

# **AUDIT REPORT**

KIDDER COUNTY  
Steele, North Dakota

For the Years Ended December 31, 2018 and 2017

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

KIDDER COUNTY  
Steele, North Dakota

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For the Years Ended December 31, 2018 and 2017

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KIDDER COUNTY  
Steele, North Dakota

COUNTY OFFICIALS

Dan P. Mittleider	Commission Chairman
David Schultz	Commission Vice Chairman
Timothy C. Dronen	Commissioner
Jean Schoenhard	Auditor
Vickie Murray	Treasurer
Barbara Steinke	County Recorder/Clerk of Court
Barry Vannatta	Sheriff
Eric Hetland	States Attorney
Angela Haverkamp	Superintendent of Schools

# 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  
Kidder County  
Steele, 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 Kidder County, Steele, 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 Kidder County, Steele, 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 and budgeting comparison information on pages 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 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*

Rath and Mehrer, P.C.

Bismarck, North Dakota

June 7, 2019

KIDDER COUNTY

Management's Discussion and Analysis

December 31, 2018 and 2017

The Management's Discussion and Analysis (MD&A) of Kidder 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 increased \$79,398 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$3,701,489.
- \* Total revenues from all sources were \$3,254,118.
- \* Total expenses were \$3,174,720.
- \* The county's general fund had \$1,081,380 in total revenues and \$1,075,665 in total expenditures. There was a total of \$71,346 received from other financing sources. Overall, the general fund balance increased by \$77,061 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 increased \$17,888 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$3,622,091.
- \* Total revenues from all sources were \$3,038,349.
- \* Total expenses were \$3,020,461.
- \* The county's general fund had \$968,240 in total revenues and \$1,157,645 in total expenditures. There was a total of \$70,221 paid from other financing uses. Overall, the general fund balance decreased by \$259,626 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, highway tax distribution fund and kiddier road 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, highway tax distribution fund and kidder road 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 increased by \$79,398 and \$17,888 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 \$3,701,489 is segregated into three separate categories. Net investment in capital assets represents 19% 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 represents 72% of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 9% of the county's net position and is available to meet the county's ongoing obligations.

As of December 31, 2017 the county's net position of \$3,622,091 is segregated into three separate categories. Net investment in capital assets represents 23% 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 represents 71% of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 6% of the county's net position and 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
<b>Assets</b>			
Current Assets	3,421,736	3,191,453	3,088,318
Capital Assets (net of accumulated depreciation)	691,420	856,693	1,008,893
<b>Total Assets</b>	<b>4,113,156</b>	<b>4,048,146</b>	<b>4,097,211</b>
<b>Liabilities</b>			
Current Liabilities	0	10,214	67,448
Long-Term Liabilities	33,742	40,647	103,200
<b>Total Liabilities</b>	<b>33,742</b>	<b>50,862</b>	<b>170,648</b>
Deferred Inflows of Resources	377,925	375,193	322,360
<b>Net Position</b>			
Net Investment in Capital Assets	691,420	846,479	877,991
Restricted	2,686,077	2,552,099	2,240,734
Unrestricted	323,991	223,513	485,478
<b>Total Net Position</b>	<b>3,701,489</b>	<b>3,622,091</b>	<b>3,604,203</b>

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
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for Services	136,442	125,400	220,234
Operating Grants and Contributions	1,617,089	1,218,469	3,440,377
<b>General Revenues:</b>			
Property Taxes	1,111,929	1,109,377	1,163,557
Other Taxes	25,574	26,856	27,742
State Aid - Unrestricted	323,640	464,971	498,245
Interest Earnings and Other Revenue	39,444	87,276	31,516
Gain on Trade-In of Capital Assets		6,000	
<b>Total Revenues</b>	<b>3,254,118</b>	<b>3,038,349</b>	<b>5,381,671</b>
<b>Expenses</b>			
General Government	814,776	866,377	814,780
Public Safety	296,539	332,423	340,302
Highways and Public Improve.	1,446,073	1,322,111	3,400,745
Health and Welfare	242,911	233,526	252,567
Culture and Recreation	73,502	69,862	68,460
Conser. and Economic Dvlpmnt.	154,679	136,600	150,516
Other	145,979	58,513	63,074
Interest on Long-Term Debt	260	1,048	5,436
<b>Total Expenses</b>	<b>3,174,720</b>	<b>3,020,461</b>	<b>5,095,879</b>
<b>Net Change in Position</b>	<b>79,398</b>	<b>17,888</b>	<b>285,792</b>

Property taxes constituted 34%, other taxes 1%, unrestricted state aid 10%, operating grants and contributions 50%, and charges for services made up 4% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2018.

General government constituted 26%, public safety 9%, highways and public improvement 46%, and health and welfare 8% of total expenses for governmental activities during the fiscal year ended December 31, 2018.

Property taxes constituted 37%, other taxes 1%, unrestricted state aid 15%, operating grants and contributions 40%, and charges for services made up 4% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2017.

General government constituted 29%, public safety 11%, highways and public improvement 44%, and health and welfare 8% 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	814,776	733,563
Public Safety	296,539	224,056
Highways and Public Improvement	1,446,073	199,602
Health and Welfare	242,911	(63,020)
Culture and Recreation	73,502	60,438
Conservation and Economic Dvlpmnt.	154,679	135,122
Other	145,979	131,169
Interest on Long-Term Debt	260	260
Total Expenses	<u>3,174,720</u>	<u>1,421,189</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	866,377	823,632
Public Safety	332,423	265,825
Highways and Public Improvement	1,322,111	171,530
Health and Welfare	233,526	211,577
Culture and Recreation	69,862	55,462
Conservation and Economic Dvlpmnt.	136,600	110,751
Other	58,513	36,766
Interest on Long-Term Debt	1,048	1,048
Total Expenses	<u>3,020,461</u>	<u>1,676,592</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 \$3,242,442 and expenditures of \$3,026,567 for the year ended December 31, 2018. As of December 31, 2018, the unassigned fund balance of the county's general fund was \$319,670 and total unassigned fund balances for all the county's governmental funds was \$311,316. The county's governmental funds had total revenue of \$3,058,743 and expenditures of \$3,014,515 for the year ended December 31, 2017. As of December 31, 2017, the unassigned fund balance of the county's general fund was \$242,609 and total unassigned fund balances for all the county's governmental funds was \$222,734.

**GENERAL FUND BUDGET HIGHLIGHTS**

During the course of fiscal years 2018 and 2017, the county did not amend the general fund budgets.

Actual revenue for the year ended December 31, 2018 was \$178,902 less than budgeted. This variance was mainly due to the county overestimating collections from intergovernmental sources. Actual expenditures for the year ended December 31, 2018 were under budget by \$553,617. This variance was mainly due to the county overestimating appropriations for human services and general government purposes.

Actual revenue for the year ended December 31, 2017 was \$104,935 more than budgeted. This variance was mainly due to the county overestimating collections from intergovernmental sources. Actual expenditures for the year ended December 31, 2017 were under budget by \$105,560.

**CAPITAL ASSETS**

As of December 31, 2018 and 2017, the county had \$691,420 and \$856,693, 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	138,717	142,614	146,511
Machinery and Vehicles	552,703	714,079	862,382
Total (net of depreciation)	691,420	856,693	1,008,893
	=====	=====	=====

As of December 31, 2018, this total represents a decrease of \$165,273 in capital assets from January 1, 2018. As of December 31, 2017, this total represents a decrease of \$152,200 in capital assets from January 1, 2017.

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

#### **DEBT ADMINISTRATION**

As of December 31, 2018, the county had \$33,742 in outstanding debt. As of December 31, 2017, the county had \$50,862 in outstanding debt of which \$10,214 was due within one year. During fiscal year 2017, the county issued one new long-term debt obligation:

Certificate of Indebtedness, in the amount of \$32,468. The county used the proceeds from this loan to fund the purchase of a 2018 GMC Sierra 2500PU. This certificate of indebtedness was paid off during the year ending December 31, 2018.

For a detailed breakdown of the long-term debt, readers are referred to Note 8 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 Jean Schoenhard, County Auditor, Kidder County, Steele, ND 58482.

KIDDER COUNTY  
Steele, North Dakota

Statement of Net Position  
December 31, 2018

	Primary Government	Component Units	
	Governmental Activities	Water Management District	District Health Unit
<u>ASSETS:</u>			
Cash and Investments	3,380,535.03	10,659.79	344,614.52
Accounts Receivable	1,810.00		
Taxes Receivable	39,390.55	122.02	3,024.29
Capital Assets (net of accumulated depreciation):			
Buildings	138,717.00		
Machinery and Vehicles	552,703.00		
Total Capital Assets	691,420.00		
Total Assets	4,113,155.58	10,781.81	347,638.81
<u>LIABILITIES:</u>			
Long-Term Liabilities:			
Due After One Year:			
Compensated Absences Payable	33,741.58		
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue	377,925.33		
<u>NET POSITION:</u>			
Net Investment in Capital Assets	691,420.00		
Restricted for:			
Special Purposes	2,686,077.28		
Unrestricted	323,991.39	10,781.81	347,638.81
Total Net Position	3,701,488.67	10,781.81	347,638.81

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

KIDDER COUNTY  
Steele, North Dakota

Statement of Net Position  
December 31, 2017

	Primary Government	Component Units	
	Governmental Activities	Water Management District	District Health Unit
<b>ASSETS:</b>			
Cash and Investments	3,161,927.63	8,115.02	343,315.60
Accounts Receivable	1,810.00		
Taxes Receivable	27,715.04	73.68	1,839.45
Capital Assets (net of accumulated depreciation):			
Buildings	142,614.00		
Machinery and Vehicles	714,079.00		
Total Capital Assets	856,693.00		
Total Assets	4,048,145.67	8,188.70	345,155.05
<b>LIABILITIES:</b>			
Long-Term Liabilities:			
Due Within One Year:			
Certificate of Indebtedness Payable	10,214.36		
Due After One Year:			
Compensated Absences Payable	40,647.31		
Total Liabilities	50,861.67		
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable Revenue	375,193.35		
<b>NET POSITION:</b>			
Net Investment in Capital Assets	846,478.64		
Restricted for:			
Special Purposes	2,552,098.68		
Unrestricted	223,513.33	8,188.70	345,155.05
Total Net Position	3,622,090.65	8,188.70	345,155.05

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

KIDDER COUNTY  
Steele, North Dakota

Statement of Activities  
For the Year Ended December 31, 2018

Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Primary Gov't	Component Units	
			Governmental Activities	Water Management District	District Health Unit
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	814,776.45	43,353.70	37,859.80	(733,562.95)	
Public Safety	296,539.14	42,291.34	30,191.79	(224,056.01)	
Highways and Public Improve.	1,446,073.39	50,446.68	1,196,025.06	(199,601.65)	
Health and Welfare	242,911.01		305,931.40	63,020.39	
Culture and Recreation	73,502.32		13,064.62	(60,437.70)	
Conser. and Economic Dvlpmnt.	154,678.59	350.00	19,206.75	(135,121.84)	
Other	145,978.73		14,809.68	(131,169.05)	
Interest on Long-Term Debt	259.97			(259.97)	
<b>Total Governmental Activities</b>	<b>3,174,719.60</b>	<b>136,441.72</b>	<b>1,617,089.10</b>	<b>(1,421,188.78)</b>	
<b>Component Units:</b>					
Water Management District	874.66			(874.66)	
District Health Unit	182,358.80	28,995.98	49,571.01	(103,791.81)	
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes; levied for general purposes			629,841.86	3,462.64	86,646.20
Property taxes; levied for special purposes			482,087.44		
Homestead tax credit			7,159.93		
Disabled veterans tax credit			1,375.46		
Telecommunications taxes			17,038.57		
State aid not restricted to specific program:					
State aid distribution			323,639.99		9,612.00
Earnings on investments and other revenue			39,443.55	5.13	10,017.37
<b>Total General Revenues</b>			<b>1,500,586.80</b>	<b>3,467.77</b>	<b>106,275.57</b>
<b>Change in Net Position</b>			<b>79,398.02</b>	<b>2,593.11</b>	<b>2,483.76</b>
<b>Net Position - January 1</b>			<b>3,622,090.65</b>	<b>8,188.70</b>	<b>345,155.05</b>
<b>Net Position - December 31</b>			<b>3,701,488.67</b>	<b>10,781.81</b>	<b>347,638.81</b>

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

KIDDER COUNTY  
Steele, North Dakota  
  
Statement of Activities  
For the Year Ended December 31, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues			Primary Gov't	Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Management District
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	866,377.45	1,425.00	41,320.82	(823,631.63)	
Public Safety	332,422.86	36,221.58	30,375.86	(265,825.42)	
Highways and Public Improve.	1,322,111.24	80,202.74	1,070,378.54	(171,529.96)	
Health and Welfare	233,526.10		21,948.71	(211,577.39)	
Culture and Recreation	69,861.64		14,399.33	(55,462.31)	
Conser. and Economic Dvlpmnt.	136,599.92		25,849.02	(110,750.90)	
Other	58,513.30	7,551.00	14,196.27	(36,766.03)	
Interest on Long-term Debt	1,048.27			(1,048.27)	
<b>Total Governmental Activities</b>	<b>3,020,460.78</b>	<b>125,400.32</b>	<b>1,218,468.55</b>	<b>(1,676,591.91)</b>	
<b>Component Units:</b>					
Water Management District					
District Health Unit	194,321.53	19,596.87	59,343.67		(115,380.99)
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes; levied for general purposes			508,952.31	3,675.04	84,762.03
Property taxes; levied for special purposes			600,424.47		
Homestead tax credit			6,705.68		
Disabled veterans tax credit			1,876.33		
Telecommunications taxes			18,273.65		
<b>State aid not restricted to specific program:</b>					
State aid distribution			464,971.17		10,036.00
Earnings on investments and other revenue			87,276.42	3.62	10,106.20
Gain on trade-in of capital assets			6,000.00		
<b>Total General Revenues</b>			<b>1,694,480.03</b>	<b>3,678.66</b>	<b>104,904.23</b>
<b>Change in Net Position</b>			<b>17,888.12</b>	<b>3,678.66</b>	<b>(10,476.76)</b>
<b>Net Position - January 1</b>			<b>3,604,202.53</b>	<b>4,510.04</b>	<b>355,631.81</b>
<b>Net Position - December 31</b>			<b>3,622,090.65</b>	<b>8,188.70</b>	<b>345,155.05</b>

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



KIDDER COUNTY  
Steele, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2018

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
<b>ASSETS:</b>					
Cash and Investments	530,289.11	1,046,811.94	720,876.77	1,082,557.21	3,380,535.03
Accounts Receivable			1,810.00		1,810.00
Taxes Receivable	20,929.22		6,502.21	11,959.12	39,390.55
Interfund Receivable	8,354.00				8,354.00
<hr/>					
Total Assets	559,572.33	1,046,811.94	729,188.98	1,094,516.33	3,430,089.58
<hr style="border-top: 1px dashed black;"/>					
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund Payable				8,354.00	8,354.00
<hr/>					
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	239,902.70		66,860.14	110,553.04	417,315.88
<hr/>					
Total Liabilities and Deferred Inflows of Resources	239,902.70		66,860.14	118,907.04	425,669.88
<hr/>					
<b>Fund Balances:</b>					
Restricted for:					
Public Safety				176,494.16	176,494.16
Highways and Public Improvement		1,046,811.94	662,328.84	66,529.92	1,775,670.70
Health and Welfare				161,667.93	161,667.93
Culture and Recreation				265,290.61	265,290.61
Conservation and Economic Development				125,677.46	125,677.46
Emergency Services				167,776.04	167,776.04
Other				20,527.17	20,527.17
Unassigned	319,669.63			(8,354.00)	311,315.63
<hr/>					
Total Fund Balances	319,669.63	1,046,811.94	662,328.84	975,609.29	3,004,419.70
<hr/>					
Total Liabilities, Deferred Inflows of Resources and Fund Balances	559,572.33	1,046,811.94	729,188.98	1,094,516.33	3,430,089.58
<hr style="border-top: 1px dashed black;"/>					

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

KIDDER COUNTY  
Steele, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2017

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
<b>ASSETS:</b>					
Cash and Investments	430,449.19	939,150.73	687,052.68	1,105,275.03	3,161,927.63
Accounts Receivable			1,810.00		1,810.00
Taxes Receivable	12,502.49		3,954.84	11,257.71	27,715.04
Interfund Receivable	19,875.00				19,875.00
<b>Total Assets</b>	<b>462,826.68</b>	<b>939,150.73</b>	<b>692,817.52</b>	<b>1,116,532.74</b>	<b>3,211,327.67</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund Payable				19,875.00	19,875.00
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue	220,217.77		67,753.30	114,937.32	402,908.39
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>220,217.77</b>		<b>67,753.30</b>	<b>134,812.32</b>	<b>422,783.39</b>
<b>Fund Balances:</b>					
Restricted for:					
Public Safety				132,938.20	132,938.20
Highways and Public Improvement		939,150.73	625,064.22	70,633.72	1,634,848.67
Health and Welfare				209,235.85	209,235.85
Culture and Recreation				233,733.16	233,733.16
Conservation and Economic Development				118,498.04	118,498.04
Emergency Services				222,717.45	222,717.45
Other				13,839.00	13,839.00
Unassigned	242,608.91			(19,875.00)	222,733.91
<b>Total Fund Balances</b>	<b>242,608.91</b>	<b>939,150.73</b>	<b>625,064.22</b>	<b>981,720.42</b>	<b>2,788,544.28</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>462,826.68</b>	<b>939,150.73</b>	<b>692,817.52</b>	<b>1,116,532.74</b>	<b>3,211,327.67</b>

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

KIDDER COUNTY  
Steele, 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		3,004,419.70
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets		2,160,074.00
Less Accumulated Depreciation		(1,468,654.00)
Net Capital Assets		691,420.00
<p>Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.</p>		
		39,390.55
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2018 are:</p>		
Compensated Absences Payable		(33,741.58)
Total Net Position of Governmental Activities		3,701,488.67
		=====

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

KIDDER COUNTY  
Steele, 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		2,788,544.28
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	2,144,472.00	
Less Accumulated Depreciation	(1,287,779.00)	
Net Capital Assets	856,693.00	856,693.00
<p>Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.</p>		
		27,715.04
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2017 are:</p>		
Certificate of Indebtedness Payable	(10,214.36)	
Compensated Absences Payable	(40,647.31)	
Total Long-Term Liabilities	(50,861.67)	(50,861.67)
Total Net Position of Governmental Activities		3,622,090.65

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

KIDDER COUNTY  
Steele, North Dakota

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

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
<b>Revenues:</b>					
Taxes	631,457.20		182,431.77	303,403.39	1,117,292.36
Licenses, Permits and Fees	765.00				765.00
Intergovernmental	373,797.82	1,189,406.68	7,765.66	378,294.32	1,949,264.48
Charges for Services	44,646.05	2,300.13	48,146.55	40,583.99	135,676.72
Miscellaneous	30,713.92		586.56	8,143.07	39,443.55
<b>Total Revenues</b>	<b>1,081,379.99</b>	<b>1,191,706.81</b>	<b>238,930.54</b>	<b>730,424.77</b>	<b>3,242,442.11</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	811,816.24				811,816.24
Public Safety	226,758.84			57,565.12	284,323.96
Highways and Public Improve.		1,084,045.60	188,313.92	12,529.60	1,284,889.12
Health and Welfare				244,450.28	244,450.28
Culture and Recreation	22,931.00			50,571.32	73,502.32
Conser. and Economic Dvlpmnt.	3,685.07			151,844.64	155,529.71
Other				145,978.73	145,978.73
Capital Outlay			15,602.00		15,602.00
<b>Debt Service:</b>					
Principal	10,214.36				10,214.36
Interest	259.97				259.97
<b>Total Expenditures</b>	<b>1,075,665.48</b>	<b>1,084,045.60</b>	<b>203,915.92</b>	<b>662,939.69</b>	<b>3,026,566.69</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,714.51</b>	<b>107,661.21</b>	<b>35,014.62</b>	<b>67,485.08</b>	<b>215,875.42</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	109,236.90		2,250.00	38,765.69	150,252.59
Transfers Out	(37,890.69)			(112,361.90)	(150,252.59)
<b>Total Other Financing Sources (Uses)</b>	<b>71,346.21</b>		<b>2,250.00</b>	<b>(73,596.21)</b>	
<b>Net Change in Fund Balances</b>	<b>77,060.72</b>	<b>107,661.21</b>	<b>37,264.62</b>	<b>(6,111.13)</b>	<b>215,875.42</b>
<b>Fund Balance - January 1</b>	<b>242,608.91</b>	<b>939,150.73</b>	<b>625,064.22</b>	<b>981,720.42</b>	<b>2,788,544.28</b>
<b>Fund Balance - December 31</b>	<b>319,669.63</b>	<b>1,046,811.94</b>	<b>662,328.84</b>	<b>975,609.29</b>	<b>3,004,419.70</b>

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

KIDDER COUNTY  
Steele, North Dakota

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

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
<b>Revenues:</b>					
Taxes	523,785.92		161,495.76	468,762.49	1,154,044.17
Licenses, Permits and Fees	1,425.00				1,425.00
Intergovernmental	360,037.28	950,246.84	168,132.02	168,027.51	1,646,443.65
Charges for Services	45,578.08	1,203.44	78,793.23	43,978.65	169,553.40
Miscellaneous	37,413.64	138.65	16,886.88	32,837.25	87,276.42
<b>Total Revenues</b>	<b>968,239.92</b>	<b>951,588.93</b>	<b>425,307.89</b>	<b>713,605.90</b>	<b>3,058,742.64</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	861,757.60				861,757.60
Public Safety	215,030.15				313,545.76
Highways and Public Improve.		740,153.34	328,435.40	98,515.61	1,159,715.30
Health and Welfare				91,126.56	231,054.82
Culture and Recreation	22,043.04			231,054.82	231,054.82
Conser. and Economic Dvlpmnt.	3,544.86			47,818.60	69,861.64
Other				127,550.01	131,094.87
Capital Outlay	32,468.00			58,513.30	58,513.30
Debt Service:					32,468.00
Principal	22,253.64		130,902.07		153,155.71
Interest	547.47		2,800.39		3,347.86
<b>Total Expenditures</b>	<b>1,157,644.76</b>	<b>740,153.34</b>	<b>462,137.86</b>	<b>654,578.90</b>	<b>3,014,514.86</b>
Excess (Deficiency) of Revenues Over Expenditures	(189,404.84)	211,435.59	(36,829.97)	59,027.00	44,227.78
<b>Other Financing Sources (Uses):</b>					
Transfers In			84,740.57	33,855.62	118,596.19
Transfers Out	(102,688.69)			(15,907.50)	(118,596.19)
Proceeds from Certificate of Indebtedness	32,468.00				32,468.00
<b>Total Other Financing Sources (Uses)</b>	<b>(70,220.69)</b>		<b>84,740.57</b>	<b>17,948.12</b>	<b>32,468.00</b>
<b>Net Change in Fund Balances</b>	<b>(259,625.53)</b>	<b>211,435.59</b>	<b>47,910.60</b>	<b>76,975.12</b>	<b>76,695.78</b>
Fund Balance - January 1	502,234.44	727,715.14	577,153.62	904,745.30	2,711,848.50
Fund Balance - December 31	242,608.91	939,150.73	625,064.22	981,720.42	2,788,544.28

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

KIDDER COUNTY  
Steele, 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		215,875.42
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.</p>		
Current Year Capital Outlay	15,602.00	
Current Year Depreciation Expense	(180,875.00)	(165,273.00)
<p>The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.</p>		
Debt Proceeds	0.00	
Repayment of Debt	10,214.36	10,214.36
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>		
Net Decrease in Compensated Absences Payable		6,905.73
<p>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.</p>		
Net Increase in Taxes Receivable		11,675.51
Change in Net Position of Governmental Activities		79,398.02 =====

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

KIDDER COUNTY  
Steele, 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		76,695.78
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.</p>		
Current Year Capital Outlay	32,468.00	
Current Year Depreciation Expense	(190,668.00)	(158,200.00)
<hr/>		
<p>The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of debt exceeded debt proceeds.</p>		
Debt Proceeds	(32,468.00)	
Repayment of Debt	153,155.71	120,687.71
<hr/>		
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>		
Net Increase in Compensated Absences Payable	(3,201.22)	
Net Decrease in Interest Payable	2,299.59	(901.63)
<hr/>		
<p>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.</p>		
Net Decrease in Taxes Receivable		(26,393.74)
<p>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.</p>		
		6,000.00
<hr/>		
Change in Net Position of Governmental Activities		17,888.12
		=====

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



KIDDER COUNTY  
Steele, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	753,571.97
	=====
<u>Liabilities:</u>	
Due to Other Governments	753,571.97
	=====

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

KIDDER COUNTY  
Steele, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	774,039.71 =====
<u>Liabilities:</u>	
Due to Other Governments	774,039.71 =====

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

KIDDER COUNTY  
Steele, North Dakota

Notes to the Financial Statements  
December 31, 2018 and 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Kidder 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 Kidder 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 two component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

Kidder County Water Management District: The Kidder County Water Management 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 management budget. The water management district has the authority to issue its own debt.

Kidder County District Health Unit: The Kidder 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 two discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Kidder County Auditor, 120 East Broadway, Steele, ND 58482.

## B. Basis of Presentation

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

*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.

*Kidder Road.* 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.

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 net assets 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	75 years
Machinery and Vehicles	5 to 10 years

#### F. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. The county allows employees to accumulate a maximum of 30 days of vacation leave. Upon termination of employment, employees will be paid for unused vacation benefits that have accumulated through the last day of work. Compensated absences represents the liability of the county for these employee benefits.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

#### 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. 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 county 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.

#### I. 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.

#### J. 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 \$4,133,757 and the bank balance was \$4,162,388. Of the bank balance, \$369,435 was covered by Federal Depository Insurance. The remaining balance of \$3,792,953 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 \$3,935,607 and the bank balance was \$3,962,936. Of the bank balance, \$369,435 was covered by Federal Depository Insurance. The remaining balance of \$3,703,501 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 \$1,166,315, which are all considered deposits.

At December 31, 2017 the county held certificates of deposit in the amount of \$1,165,207, 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 highway department for roadwork performed for cities, townships, etc. No allowance has been established for estimated uncollectible accounts receivable.

Note 4 TAXES RECEIVABLE

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

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

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

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

Note 5 INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables are created by negative cash balances in various funds. The amounts shown as interfund payables represent the amounts of negative cash in the funds. Interfund receivables/payables for the years ended December 31, 2018 and 2017 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2018</u>		
General	8,354.00	
Homeland Security		8,354.00
<u>December 31, 2017</u>		
General	19,875.00	
Homeland Security		19,875.00

Note 6 CAPITAL ASSETS

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

	<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	344,600			344,600
Machinery & Vehicles	1,799,872	15,602		1,815,474
Total	<u>2,144,472</u>	<u>15,602</u>		<u>2,160,074</u>
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	201,986	3,897		205,883
Machinery & Vehicles	1,085,793	176,978		1,262,771
Total	<u>1,287,779</u>	<u>180,875</u>		<u>1,468,654</u>
Governmental Activities				
Capital Assets, Net	856,693	(165,273)	-0-	691,420
	=====	=====	=====	=====

	<u>2017</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	344,600			344,600
Machinery & Vehicles	1,794,314	38,468	32,910	1,799,872
Total	<u>2,138,914</u>	<u>38,468</u>	<u>32,910</u>	<u>2,144,472</u>
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	198,089	3,897		201,986
Machinery & Vehicles	931,932	186,771	32,910	1,085,793
Total	<u>1,130,021</u>	<u>190,668</u>	<u>32,910</u>	<u>1,287,779</u>
Governmental Activities				
Capital Assets, Net	1,008,893	(152,200)	-0-	856,693
	=====	=====	=====	=====

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	3,831	3,831
Public Safety	14,814	20,632
Highways and Public Improve.	162,230	160,670
Conser. and Economic Dvlpmnt.		5,535
Total Depreciation Expense	<u>180,875</u>	<u>190,668</u>
	=====	=====

Note 7 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists 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 8 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>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Cert. of Indebtedness	10,214		10,214		
Compensated Absences *	40,647		6,905	33,742	
<b>Total</b>	<u>50,861</u>	<u>-0-</u>	<u>17,119</u>	<u>33,742</u>	<u>-0-</u>
	=====	=====	=====	=====	=====
	<u>2017</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Cert. of Indebtedness	130,902	32,468	153,156	10,214	10,214
Compensated Absences *	37,446	3,201		40,647	
<b>Total</b>	<u>168,348</u>	<u>35,669</u>	<u>153,156</u>	<u>50,861</u>	<u>10,214</u>
	=====	=====	=====	=====	=====

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

Note 9 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>		
General	109,236.90	
Human Services		109,236.90
To transfer funds in excess of \$100,000 from social services to general fund.		
Kidder Road	2,250.00	
Unorganized Roads		2,250.00
Homeland Security	875.00	
Hazardous Chemical		875.00
Human Services	1.05	
County Agent	34,289.64	
General		34,290.69
To subsidize expenditures.		
County SIRN	3,600.00	
General		3,600.00
To initiate fund.		

December 31, 2017

Kidder Road	84,740.57	
General		68,833.07
Unorganized Roads		6,482.50
Emergency Fund		9,425.00
County Agent	33,850.00	
General		33,850.00
Sheriff Overtime Grant	5.62	
General		5.62

To subsidize expenditures.

Note 10 DEFICIT FUND BALANCE

The following fund had a deficit balance at December 31:

	<u>2018</u>	<u>2017</u>
<u>Special Revenue Fund</u>		
Homeland Security	(8,354.00)	(19,875.00)

The county plans to eliminate this deficit with future revenue collections.

Note 11 RELATED ORGANIZATION

The county is also responsible for levying a property tax for the Kidder County Senior Citizens. However, the county's accountability for this entity does not extend beyond levying the tax. In 2018 and 2017, the county remitted \$46,517.25 and \$31,428.57, respectively, to the Senior Citizens.

Note 12 RISK MANAGEMENT

Kidder 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 \$1,858,484 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 \$525,000 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 13 PENSION PLAN

The county provides benefits for all of its full-time employees through a defined contribution plan with Nationwide Retirement Solutions, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. For the years ending December 31, 2018 and 2017, the county contributed \$31,350 and \$29,800, respectively.

KIDDER COUNTY  
Steele, 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	608,502.00	608,502.00	631,457.20	22,955.20
Licenses, Permits and Fees	850.00	850.00	765.00	(85.00)
Intergovernmental	561,630.00	561,630.00	373,797.82	(187,832.18)
Charges for Services	78,400.00	78,400.00	44,646.05	(33,753.95)
Miscellaneous	10,900.00	10,900.00	30,713.92	19,813.92
<b>Total Revenues</b>	<b>1,260,282.00</b>	<b>1,260,282.00</b>	<b>1,081,379.99</b>	<b>(178,902.01)</b>
<u>Expenditures:</u>				
Current:				
General Government	987,598.00	987,598.00	811,816.24	175,781.76
Public Safety	246,886.00	246,886.00	226,758.84	20,127.16
Health and Welfare	325,398.00	325,398.00		325,398.00
Culture and Recreation	29,100.00	29,100.00	22,931.00	6,169.00
Conser. and Economic Dvlpmnt.	4,700.00	4,700.00	3,685.07	1,014.93
Other	35,600.00	35,600.00		35,600.00
Debt Service:				
Principal			10,214.36	(10,214.36)
Interest			259.97	(259.97)
<b>Total Expenditures</b>	<b>1,629,282.00</b>	<b>1,629,282.00</b>	<b>1,075,665.48</b>	<b>553,616.52</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(369,000.00)</b>	<b>(369,000.00)</b>	<b>5,714.51</b>	<b>374,714.51</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	157,000.00	157,000.00	109,236.90	(47,763.10)
Transfers Out	(38,000.00)	(38,000.00)	(37,890.69)	109.31
<b>Total Other Financing Sources (Uses)</b>	<b>119,000.00</b>	<b>119,000.00</b>	<b>71,346.21</b>	<b>(47,653.79)</b>
<b>Net Change in Fund Balances</b>	<b>(250,000.00)</b>	<b>(250,000.00)</b>	<b>77,060.72</b>	<b>327,060.72</b>
<b>Fund Balance - January 1</b>	<b>242,608.91</b>	<b>242,608.91</b>	<b>242,608.91</b>	
<b>Fund Balance - December 31</b>	<b>(7,391.09)</b>	<b>(7,391.09)</b>	<b>319,669.63</b>	<b>327,060.72</b>

KIDDER COUNTY  
Steele, 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	563,297.00	563,297.00	523,785.92	(39,511.08)
Licenses, Permits and Fees	850.00	850.00	1,425.00	575.00
Intergovernmental	249,708.00	249,708.00	360,037.28	110,329.28
Charges for Services	41,850.00	41,850.00	45,578.08	3,728.08
Miscellaneous	7,600.00	7,600.00	37,413.64	29,813.64
<b>Total Revenues</b>	<b>863,305.00</b>	<b>863,305.00</b>	<b>968,239.92</b>	<b>104,934.92</b>
<u>Expenditures:</u>				
Current:				
General Government	993,703.00	993,703.00	861,757.60	131,945.40
Public Safety	234,402.00	234,402.00	215,030.15	19,371.85
Culture and Recreation	30,800.00	30,800.00	22,043.04	8,756.96
Conser. and Economic Dvlpmnt.	4,300.00	4,300.00	3,544.86	755.14
Capital Outlay			32,468.00	(32,468.00)
Debt Service:				
Principal			22,253.64	(22,253.64)
Interest			547.47	(547.47)
<b>Total Expenditures</b>	<b>1,263,205.00</b>	<b>1,263,205.00</b>	<b>1,157,644.76</b>	<b>105,560.24</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(399,900.00)</b>	<b>(399,900.00)</b>	<b>(189,404.84)</b>	<b>210,495.16</b>
<u>Other Financing Sources (Uses):</u>				
Transfers Out			(102,688.69)	(102,688.69)
Proceeds from Certificate of Indebtedness			32,468.00	32,468.00
<b>Total Other Financing Sources (Uses)</b>			<b>(70,220.69)</b>	<b>(70,220.69)</b>
<b>Net Change in Fund Balances</b>	<b>(399,900.00)</b>	<b>(399,900.00)</b>	<b>(259,625.53)</b>	<b>140,274.47</b>
<b>Fund Balance - January 1</b>	<b>502,234.44</b>	<b>502,234.44</b>	<b>502,234.44</b>	
<b>Fund Balance - December 31</b>	<b>102,334.44</b>	<b>102,334.44</b>	<b>242,608.91</b>	<b>140,274.47</b>

KIDDER COUNTY  
Steele, 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	350,000.00	350,000.00	1,189,406.68	839,406.68
Charges for Services	1,650.00	1,650.00	2,300.13	650.13
<b>Total Revenues</b>	<b>351,650.00</b>	<b>351,650.00</b>	<b>1,191,706.81</b>	<b>840,056.81</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	917,500.00	917,500.00	1,084,045.60	(166,545.60)
<b>Net Change in Fund Balances</b>	<b>(565,850.00)</b>	<b>(565,850.00)</b>	<b>107,661.21</b>	<b>673,511.21</b>
<b>Fund Balance - January 1</b>	<b>939,150.73</b>	<b>939,150.73</b>	<b>939,150.73</b>	
<b>Fund Balance - December 31</b>	<b>373,300.73</b>	<b>373,300.73</b>	<b>1,046,811.94</b>	<b>673,511.21</b>



KIDDER COUNTY  
Steele, 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	350,000.00	350,000.00	950,246.84	600,246.84
Charges for Services	2,200.00	2,200.00	1,203.44	(996.56)
Miscellaneous			138.65	138.65
Total Revenues	352,200.00	352,200.00	951,588.93	599,388.93
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	906,000.00	906,000.00	740,153.34	165,846.66
Net Change in Fund Balances	(553,800.00)	(553,800.00)	211,435.59	765,235.59
Fund Balance - January 1	727,715.14	727,715.14	727,715.14	
Fund Balance - December 31	173,915.14	173,915.14	939,150.73	765,235.59

KIDDER COUNTY  
Steele, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	187,007.00	187,007.00	182,431.77	(4,575.23)
Intergovernmental	106,750.00	106,750.00	7,765.66	(98,984.34)
Charges for Services	59,200.00	59,200.00	48,146.55	(11,053.45)
Miscellaneous	1,000.00	1,000.00	586.56	(413.44)
Total Revenues	353,957.00	353,957.00	238,930.54	(115,026.46)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	490,000.00	490,000.00	188,313.92	301,686.08
Capital Outlay			15,602.00	(15,602.00)
Total Expenditures	490,000.00	490,000.00	203,915.92	286,084.08
Excess (Deficiency) of Revenues Over Expenditures	(136,043.00)	(136,043.00)	35,014.62	171,057.62
<u>Other Financing Sources:</u>				
Transfers In	5,000.00	5,000.00	2,250.00	(2,750.00)
Net Change in Fund Balances	(131,043.00)	(131,043.00)	37,264.62	168,307.62
Fund Balance - January 1	625,064.22	625,064.22	625,064.22	
Fund Balance - December 31	494,021.22	494,021.22	662,328.84	168,307.62

KIDDER COUNTY  
Steele, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	183,895.00	183,895.00	161,495.76	(22,399.24)
Intergovernmental	155,250.00	155,250.00	168,132.02	12,882.02
Charges for Services	57,500.00	57,500.00	78,793.23	21,293.23
Miscellaneous	500.00	500.00	16,886.88	16,386.88
<b>Total Revenues</b>	<b>397,145.00</b>	<b>397,145.00</b>	<b>425,307.89</b>	<b>28,162.89</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	340,000.00	340,000.00	328,435.40	11,564.60
Debt Service:				
Principal			130,902.07	(130,902.07)
Interest			2,800.39	(2,800.39)
<b>Total Expenditures</b>	<b>340,000.00</b>	<b>340,000.00</b>	<b>462,137.86</b>	<b>(122,137.86)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>57,145.00</b>	<b>57,145.00</b>	<b>(36,829.97)</b>	<b>(93,974.97)</b>
<u>Other Financing Sources:</u>				
Transfers In			84,740.57	84,740.57
<b>Net Change in Fund Balances</b>	<b>57,145.00</b>	<b>57,145.00</b>	<b>47,910.60</b>	<b>(9,234.40)</b>
<b>Fund Balance - January 1</b>	<b>577,153.62</b>	<b>577,153.62</b>	<b>577,153.62</b>	
<b>Fund Balance - December 31</b>	<b>634,298.62</b>	<b>634,298.62</b>	<b>625,064.22</b>	<b>(9,234.40)</b>

KIDDER COUNTY  
Steele, 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 did not amend the budgets during the years ended December 31, 2018 and 2017.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31:

	2018	2017
<u>Special Revenue Funds</u>		
Kidder Road		122,137.86
Highway Tax Distribution	166,545.60	
* 24/7 Sheriff	2,055.00	
* Drug Education		327.60
* Sheriff OT Grant		21,862.24
Emergency	54,863.98	56,656.50
+ Pesticide & Publication	2,293.59	1,918.04
* FEMA 2011		32,385.06
* Hazardous Chemical	360.00	
* Homeland Security		19,875.00
* Document Preservation		16,974.83

\* A budget was not prepared for these funds.

+ A budget was not prepared for this fund for the year ending December 31, 2017.

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

KIDDER COUNTY  
Steele, 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
<b>Major Governmental Funds:</b>						
General Fund	450,324.19	1,092,638.19	109,236.90	37,890.69	1,075,665.48	538,643.11
Highway Tax Distribution	939,150.73	1,191,706.81			1,084,045.60	1,046,811.94
Kidder Road	687,052.68	235,490.01	2,250.00		203,915.92	720,876.77
<b>Total Major Governmental Funds</b>	<b>2,076,527.60</b>	<b>2,519,835.01</b>	<b>111,486.90</b>	<b>37,890.69</b>	<b>2,363,627.00</b>	<b>2,306,331.82</b>
<b>Non-Major Governmental Funds:</b>						
Unorganized Roads	61,198.76	10,675.80		2,250.00	12,529.60	57,094.96
County Jail	61,925.51	50,094.66			18,624.98	93,395.19
Human Services	209,235.85	306,118.21	1.05	109,236.90	244,450.28	161,667.93
County Library	257,472.03	80,848.60			50,571.32	287,749.31
24/7 Sheriff	1,475.00	2,551.00			2,055.00	1,971.00
Drug Education	3,500.00	1,600.00				5,100.00
Emergency Fund	234,586.88	33,572.70			89,153.98	179,005.60
Veterans Service Officer	13,947.70	10,408.65			10,307.50	14,048.85
County Agent	21,920.68	33,572.52	34,289.64		67,134.64	22,648.20
Pesticide & Publication	1,304.29	4,196.54			2,293.59	3,207.24
Weed Control	130,881.37	85,045.32			82,416.41	133,510.28
FEMA 2013	9,434.96					9,434.96
Emergency 911	76,528.11	34,248.49			28,171.14	82,605.46
Hazardous Chemical	7,313.94	587.50		875.00	360.00	6,666.44
Homeland Security	(19,875.00)	19,000.00	875.00		8,354.00	(8,354.00)
Document Preservation	3,403.58	6,679.00				10,082.58
County SIRN			3,600.00			3,600.00
Senior Citizens	11,146.37	46,140.09			46,517.25	10,769.21
<b>Total Non-Major Governmental Funds</b>	<b>1,085,400.03</b>	<b>725,339.08</b>	<b>38,765.69</b>	<b>112,361.90</b>	<b>662,939.69</b>	<b>1,074,203.21</b>
<b>Total Governmental Funds</b>	<b>3,161,927.63</b>	<b>3,245,174.09</b>	<b>150,252.59</b>	<b>150,252.59</b>	<b>3,026,566.69</b>	<b>3,380,535.03</b>
<b>Agency Funds:</b>						
Soil Conservation	5,989.86	21,379.27			21,685.60	5,683.53
Health District	29,914.64	83,926.89			85,461.36	28,380.17
State Medical Center	5,989.86	16,643.94			16,950.27	5,683.53
Estimated Tax	139.43	3.39			139.87	2.95
Mobile Home	736.82	11,002.19			11,644.19	94.82
State SIRN-Statewide	1,306.38	15,538.13			15,581.74	1,262.77
Treasurers Clearing		12,207.12			12,197.12	10.00
Irrigation District	160.00	618.60			618.60	160.00
Total Cities	61,144.15	284,569.63			286,429.75	59,284.03
Total School Districts	538,892.33	1,479,869.97			1,492,130.09	526,632.21

(continued)

KIDDER COUNTY  
Steele, 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 (continued):</u>						
Total Townships	51,461.81	308,885.00			317,648.76	42,698.05
Total Water Management Districts	1,195.86	3,297.18			3,414.30	1,078.74
Total Rural Fire Districts	26,999.52	77,743.87			78,799.88	25,943.51
Total Ambulance Districts	50,109.05	188,339.76			181,791.15	56,657.66
<b>Total Agency Funds</b>	<b>774,039.71</b>	<b>2,504,024.94</b>			<b>2,524,492.68</b>	<b>753,571.97</b>
<b>Total Primary Government</b>	<b>3,935,967.34</b>	<b>5,749,199.03</b>	<b>150,252.59</b>	<b>150,252.59</b>	<b>5,551,059.37</b>	<b>4,134,107.00</b>
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Management District	8,115.02	3,419.43			874.66	10,659.79
District Health Unit	343,315.60	183,657.72			182,358.80	344,614.52
<b>Total Discretely Presented Component Units</b>	<b>351,430.62</b>	<b>187,077.15</b>			<b>183,233.46</b>	<b>355,274.31</b>
<b>Total Reporting Entity</b>	<b>4,287,397.96</b>	<b>5,936,276.18</b>	<b>150,252.59</b>	<b>150,252.59</b>	<b>5,734,292.83</b>	<b>4,489,381.31</b>

KIDDER COUNTY  
Steele, 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
<b>Major Governmental Funds:</b>						
General Fund	644,659.59	1,065,998.05		102,688.69	1,157,644.76	450,324.19
Highway Tax Distribution	727,715.14	951,588.93			740,153.34	939,150.73
Kidder Road	588,238.59	476,211.38	84,740.57		462,137.86	687,052.68
<b>Total Major Governmental Funds</b>	<b>1,960,613.32</b>	<b>2,493,798.36</b>	<b>84,740.57</b>	<b>102,688.69</b>	<b>2,359,935.96</b>	<b>2,076,527.60</b>
<b>Non-Major Governmental Funds:</b>						
Unorganized Roads	56,984.64	12,781.62		6,482.50	2,085.00	61,198.76
County Jail	44,537.54	43,544.97			26,157.00	61,925.51
Human Services	225,273.21	215,017.46			231,054.82	209,235.85
County Library	213,981.66	91,308.97			47,818.60	257,472.03
24/7 Sheriff	1,369.00	106.00				1,475.00
Drug Education		3,827.60			327.60	3,500.00
Sheriff Overtime Grant	(8,037.29)	29,893.91	5.62		21,862.24	
Emergency Fund	262,883.26	37,785.12		9,425.00	56,656.50	234,586.88
Veterans Service Officer	12,770.44	11,287.16			10,109.90	13,947.70
County Agent	9,313.15	37,611.47	33,850.00		58,853.94	21,920.68
Pesticide & Publication	2,232.33	990.00			1,918.04	1,304.29
Weed Control	94,381.92	103,277.48			66,778.03	130,881.37
FEMA 2013	9,434.96					9,434.96
FEMA 2011	32,385.06				32,385.06	
Emergency 911	71,256.30	35,565.58			30,293.77	76,528.11
Hazardous Chemical	6,763.94	550.00				7,313.94
Homeland Security	(14,864.80)	14,864.80			19,875.00	(19,875.00)
Document Preservation	12,827.41	7,551.00			16,974.83	3,403.58
Senior Citizens	4,409.17	38,165.77			31,428.57	11,146.37
<b>Total Non-Major Governmental Funds</b>	<b>1,037,901.90</b>	<b>684,128.91</b>	<b>33,855.62</b>	<b>15,907.50</b>	<b>654,578.90</b>	<b>1,085,400.03</b>
<b>Total Governmental Funds</b>	<b>2,998,515.22</b>	<b>3,177,927.27</b>	<b>118,596.19</b>	<b>118,596.19</b>	<b>3,014,514.86</b>	<b>3,161,927.63</b>
<b>Agency Funds:</b>						
Ambulance	289.31				289.31	
Soil Conservation	4,414.96	22,600.71			21,025.81	5,989.86
Health Nurse	22,045.96	94,029.48			86,160.80	29,914.64
State Medical Center	4,414.96	18,832.01			17,257.11	5,989.86
Estimated Tax	274.42	1,161.83			1,296.82	139.43
Mobile Home	1,930.18	9,805.55			10,998.91	736.82
State SIRM-Statewide		7,312.19			6,005.81	1,306.38
Treasurers Clearing		12,340.33			12,340.33	
Irrigation District	130.00	671.80			641.80	160.00
Total Cities	36,669.00	300,159.89			275,684.74	61,144.15
Total School Districts	409,018.04	1,635,067.57			1,505,193.28	538,892.33

(continued)

KIDDER COUNTY  
Steele, 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 (continued):</u>						
Total Townships	35,068.38	322,190.45			305,797.02	51,461.81
Total Water Management Districts	923.35	3,859.47			3,586.96	1,195.86
Total Rural Fire Districts	20,263.34	86,024.79			79,288.61	26,999.52
Total Ambulance Districts	21,758.39	133,356.52			105,005.86	50,109.05
<b>Total Agency Funds</b>	<b>557,200.29</b>	<b>2,647,412.59</b>			<b>2,430,573.17</b>	<b>774,039.71</b>
<b>Total Primary Government</b>	<b>3,555,715.51</b>	<b>5,825,339.86</b>	<b>118,596.19</b>	<b>118,596.19</b>	<b>5,445,088.03</b>	<b>3,935,967.34</b>
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Management District	4,452.49	3,662.53				8,115.02
District Health Unit	352,394.39	185,242.74			194,321.53	343,315.60
<b>Total Discretely Presented Component Units</b>	<b>356,846.88</b>	<b>188,905.27</b>			<b>194,321.53</b>	<b>351,430.62</b>
<b>Total Reporting Entity</b>	<b>3,912,562.39</b>	<b>6,014,245.13</b>	<b>118,596.19</b>	<b>118,596.19</b>	<b>5,639,409.56</b>	<b>4,287,397.96</b>



# 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  
Kidder County  
Steele, 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 Kidder County, Steele, 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 June 7, 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

June 7, 2019

KIDDER COUNTY  
Steele, 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       No

\* Significant deficiency(ies) identified?       Yes       None Reported

Noncompliance Material to financial  
statements noted?       Yes       No

**SECTION II - FINANCIAL STATEMENT FINDINGS:**

No matters were reported