Funds	1,161,265.14	4,090,395.42			3,981,183.10	1,270,477.46
Total Primary Government	5,637,889.89	8,543,545.68	40,358.38	40,358.38	8,473,284.48	5,708,151.09
<u>Discretely Presented</u>						
<u>Component Units</u>						
Weed Control	186,772.79	209,435.20			244,061.22	152,146.77
Water Resource District	431,790.27	53,880.47			20,189.97	465,480.77
District Health Unit	159,807.82	303,840.20			332,259.93	131,388.09
Total Discretely Presented Component Units	778,370.88	567,155.87			596,511.12	749,015.63
Total Reporting Entity	6,416,260.77	9,110,701.55	40,358.38	40,358.38	9,069,795.60	6,457,166.72

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2017

	Balance 1-1-17	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-17
<u>Major Governmental Funds</u>						
General Fund	1,356,521.32	1,868,388.14	15,747.12	62,362.50	1,931,931.53	1,246,362.55
County Road and Bridge	722,080.91	421,759.06	402.49		203,851.85	940,390.61
Highway Tax Distribution	349,475.25	471,002.63	42,007.21		557,133.13	305,351.96
Unorganized - Road and Bridge	572,892.59	793,679.81			663,180.83	703,391.57
Road Projects:						
SB 2103 Road Project		559,395.91	47,000.39		558,753.45	47,642.85
HB 1176 Road Project	57,971.89	94,853.60		47,000.39	105,825.10	
Total Major Governmental Funds	3,058,941.96	4,209,079.15	105,157.21	109,362.89	4,020,675.89	3,243,139.54
<u>Non-Major Governmental Funds</u>						
Human Services	168,171.32	151,861.87		5,165.46	214,509.35	100,358.38
Emergency	436,668.97	10,890.88		42,007.21	20,202.65	385,349.99
Farm to Market Road	244,399.82	181,503.66			7,673.10	418,230.38
Social Security	2,971.96	1,057.38		4,029.34		
Advertising	113.17	20.24		133.41		
County Road	445.47	31.68		148.78		328.37
Auditorium	2,936.83	25.00				2,961.83
Corps Grant	5,791.35				5,791.35	
State Aid Distribution	100,955.77	50,000.00			10,117.73	140,838.04
County Park	1,007.92	126.61		1,134.53		
Oasis Extended	750.79	350.61		1,101.40		
Emergency 911	27,446.81	54,559.64			49,295.76	32,710.69
Insurance Reserve	740.31	204.03		944.34		
Comprehensive Health	897.92	1,006.78		1,904.70		
County Historical Society	1,895.31	9,394.91			8,664.66	2,625.56
Senior Citizens	7,583.16	62,884.31			59,964.38	10,503.09
County Loan	77.71	176.00		253.71		
County Jail	109,341.47	72,195.51			54,858.36	126,678.62
Technology	895.00	417.90		1,312.90		
Abandoned Cemeteries	8.39	12.65		21.04		
State Grants	(14,925.38)	38,873.76			21,548.38	2,400.00
Beaver Bay Walther Subdivision	79,640.74				79,640.74	
Assessment Account		33,867.50	62,362.50		96,230.00	
Police Contract	29,298.01	10,076.18			28,873.93	10,500.26
Total Non-Major Governmental Funds	1,207,112.82	679,537.10	62,362.50	58,156.82	657,370.39	1,233,485.21
Total Governmental Funds	4,266,054.78	4,888,616.25	167,519.71	167,519.71	4,678,046.28	4,476,624.75
<u>Agency Funds</u>						
Permits	35,902.14	13,132.65			500.00	48,534.79
Tax Deposits		15,022.91			15,022.91	

(continued)

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2017
(continued)

	Balance 1-1-17	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-17
<u>Agency Funds (cont.)</u>						
Hazardous Chemicals	3,726.11	937.50			25.48	4,638.13
Extension Fund	4,597.04	1,869.94			1,801.94	4,665.04
Asset Forfeiture Fund	10,168.29				2,825.00	7,343.29
Domestic Violence Victims Act	35.00	350.00			385.00	
State General	7,583.16	32,906.51			29,986.58	10,503.09
District Court Costs		50.00			50.00	
Reimbursable Accounts	(506.86)	27,351.53			26,835.75	8.92
Document Preservation	18,227.10	8,647.65			8,679.92	18,194.83
Soil Conservation Districts	15,124.20	66,008.66			60,126.73	21,006.13
Hospital	37,915.92	165,655.36			151,055.84	52,515.44
Total Cities	113,188.99	640,774.65			618,677.41	135,286.23
Total City Park Districts	10,788.07	54,614.91			50,432.04	14,970.94
Total School Districts	574,617.00	2,455,592.51			2,329,464.46	700,745.05
Total Townships	2,691.87	82,161.82			82,040.83	2,812.86
State Game and Fish	85.00	2,898.00			2,886.50	96.50
Total Rural Fire Districts	36,695.65	164,876.24			152,613.60	48,958.29
Weed Control	45,490.64	107,013.26			124,742.19	27,761.71
Water Resource District	11,160.04	52,619.36			50,934.60	12,844.80
District Health Unit	23,512.59	111,673.57			107,507.79	27,678.37
Ambulance	14,829.24	72,665.55			67,749.10	19,745.69
SO 24/7 Program	2,250.17	3,995.00			3,290.13	2,955.04
Total Agency Funds	968,081.36	4,080,817.58			3,887,633.80	1,161,265.14
Total Primary Government	5,234,136.14	8,969,433.83	167,519.71	167,519.71	8,565,680.08	5,637,889.89
<u>Discretely Presented</u>						
<u>Component Units</u>						
Weed Control	175,490.31	180,702.44			169,419.96	186,772.79
Water Resource District	415,149.18	57,710.31			41,069.22	431,790.27
District Health Unit	202,176.14	253,782.63			296,150.95	159,807.82
Total Discretely Presented Component Units	792,815.63	492,195.38			506,640.13	778,370.88
Total Reporting Entity	6,026,951.77	9,461,629.21	167,519.71	167,519.71	9,072,320.21	6,416,260.77

Rath & Mehrer

Certified Public Accountants

Specializing in Governmental Auditing

Phone: (701) 258-4560

Jayson Rath, CPA
Ken Mehrer, CPA

425 North Fifth Street
Bismarck, ND 58501

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Emmons County
Linton, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated May 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the county's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, we do not express an opinion on the effectiveness of the county's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

May 24, 2019

EMMONS COUNTY
Linton, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2018 and 2017

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

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

SECTION II - FINANCIAL STATEMENT FINDINGS:

No matters were reported