

# AUDIT REPORT

McINTOSH COUNTY  
Ashley, North Dakota

For the Years Ended December 31, 2018 and 2017

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

McINTOSH COUNTY  
Ashley, North Dakota

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McINTOSH COUNTY  
Ashley, North Dakota

COUNTY OFFICIALS

Perry Turner	Commission Chairman
Devin Deile	Commission Vice Chairman
Neil Meidinger	Commissioner
Gina Ketterling	Auditor
Lanette Blumhardt	Treasurer
Carol Fey	County Recorder/ Clerk of District Court
Laurie Heupel	Sheriff
Mary DePuydt	States Attorney

# Rath & Mehler

Certified Public Accountants

*Specializing in Governmental Auditing*

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Ken Mehler, CPA

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Bismarck, ND 58501

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
McIntosh County  
Ashley, 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 McIntosh County, Ashley, 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 McIntosh County, Ashley, North Dakota, as of December 31, 2018 and 2017, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, budgeting comparison information on pages 41 through 55 and the schedule of employer's share of net pension liability on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 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

May 3, 2019

McINTOSH COUNTY

Management's Discussion and Analysis

December 31, 2018 and 2017

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

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

**FINANCIAL HIGHLIGHTS**

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

- \* Net position of the county decreased \$160,164 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$1,092,584.
- \* Total revenues from all sources were \$3,969,907.
- \* Total expenses were \$4,130,071.
- \* The county's general fund had \$2,060,372 in total revenues and \$1,683,597 in total expenditures. There was a total of \$308,356 paid from other financing uses. Overall, the general fund balance increased by \$68,419 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 \$76,804 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$1,252,748.
- \* Total revenues from all sources were \$5,156,897.
- \* Total expenses were \$5,080,093.
- \* The county's general fund had \$1,363,780 in total revenues and \$1,221,110 in total expenditures. There was a total of \$182,186 paid from other financing uses. Overall, the general fund balance decreased by \$39,516 for the year ended December 31, 2017.

## USING THIS ANNUAL REPORT

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

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

## REPORTING ON THE COUNTY AS A WHOLE

### Statement of Net Position and Statement of Activities

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

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

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

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

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

## REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

### Balance Sheet - Governmental Funds

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

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

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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

As indicated in the financial highlights above, the county's net position decreased by \$160,164 and increased by \$76,804 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 \$1,092,584 is segregated into three separate categories. Net investment in capital assets totals \$487,180 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$848,006 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$242,602), which includes (\$914,389) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$671,787 is available to meet the county's ongoing obligations.

As of December 31, 2017 the county's net position of \$1,252,748 is segregated into three separate categories. Net investment in capital assets totals \$562,848 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$881,674 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$191,774), which includes (\$721,618) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$529,844 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	1,964,492	1,858,707	1,354,159
Capital Assets (net of accumulated depreciation)	547,180	562,848	671,217
<b>Total Assets</b>	<b>2,511,672</b>	<b>2,421,555</b>	<b>2,025,376</b>
Deferred Outflows of Resources	837,726	348,782	204,321
<b>Liabilities</b>			
Current Liabilities	47,607		34,850
Long-Term Liabilities	12,519		
Net Pension Liability	1,705,343	1,010,823	703,143
<b>Total Liabilities</b>	<b>1,765,469</b>	<b>1,010,823</b>	<b>737,993</b>
Deferred Inflows of Resources	491,345	506,766	315,761
<b>Net Position</b>			
Net Investment in Capital			
Assets	487,180	562,848	636,670
Restricted	848,006	881,674	689,498
Unrestricted	(242,602)	(191,774)	(150,225)
<b>Total Net Position</b>	<b>1,092,584</b>	<b>1,252,748</b>	<b>1,175,944</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	139,651	128,954	107,255
Operating Grants and Contributions	1,256,342	2,690,574	1,562,832
<b>General Revenues:</b>			
Property Taxes	1,866,139	1,816,720	1,566,440
Other Taxes	20,796	20,796	20,796
Federal Aid - Unrestricted	1,236	1,192	1,171
State Aid - Unrestricted	436,814	400,605	443,969
Interest Earnings and Other Revenue	248,930	98,056	120,499
<b>Total Revenues</b>	<b>3,969,907</b>	<b>5,156,897</b>	<b>3,822,961</b>
<b>Expenses</b>			
General Government	1,298,652	902,403	817,298
Public Safety	345,882	416,259	350,215
Highways and Public Improve.	1,964,790	3,230,755	2,712,710
Health and Welfare	294,874	280,163	271,352
Culture and Recreation	4,705	4,638	4,450
Conser. and Economic Dvlpmnt.	151,053	148,368	207,828
Other	69,990	97,175	67,118
Interest on Long-Term Debt	126	332	1,666
<b>Total Expenses</b>	<b>4,130,071</b>	<b>5,080,093</b>	<b>4,432,636</b>
<b>Net Change in Position</b>	<b>(160,164)</b>	<b>76,804</b>	<b>(609,675)</b>

Property taxes constituted 47%, unrestricted state aid 11%, operating grants and contributions 32%, 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 31%, public safety 8%, highways and public improvement 48%, and health and welfare 7% of total expenses for governmental activities during the fiscal year ended December 31, 2018.

Property taxes constituted 35%, unrestricted state aid 8%, operating grants and contributions 52%, and charges for services made up 3% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2017.

General government constituted 18%, public safety 8%, highways and public improvement 64%, and health and welfare 6% of total expenses for governmental activities during the fiscal year ended December 31, 2017.

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

Table III

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

	Total Cost Year Ended December 31, 2018	Total Cost Year Ended December 31, 2018
General Government	1,298,652	1,236,677
Public Safety	345,882	190,618
Highways and Public Improvement	1,964,790	1,100,519
Health and Welfare	294,874	2,299
Culture and Recreation	4,705	4,705
Conservation and Economic Dvlpmnt.	151,053	145,534
Other	69,990	53,600
Interest on Long-Term Debt	126	126
Total Expenses	<u>4,130,071</u>	<u>2,734,079</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	902,403	797,296
Public Safety	416,259	(27,335)
Highways and Public Improvement	3,230,755	1,009,403
Health and Welfare	280,163	246,464
Culture and Recreation	4,638	4,638
Conservation and Economic Dvlpmnt.	148,368	148,368
Other	97,175	81,398
Interest on Long-Term Debt	332	332
Total Expenses	<u>5,080,093</u>	<u>2,260,565</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 \$3,971,299 and expenditures of \$3,921,506 for the year ended December 31, 2018. As of December 31, 2018, the unassigned fund balance of the county's general fund was \$443,569. The county's governmental funds had total revenue of \$5,154,457 and expenditures of \$4,942,515 for the year ended December 31, 2017. As of December 31, 2017, the unassigned fund balance of the county's general fund was \$375,150.

**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 \$328,996 more than budgeted. This variance was mainly due to the county underestimating collections from intergovernmental and miscellaneous sources. Actual expenditures for the year ended December 31, 2018 were under budget by \$227,723. This variance was due to the county overestimating appropriations for various purposes.

Actual revenue for the year ended December 31, 2017 was \$157,232 more than budgeted. This budget variance was mainly due to the county underestimating collections from intergovernmental sources. Actual expenditures for the year ended December 31, 2017 were over budget by \$184,593. This variance was mainly due to the county overestimating appropriations for miscellaneous purposes.

**CAPITAL ASSETS**

As of December 31, 2018 and 2017, the county had \$547,180 and \$562,848, 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
Construction in Progress	60,000		
Buildings	249,345	256,169	262,993
Machinery and Vehicles	237,835	306,679	408,224
Total (net of depreciation)	547,180	562,848	671,217
	=====	=====	=====

As of December 31, 2018, this total represents a decrease of \$15,668 in capital assets from January 1, 2018. As of December 31, 2017, this total represents a decrease of \$108,369 in capital assets from January 1, 2017.

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

#### **DEBT ADMINISTRATION**

As of December 31, 2018, the county had \$60,000 in outstanding debt of which \$47,481 was due within one year. As of December 31, 2017, the county had no outstanding debt. During fiscal year 2018, the county issued one new long-term debt obligation.

Bank Loan Payable in the amount of \$60,000. The city obtained financing from McIntosh County Bank to provide funding for a county shop building. This loan will have a final payment on January 15, 2020.

For a detailed breakdown of the long-term debt, readers are referred to Note 9 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 Gina Ketterling, County Auditor, McIntosh County, Ashley, ND 58413.

McINTOSH COUNTY  
Ashley, North Dakota

Statement of Net Position  
December 31, 2018

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health District	Job Development Authority
<b>ASSETS:</b>				
Cash and Investments	1,917,333.57	46,514.54	156,706.21	84,642.14
Taxes Receivable	47,158.64	239.73	1,608.96	871.99
Economic Development Loans Receivable				90,647.93
Capital Assets (net of accumulated depreciation):				
Construction in Progress	60,000.00			
Buildings	249,345.00			
Machinery and Vehicles	237,835.00			
<b>Total Capital Assets</b>	<b>547,180.00</b>			
<b>Total Assets</b>	<b>2,511,672.21</b>	<b>46,754.27</b>	<b>158,315.17</b>	<b>176,162.06</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	837,726.00			
<b>LIABILITIES:</b>				
Interest Payable	126.01			
Long-Term Liabilities:				
Due Within One Year:				
Bank Loan Payable	47,481.27			
Due After One Year:				
Bank Loan Payable	12,518.73			
Net Pension Liability	1,705,343.00			
<b>Total Liabilities</b>	<b>1,765,469.01</b>			
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	444,573.29			
Changes in Resources Related to Pensions	46,772.00			
<b>Total Deferred Inflows of Resources</b>	<b>491,345.29</b>			
<b>NET POSITION:</b>				
Net Investment in Capital Assets	487,180.00			
Restricted for:				
Special Purposes	848,005.51			
Unrestricted	(242,601.60)	46,754.27	158,315.17	176,162.06
<b>Total Net Position</b>	<b>1,092,583.91</b>	<b>46,754.27</b>	<b>158,315.17</b>	<b>176,162.06</b>

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

McINTOSH COUNTY  
Ashley, North Dakota

Statement of Net Position  
December 31, 2017

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health District	Job Development Authority
<b>ASSETS:</b>				
Cash and Investments	1,810,156.80	44,700.51	148,657.58	109,053.34
Taxes Receivable	48,549.96	295.46	1,980.96	611.95
Economic Development Loans Receivable				53,705.25
Capital Assets (net of accumulated depreciation):				
Buildings	256,169.00			
Machinery and Vehicles	306,679.00			
<b>Total Capital Assets</b>	<b>562,848.00</b>			
<b>Total Assets</b>	<b>2,421,554.76</b>	<b>44,995.97</b>	<b>150,638.54</b>	<b>163,370.54</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	348,782.00			
<b>LIABILITIES:</b>				
Net Pension Liability	1,010,823.00			
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	447,188.96			
Changes in Resources Related to Pensions	59,577.00			
<b>Total Deferred Inflows of Resources</b>	<b>506,765.96</b>			
<b>NET POSITION:</b>				
Net Investment in Capital Assets	562,848.00			
Restricted for:				
Special Purposes	881,673.83			
Unrestricted	(191,774.03)	44,995.97	150,638.54	163,370.54
<b>Total Net Position</b>	<b>1,252,747.80</b>	<b>44,995.97</b>	<b>150,638.54</b>	<b>163,370.54</b>

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

McINTOSH COUNTY  
Ashley, North Dakota

Statement of Activities  
For the Year Ended December 31, 2018

Net (Expense) Revenue and Changes in Net Position

	Program Revenues		Primary Gov't	Component Units		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Health District	Job Development Authority
<b>Expenses</b>						
<hr/>						
<u>Functions/Programs</u>						
Primary Government:						
<u>Governmental Activities:</u>						
General Government	1,298,651.78	35,111.69	26,863.37	(1,236,676.72)		
Public Safety	345,881.56	95,174.86	60,088.42	(190,618.28)		
Highways and Public Improve.	1,964,789.71	9,364.55	854,906.37	(1,100,518.79)		
Health and Welfare	294,873.85		292,575.06	(2,298.79)		
Culture and Recreation	4,705.12			(4,705.12)		
Conser. and Economic Dvlpmnt.	151,053.16		5,518.79	(145,534.37)		
Other	69,990.02		16,389.56	(53,600.46)		
Interest on Long-Term Debt	126.01			(126.01)		
Total Governmental Activities	4,130,071.21	139,651.10	1,256,341.57	(2,734,078.54)		
<hr/>						
Component Units:						
Water Resource District	7,160.87			(7,160.87)		
Health District	198,410.24	58,052.71	67,428.88		(72,928.65)	
Job Development Authority	25,867.44					(25,867.44)
<hr/>						

General Revenues:

Taxes:				
Property taxes; levied for general purposes	960,241.65	8,793.95	59,124.97	38,658.96
Property taxes; levied for special purposes	905,897.46			
Telecommunications taxes	20,795.69			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	1,236.00			
State aid not restricted to specific program:				
State aid distribution	436,813.86		10,312.00	
Earnings on investments and other revenue	248,929.99	125.22	11,168.31	
Total General Revenues	2,573,914.65	8,919.17	80,605.28	38,658.96
Change in Net Position	(160,163.89)	1,758.30	7,676.63	12,791.52
Net Position - January 1	1,252,747.80	44,995.97	150,638.54	163,370.54
Net Position - December 31	1,092,583.91	46,754.27	158,315.17	176,162.06
	=====	=====	=====	=====

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



McINTOSH COUNTY  
Ashley, North Dakota

Statement of Activities  
For the Year Ended December 31, 2017

Net (Expense) Revenue and Changes in Net Position

Expenses	Program Revenues		Primary Gov't	Component Units		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Health District	Job Development Authority
<u>Functions/Programs</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	902,403.07	35,454.97	69,652.02	(797,296.08)		
Public Safety	416,258.74	84,145.83	359,447.51	27,334.60		
Highways and Public Improve.	3,230,754.78	9,353.66	2,211,997.72	(1,009,403.40)		
Health and Welfare	280,162.66		33,698.84	(246,463.82)		
Culture and Recreation	4,638.44			(4,638.44)		
Conser. and Economic Dvlpmnt.	148,367.88			(148,367.88)		
Other	97,175.29		15,777.67	(81,397.62)		
Interest on Long-Term Debt	332.00			(332.00)		
<b>Total Governmental Activities</b>	<b>5,080,092.86</b>	<b>128,954.46</b>	<b>2,690,573.76</b>	<b>(2,260,564.64)</b>		
<u>Component Units:</u>						
Water Resource District	8,692.14			(8,692.14)		
Health District	189,596.05	52,311.90	70,996.26		(66,287.89)	
Job Development Authority	20,188.79					(20,188.79)

General Revenues:

Taxes:				
Property taxes; levied for general purposes	707,211.96	9,183.03	59,543.54	27,200.38
Property taxes; levied for special purposes	1,109,508.02			
Telecommunications taxes	20,795.69			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	1,192.00			
State aid not restricted to specific program:				
State aid distribution	400,605.02		10,810.00	
Earnings on investments and other revenue	98,056.13	88.74	4,337.75	
Total General Revenues	2,337,368.82	9,271.77	74,691.29	27,200.38
Change in Net Position	76,804.18	579.63	8,403.40	7,011.59
Net Position - January 1	1,175,943.62	44,416.34	142,235.14	156,358.95
Net Position - December 31	1,252,747.80	44,995.97	150,638.54	163,370.54
=====				

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

McINTOSH COUNTY  
Ashley, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2018

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>									
Cash and Investments	675,317.05	66,046.25	467.75	191,940.86	77,534.57	220,080.90	217,822.25	468,123.94	1,917,333.57
Taxes Receivable	23,795.39	5,077.48		5,169.98	5,652.97	1,071.86	1,573.51	4,817.45	47,158.64
<b>Total Assets</b>	<b>699,112.44</b>	<b>71,123.73</b>	<b>467.75</b>	<b>197,110.84</b>	<b>83,187.54</b>	<b>221,152.76</b>	<b>219,395.76</b>	<b>472,941.39</b>	<b>1,964,492.21</b>
=====									
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Deferred Inflows Of Resources:</b>									
Unavailable Revenue	255,543.42	52,725.52		52,818.02	76,628.64	10,602.13	8,863.91	34,550.29	491,731.93
<b>Fund Balances:</b>									
Restricted for:									
Public Safety								42,295.97	42,295.97
Highways and Public Improvements		18,398.21	467.75	144,292.82	6,558.90			107,435.06	169,717.68
Health and Welfare								37.72	107,435.06
Culture and Recreations									37.72
Conservation and Economic Development							210,531.85	6,985.61	217,517.46
Emergency Services						210,550.63			210,550.63
Motor Pool								27,887.78	27,887.78
Debt Service								11,959.29	11,959.29
Other								37,366.68	37,366.68
Assigned to:									
Technology								37,280.49	37,280.49
Sheriff Vehicle								15,000.00	15,000.00
County Tax Assessments								152,142.50	152,142.50
Unassigned	443,569.02								443,569.02
<b>Total Fund Balances</b>	<b>443,569.02</b>	<b>18,398.21</b>	<b>467.75</b>	<b>144,292.82</b>	<b>6,558.90</b>	<b>210,550.63</b>	<b>210,531.85</b>	<b>438,391.10</b>	<b>1,472,760.28</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>699,112.44</b>	<b>71,123.73</b>	<b>467.75</b>	<b>197,110.84</b>	<b>83,187.54</b>	<b>221,152.76</b>	<b>219,395.76</b>	<b>472,941.39</b>	<b>1,964,492.21</b>
=====									

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

McINTOSH COUNTY  
Ashley, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2017

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Social Services	Weed Control	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>									
Cash and Investments	604,640.29	81,910.89	30,356.75	145,046.80	71,646.45	229,224.11	195,637.67	451,693.84	1,810,156.80
Taxes Receivable	22,047.54	6,100.88		4,462.56		8,973.00	1,662.18	5,303.80	48,549.96
<b>Total Assets</b>	<b>626,687.83</b>	<b>88,011.77</b>	<b>30,356.75</b>	<b>149,509.36</b>	<b>71,646.45</b>	<b>238,197.11</b>	<b>197,299.85</b>	<b>456,997.64</b>	<b>1,858,706.76</b>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Deferred Inflows Of Resources:</b>									
Unavailable Revenue	251,538.14	52,347.21		51,864.21	69,895.29	8,973.00	16,137.18	44,983.89	495,738.92
<b>Fund Balances:</b>									
Restricted for:									
Public Safety								37,997.86	37,997.86
Highways and Public Improvements		35,664.56	30,356.75	97,645.15	1,751.16				165,417.62
Health and Welfare						229,224.11			229,224.11
Culture and Recreations								10.89	10.89
Conservation and Economic Development							181,162.67	4,736.76	185,899.43
Emergency Services								170,811.11	170,811.11
Motor Pool								25,730.80	25,730.80
Other								40,079.59	40,079.59
Assigned to:									
Technology								41,575.49	41,575.49
Sheriff Vehicle								15,000.00	15,000.00
County Tax Assessments								76,071.25	76,071.25
Unassigned	375,149.69								375,149.69
<b>Total Fund Balances</b>	<b>375,149.69</b>	<b>35,664.56</b>	<b>30,356.75</b>	<b>97,645.15</b>	<b>1,751.16</b>	<b>229,224.11</b>	<b>181,162.67</b>	<b>412,013.75</b>	<b>1,362,967.84</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>626,687.83</b>	<b>88,011.77</b>	<b>30,356.75</b>	<b>149,509.36</b>	<b>71,646.45</b>	<b>238,197.11</b>	<b>197,299.85</b>	<b>456,997.64</b>	<b>1,858,706.76</b>

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

McINTOSH COUNTY  
Ashley, 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	1,472,760.28
--	--------------

Total net position reported for government activities in the statement of net position is different because:

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

Cost of Capital Assets	2,033,812.00	
Less Accumulated Depreciation	(1,486,632.00)	
Net Capital Assets		547,180.00

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

47,158.64

The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources	837,726.00	
Total Deferred Inflows of Resources	(46,772.00)	
Total Deferred Outflows/Inflows of Resources		790,954.00

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2018 are:

Bank Loan Payable	(60,000.00)	
Interest Payable	(126.01)	
Net Pension Liability	(1,705,343.00)	
Total Long-Term Liabilities		(1,765,469.01)

Total Net Position of Governmental Activities	1,092,583.91
	=====

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

McINTOSH COUNTY  
Ashley, 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		1,362,967.84
<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	1,965,769.00	
Less Accumulated Depreciation	(1,402,921.00)	
Net Capital Assets	562,848.00	562,848.00
<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>		
		48,549.96
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources	348,782.00	
Total Deferred Inflows of Resources	(59,577.00)	
Total Deferred Outflows/Inflows of Resources	289,205.00	289,205.00
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2017 are:</p>		
Net Pension Liability		(1,010,823.00)
Total Net Position of Governmental Activities		1,252,747.80

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

McINTOSH COUNTY  
Ashley, North Dakota

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

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	976,778.76	189,243.27		192,214.10	288,811.84	39,754.14	59,478.35	142,045.66	1,888,326.12
Licenses, Permits and Fees	330.00							55,093.50	55,423.50
Intergovernmental	815,701.67	230,436.86	518,670.04		107,594.51		5,518.79	16,389.56	1,694,311.43
Charges for Services	69,646.60		9,094.55	270.00				5,216.45	84,227.60
Miscellaneous	197,914.66	1,367.67	12,696.31				20,428.47	16,602.88	249,009.99
<b>Total Revenues</b>	<b>2,060,371.69</b>	<b>421,047.80</b>	<b>540,460.90</b>	<b>192,484.10</b>	<b>396,406.35</b>	<b>39,754.14</b>	<b>85,425.61</b>	<b>235,348.05</b>	<b>3,971,298.64</b>
<b>Expenditures:</b>									
<b>Current:</b>									
General Government	1,086,390.94							7,702.84	1,094,093.78
Public Safety	281,523.17							54,110.39	335,633.56
Highways and Public Improve.		438,314.15	636,349.90	145,836.43	657,598.61	14.62			1,878,113.71
Health and Welfare	285,865.38							9,008.47	294,873.85
Culture and Recreation								4,705.12	4,705.12
Conser. and Economic Dvlpmnt.	11,774.26						56,056.43	83,222.47	151,053.16
Other								69,990.02	69,990.02
Capital Outlay	18,043.00							75,000.00	93,043.00
<b>Total Expenditures</b>	<b>1,683,596.75</b>	<b>438,314.15</b>	<b>636,349.90</b>	<b>145,836.43</b>	<b>657,598.61</b>	<b>14.62</b>	<b>56,056.43</b>	<b>303,739.31</b>	<b>3,921,506.20</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>376,774.94</b>	<b>(17,266.35)</b>	<b>(95,889.00)</b>	<b>46,647.67</b>	<b>(261,192.26)</b>	<b>39,739.52</b>	<b>29,369.18</b>	<b>(68,391.26)</b>	<b>49,792.44</b>

<u>Other Financing Sources (Uses):</u>									
Transfers In	120,215.64		66,000.00		266,000.00			96,571.25	548,786.89
Transfers Out	(428,571.25)							(120,215.64)	(548,786.89)
Proceeds from Loan								60,000.00	60,000.00
<b>Total Other Financing Sources (Uses)</b>	<b>(308,355.61)</b>		<b>66,000.00</b>		<b>266,000.00</b>			<b>36,355.61</b>	<b>60,000.00</b>
<b>Net Change in Fund Balances</b>	<b>68,419.33</b>	<b>(17,266.35)</b>	<b>(29,889.00)</b>	<b>46,647.67</b>	<b>4,807.74</b>	<b>39,739.52</b>	<b>29,369.18</b>	<b>(32,035.65)</b>	<b>109,792.44</b>
<b>Fund Balance - January 1</b>	<b>375,149.69</b>	<b>35,664.56</b>	<b>30,356.75</b>	<b>97,645.15</b>	<b>1,751.16</b>	<b>170,811.11</b>	<b>181,162.67</b>	<b>470,426.75</b>	<b>1,362,967.84</b>
<b>Fund Balance - December 31</b>	<b>443,569.02</b>	<b>18,398.21</b>	<b>467.75</b>	<b>144,292.82</b>	<b>6,558.90</b>	<b>210,550.63</b>	<b>210,531.85</b>	<b>438,391.10</b>	<b>1,472,760.28</b>

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



McINTOSH COUNTY  
Ashley, North Dakota

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

Major Funds

	General	County Road and Bridge	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Social Services	Weed Control	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	719,637.45	184,595.32		185,503.06	256,187.84	268,048.32	55,947.45	165,156.49	1,835,075.93
Licenses, Permits and Fees	310.83							45,166.90	45,477.73
Intergovernmental	505,288.79		2,327,750.41		209,855.07	33,698.84		15,777.67	3,092,370.78
Charges for Services	69,175.22		9,353.66					4,947.85	83,476.73
Miscellaneous	69,367.79	1,361.10	575.00			760.60	8,548.58	17,443.06	98,056.13
<b>Total Revenues</b>	<b>1,363,780.08</b>	<b>185,956.42</b>	<b>2,337,679.07</b>	<b>185,503.06</b>	<b>466,042.91</b>	<b>302,507.76</b>	<b>64,496.03</b>	<b>248,491.97</b>	<b>5,154,457.30</b>
<b>Expenditures:</b>									
<b>Current:</b>									
General Government	815,219.06							12,483.01	827,702.07
Public Safety	360,234.60							44,972.14	405,206.74
Highways and Public Improve.	5,515.01	81,887.74	2,193,571.73	92,479.46	726,760.61			43,865.23	3,144,079.78
Health and Welfare						280,162.66			280,162.66
Culture and Recreation								4,638.44	4,638.44
Conser. and Economic Dvlpmnt.	6,500.00						42,252.38	99,615.50	148,367.88
Other	12,711.20							84,464.09	97,175.29
<b>Debt Service:</b>									
Principal	20,489.00		14,057.55						34,546.55
Interest	441.00		194.18						635.18
<b>Total Expenditures</b>	<b>1,221,109.87</b>	<b>81,887.74</b>	<b>2,207,823.46</b>	<b>92,479.46</b>	<b>726,760.61</b>	<b>280,162.66</b>	<b>42,252.38</b>	<b>290,038.41</b>	<b>4,942,514.59</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>142,670.21</b>	<b>104,068.68</b>	<b>129,855.61</b>	<b>93,023.60</b>	<b>(260,717.70)</b>	<b>22,345.10</b>	<b>22,243.65</b>	<b>(41,546.44)</b>	<b>211,942.71</b>

<u>Other Financing Sources (Uses):</u>									
Transfers In	4,885.09				260,000.00			102,071.25	366,956.34
Transfers Out	(187,071.25)	(70,000.00)	(105,000.00)			(4,885.09)			(366,956.34)
<b>Total Other Financing Sources (Uses)</b>	<b>(182,186.16)</b>	<b>(70,000.00)</b>	<b>(105,000.00)</b>		<b>260,000.00</b>	<b>(4,885.09)</b>		<b>102,071.25</b>	
<b>Net Change in Fund Balances</b>	<b>(39,515.95)</b>	<b>34,068.68</b>	<b>24,855.61</b>	<b>93,023.60</b>	<b>(717.70)</b>	<b>17,460.01</b>	<b>22,243.65</b>	<b>60,524.81</b>	<b>211,942.71</b>
<b>Fund Balance - January 1</b>	<b>414,665.64</b>	<b>1,595.88</b>	<b>5,501.14</b>	<b>4,621.55</b>	<b>2,468.86</b>	<b>211,764.10</b>	<b>158,919.02</b>	<b>351,488.94</b>	<b>1,151,025.13</b>
<b>Fund Balance - December 31</b>	<b>375,149.69</b>	<b>35,664.56</b>	<b>30,356.75</b>	<b>97,645.15</b>	<b>1,751.16</b>	<b>229,224.11</b>	<b>181,162.67</b>	<b>412,013.75</b>	<b>1,362,967.84</b>

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

McINTOSH COUNTY  
Ashley, 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 109,792.44

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

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

Current Year Capital Outlay	93,043.00	
Current Year Depreciation Expense	(108,711.00)	(15,668.00)

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

Debt Proceeds	(60,000.00)	
Repayment of Debt	0.00	(60,000.00)

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.

Net Increase in Interest Payable	(126.01)	
Net Increase to Pension Expense	(192,771.00)	(192,897.01)

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

Net Decrease in Taxes Receivable		(1,391.32)

Change in Net Position of Governmental Activities		(160,163.89)
		=====

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

McINTOSH COUNTY  
Ashley, 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	211,942.71
--	------------

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

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

Current Year Capital Outlay	0.00	
Current Year Depreciation Expense	(108,369.00)	(108,369.00)

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

Debt Proceeds	0.00	
Repayment of Debt	34,546.55	34,546.55

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.

Net Decrease in Interest Payable	303.18	
Net Increase to Pension Expense	(64,059.00)	(63,755.82)

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

Net Increase in Taxes Receivable	2,439.74

Change in Net Position of Governmental Activities	76,804.18

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	681,973.25 =====
<u>Liabilities:</u>	
Due to Other Governments	681,973.25 =====

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	619,805.70 =====
<u>Liabilities:</u>	
Due to Other Governments	619,805.70 =====

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

McINTOSH COUNTY  
Ashley, North Dakota

Notes to the Financial Statements  
December 31, 2018 and 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of McIntosh 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 McIntosh County.

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

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

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

McIntosh County Health District: The McIntosh County Health 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 health district budget. The health district has the authority to issue its own debt.

McIntosh County Job Development Authority: The McIntosh County Job Development Authority'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 job development authority budget. The job development authority has the authority to issue its own debt.

The financial statements of each of the three discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the McIntosh County Auditor; 112 NE 1st Street, Ashley, ND 58413.

## B. Basis of Presentation

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

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

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

The county reports the following major governmental funds:

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

*County Road and Bridge.* This fund is the county's primary road maintenance fund. It accounts for a special levy and all financial resources related to highway maintenance and repair, 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.

*Federal Aid Roads.* This fund accounts for a special levy and federal grants used for the maintenance and repair of federal aid farm to market roads within the county.

*Unorganized Road.* This fund accounts for a special levy and township road funds from the State of North Dakota used for the maintenance and repair of township roads within the county.

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



*Social Services.* This is the county's primary health and welfare fund. It accounts for a special levy and all financial resources related to health and welfare, except those required to be accounted for in another fund.

*Weed Control.* This fund accounts for a special levy used for controlling noxious weeds in the county.

The county reports the following fund type:

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

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

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

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

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

#### D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

#### E. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the county as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the 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 to 100 years
Machinery and Vehicles	7 to 10 years

#### F. Compensated Absences

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

Vested or accumulated vacation leave is not reported in the government-wide statement of net position as it is considered immaterial.

#### G. Long-Term Obligations

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

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

#### H. Pension

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

## I. Fund Equity

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

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

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

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

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

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

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

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

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

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

#### J. Interfund Transactions

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

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

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

#### K. Use of Estimates

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

#### Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2018 the county's carrying amount of deposits was \$2,599,111 and the bank balance was \$2,637,860. Of the bank balance, \$482,855 was covered by Federal Depository Insurance. The remaining balance of \$2,155,005 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 \$2,429,379 and the bank balance was \$2,461,388. Of the bank balance, \$482,259 was covered by Federal Depository Insurance. The remaining balance of \$1,979,129 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 \$469,920, which are all considered deposits.

At December 31, 2017 the county held certificates of deposit in the amount of \$468,023, 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 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 4 ECONOMIC DEVELOPMENT LOANS RECEIVABLE

The McIntosh County Job Development Authority has loaned funds, for start-up costs, to various local businesses. These funds are to be repaid per the terms of the loan agreements. At December 31, the following loans were outstanding:

	<u>2018</u>	<u>2017</u>
Little d Fencing	138.89	138.89
Beaver Valley Diesel		1,900.00
A & B Feedlot Services		2,222.16
Kim's ABC Store		2,222.16
Mini Mustangs Daycare		3,055.50
The Hayloft	5,555.52	7,777.76
Jamies' Little Angels Daycare	2,499.94	6,388.86
Salon Envy	1,388.82	4,722.18
JB Ready Mix	1,944.38	5,277.74
Alley Diner and Bakery	7,220.44	10,000.00
Wild Rose Cafe	6,944.42	10,000.00
Westside Heating & AC/Plumbing	7,499.98	
Ashley Inn	8,611.10	
Sparkle City	9,444.44	
Neil Meidinger Trucking	9,400.00	
Brad's Repair	10,000.00	
Schilling Trucking	10,000.00	
Kim's Gorm	10,000.00	
Total	<u>90,647.93</u>	<u>53,705.25</u>
	=====	=====

Note 5 CAPITAL ASSETS

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

	<u>2018</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in Progress		60,000		60,000
Capital assets being depreciated:				
Buildings	550,040			550,040
Machinery & Vehicles	1,415,729	33,043	25,000	1,423,772
Total	<u>1,965,769</u>	<u>33,043</u>	<u>25,000</u>	<u>1,973,812</u>
Less accumulated depreciation for:				
Buildings	293,871	6,824		300,695
Machinery & Vehicles	1,109,050	101,887	25,000	1,185,937
Total	<u>1,402,921</u>	<u>108,711</u>	<u>25,000</u>	<u>1,486,632</u>
Total capital assets being depreciated, net	562,848	(75,668)		487,180
Governmental Activities Capital Assets, Net	<u>562,848</u>	<u>(15,668)</u>	<u>-0-</u>	<u>547,180</u>
	=====	=====	=====	=====

2017

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>January 1</u>			<u>December 31</u>
Governmental Activities:				
Capital assets				
<i>being depreciated:</i>				
Buildings	550,040			550,040
Machinery & Vehicles	1,415,729			1,415,729
Total	1,965,769			1,965,769
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	287,047	6,824		293,871
Machinery & Vehicles	1,007,505	101,545		1,109,050
Total	1,294,552	108,369		1,402,921
Governmental Activities				
Capital Assets, Net	671,217	(108,369)	-0-	562,848
	=====	=====	=====	=====

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	11,787	10,642
Public Safety	10,248	11,052
Highways and Public Improve.	86,676	86,675
Total Depreciation Expense	108,711	108,369
	=====	=====

Note 6 INTEREST PAYABLE

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

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 OPERATING LEASES

The county entered into two rental agreements with Butler Machinery for four 160M2 motor graders. These agreements are considered, for accounting purposes, to be operating leases. Lease expenditures were \$149,224.00 and \$98,707.09 for the years ending December 31, 2018 and 2017, respectively. The future lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2019	149,224.00
2020	90,224.00
2021	90,224.00
2022	90,224.00
2023	90,224.00
2024	90,224.00
2025	90,224.00
Total	<u>690,568.00</u> =====

Note 9 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 January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Bank Loan Payable	-0-	60,000	-0-	60,000	47,481
	-----	-----	-----	-----	-----
	<u>2017</u>				
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Capital Leases Payable	34,547	-0-	34,547	-0-	-0-
	-----	-----	-----	-----	-----

Outstanding debt at December 31, 2018 consists of the following:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2018, is as follows:

Bank Loan Payable. The county has entered into a loan agreement to provide funds for a county shop building.

\$60,000.00 Bank Loan Payable with McIntosh County Bank	
due in annual installment of \$47,646.28 on January 15,	
2019 and a final installment of \$12,744.07 on	
January 15, 2020. Payments include interest at 1.8%.	60,000.00
	=====

The annual requirements to amortize the outstanding general obligation bond debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2019	47,481.27	165.01
2020	12,518.73	225.34
Total	<u>60,000.00</u> =====	<u>390.35</u> =====



Note 10 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	120,215.64	
Social Services		120,215.64
To transfer funds in excess of \$100,000 from social services to general fund		
Highway Tax Distribution	66,000.00	
Unorganized Road	266,000.00	
County Agent	5,500.00	
Sheriff Vehicle	15,000.00	
Vanguard	76,071.25	
General		428,571.25
To subsidize expenditures.		
<u>December 31, 2017</u>		
General	4,885.09	
Social Services		4,885.09
To transfer funds in excess of \$100,000 from social services to general fund. Additional amount was transferred during 2018.		
Unorganized Road	260,000.00	
General		85,000.00
County Road and Bridge		70,000.00
Highway Tax Distribution		105,000.00
County Agent	26,000.00	
General		26,000.00
Vanguard	76,071.25	
General		76,071.25
To subsidize expenditures.		

Note 11 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the McIntosh County Senior Citizens and McIntosh County Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2018 and 2017, the county remitted \$54,035.62 and \$52,873.45 to the Senior Citizens and \$4,705.12 and \$4,638.44 to the Historical Society, respectively.

Note 12 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDRIF for its general liability, automobile and public assets insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$2,044,458 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 \$1,742,000 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

North Dakota Public Employees Retirement System (Main System)

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

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

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

### **Pension Benefits**

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

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

### **Death and Disability Benefits**

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

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

### **Refunds of Member Account Balance**

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

**Member and Employer Contributions**

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

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

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

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

At December 31, 2018, McIntosh County reported a liability of \$1,705,343 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017 the county's proportion was .106098 percent, which was an increase of .002381 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2018 the county recognized pension expense of \$267,180. At December 31, 2018 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources -----	Deferred Inflows of Resources -----
Differences between expected and actual experience	10,136	8,309
Changes in assumptions	699,306	38,463
Net difference between projected and actual earnings on pension plan investments	22,935	
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,073	
County contributions subsequent to the measurement date (see below)	74,276	
Total	----- 837,726 -----	----- 46,772 -----

\$74,276 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

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

Year ended June 30:	
-----	
2019	157,713
2020	189,183
2021	165,226
2022	132,402
2023	72,154
Thereafter	0

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

Inflation	3.50%	
Salary increases	Service at Beginning of Year	Increase Rate
	-----	-----
	0	15.00%
	1	10.00%
	2	8.00%
	Age *	
	-----	
	Under 36	8.00%
	36 - 40	7.50%
	41 - 49	6.00%
	50+	5.00%

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (5.44%)	Current Rate (6.44%)	1% Increase (7.44%)
The county's proportionate share of the net pension liability	2,315,055	1,705,343	1,198,088

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

McINTOSH COUNTY  
Ashley, 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	958,507.36	958,507.36	976,778.76	18,271.40
Licenses, Permits and Fees	270.00	270.00	330.00	60.00
Intergovernmental	673,985.00	673,985.00	815,701.67	141,716.67
Charges for Services	84,096.00	84,096.00	69,646.60	(14,449.40)
Miscellaneous	14,517.00	14,517.00	197,914.66	183,397.66
<b>Total Revenues</b>	<b>1,731,375.36</b>	<b>1,731,375.36</b>	<b>2,060,371.69</b>	<b>328,996.33</b>
<u>Expenditures:</u>				
Current:				
General Government	810,501.00	810,501.00	1,086,390.94	(275,889.94)
Public Safety	325,118.28	325,118.28	281,523.17	43,595.11
Highways and Public Improve.	292,000.00	292,000.00		292,000.00
Health and Welfare	299,068.73	299,068.73	285,865.38	13,203.35
Conser. and Economic Dvlpmnt.	36,717.00	36,717.00	11,774.26	24,942.74
Other	129,871.25	129,871.25		129,871.25
Capital Outlay	18,043.00	18,043.00	18,043.00	
<b>Total Expenditures</b>	<b>1,911,319.26</b>	<b>1,911,319.26</b>	<b>1,683,596.75</b>	<b>227,722.51</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(179,943.90)</b>	<b>(179,943.90)</b>	<b>376,774.94</b>	<b>556,718.84</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In			120,215.64	120,215.64
Transfers Out			(428,571.25)	(428,571.25)
<b>Total Other Financing Sources (Uses)</b>			<b>(308,355.61)</b>	<b>(308,355.61)</b>
<b>Net Change in Fund Balances</b>	<b>(179,943.90)</b>	<b>(179,943.90)</b>	<b>68,419.33</b>	<b>248,363.23</b>
<b>Fund Balance - January 1</b>	<b>375,149.69</b>	<b>375,149.69</b>	<b>375,149.69</b>	
<b>Fund Balance - December 31</b>	<b>195,205.79</b>	<b>195,205.79</b>	<b>443,569.02</b>	<b>248,363.23</b>

McINTOSH COUNTY  
Ashley, 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	701,873.33	701,873.33	719,637.45	17,764.12
Licenses, Permits and Fees	345.00	345.00	310.83	(34.17)
Intergovernmental	401,880.00	401,880.00	505,288.79	103,408.79
Charges for Services	84,100.00	84,100.00	69,175.22	(14,924.78)
Miscellaneous	18,350.00	18,350.00	69,367.79	51,017.79
<b>Total Revenues</b>	<b>1,206,548.33</b>	<b>1,206,548.33</b>	<b>1,363,780.08</b>	<b>157,231.75</b>
<u>Expenditures:</u>				
Current:				
General Government	760,218.46	760,218.46	815,219.06	(55,000.60)
Public Safety	361,133.62	361,133.62	360,234.60	899.02
Highways and Public Improve.	87,000.00	87,000.00	5,515.01	81,484.99
Conser. and Economic Dvlpmnt.	41,550.00	41,550.00	6,500.00	35,050.00
Other	134,871.25	134,871.25	12,711.20	122,160.05
Debt Service:				
Principal	19,576.93	19,576.93	20,489.00	(912.07)
Interest	1,353.07	1,353.07	441.00	912.07
<b>Total Expenditures</b>	<b>1,405,703.33</b>	<b>1,405,703.33</b>	<b>1,221,109.87</b>	<b>184,593.46</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(199,155.00)</b>	<b>(199,155.00)</b>	<b>142,670.21</b>	<b>341,825.21</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In			4,885.09	4,885.09
Transfers Out			(187,071.25)	(187,071.25)
<b>Total Other Financing Sources (Uses)</b>			<b>(182,186.16)</b>	<b>(182,186.16)</b>
<b>Net Change in Fund Balances</b>	<b>(199,155.00)</b>	<b>(199,155.00)</b>	<b>(39,515.95)</b>	<b>159,639.05</b>
<b>Fund Balance - January 1</b>	<b>414,665.64</b>	<b>414,665.64</b>	<b>414,665.64</b>	
<b>Fund Balance - December 31</b>	<b>215,510.64</b>	<b>215,510.64</b>	<b>375,149.69</b>	<b>159,639.05</b>



McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	220,000.00	220,000.00	189,243.27	(30,756.73)
Intergovernmental			230,436.86	230,436.86
Miscellaneous			1,367.67	1,367.67
Total Revenues	220,000.00	220,000.00	421,047.80	201,047.80
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	220,000.00	220,000.00	438,314.15	(218,314.15)
Net Change in Fund Balances			(17,266.35)	(17,266.35)
Fund Balance - January 1	35,664.56	35,664.56	35,664.56	
Fund Balance - December 31	35,664.56	35,664.56	18,398.21	(17,266.35)

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	190,000.00	190,000.00	184,595.32	(5,404.68)
Miscellaneous			1,361.10	1,361.10
Total Revenues	190,000.00	190,000.00	185,956.42	(4,043.58)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	190,000.00	190,000.00	81,887.74	108,112.26
Excess (Deficiency) of Revenues Over Expenditures			104,068.68	104,068.68
<u>Other Financing (Uses):</u>				
Transfers Out			(70,000.00)	(70,000.00)
Net Change in Fund Balances			34,068.68	34,068.68
Fund Balance - January 1	1,595.88	1,595.88	1,595.88	
Fund Balance - December 31	1,595.88	1,595.88	35,664.56	34,068.68

McINTOSH COUNTY  
Ashley, 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	200,000.00	200,000.00	518,670.04	318,670.04
Charges for Services	800.00	800.00	9,094.55	8,294.55
Miscellaneous			12,696.31	12,696.31
<b>Total Revenues</b>	<b>200,800.00</b>	<b>200,800.00</b>	<b>540,460.90</b>	<b>339,660.90</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	503,551.20	503,551.20	636,349.90	(132,798.70)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(302,751.20)</b>	<b>(302,751.20)</b>	<b>(95,889.00)</b>	<b>206,862.20</b>
<u>Other Financing Sources:</u>				
Transfers In			66,000.00	66,000.00
<b>Net Change in Fund Balances</b>	<b>(302,751.20)</b>	<b>(302,751.20)</b>	<b>(29,889.00)</b>	<b>272,862.20</b>
<b>Fund Balance - January 1</b>	<b>30,356.75</b>	<b>30,356.75</b>	<b>30,356.75</b>	
<b>Fund Balance - December 31</b>	<b>(272,394.45)</b>	<b>(272,394.45)</b>	<b>467.75</b>	<b>272,862.20</b>

McINTOSH COUNTY  
Ashley, 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	2,151,215.93	2,151,215.93	2,327,750.41	176,534.48
Charges for Services	1,682.00	1,682.00	9,353.66	7,671.66
Miscellaneous	15,873.60	15,873.60	575.00	(15,298.60)
Total Revenues	2,168,771.53	2,168,771.53	2,337,679.07	168,907.54
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	2,156,720.27	2,156,720.27	2,193,571.73	(36,851.46)
Debt Service:				
Principal	15,000.00	15,000.00	14,057.55	942.45
Interest	200.00	200.00	194.18	5.82
Total Expenditures	2,171,920.27	2,171,920.27	2,207,823.46	(35,903.19)
Excess (Deficiency) of Revenues Over Expenditures	(3,148.74)	(3,148.74)	129,855.61	133,004.35
<u>Other Financing (Uses):</u>				
Transfers Out			(105,000.00)	(105,000.00)
Net Change in Fund Balances	(3,148.74)	(3,148.74)	24,855.61	28,004.35
Fund Balance - January 1	5,501.14	5,501.14	5,501.14	
Fund Balance - December 31	2,352.40	2,352.40	30,356.75	28,004.35

McINTOSH COUNTY  
Ashley, North Dakota

Budgetary Comparison Schedule  
Federal Aid Roads Fund  
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	285,000.00	285,000.00	192,214.10	(92,785.90)
Charges for Services			270.00	270.00
Total Revenues	285,000.00	285,000.00	192,484.10	(92,515.90)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	285,000.00	285,000.00	145,836.43	139,163.57
Net Change in Fund Balances			46,647.67	46,647.67
Fund Balance - January 1	97,645.15	97,645.15	97,645.15	
Fund Balance - December 31	97,645.15	97,645.15	144,292.82	46,647.67

McINTOSH COUNTY  
Ashley, North Dakota

Budgetary Comparison Schedule  
Federal Aid Roads Fund  
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	190,000.00	190,000.00	185,503.06	(4,496.94)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	190,000.00	190,000.00	92,479.46	97,520.54
Net Change in Fund Balances			93,023.60	93,023.60
Fund Balance - January 1	4,621.55	4,621.55	4,621.55	
Fund Balance - December 31	4,621.55	4,621.55	97,645.15	93,023.60

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	347,495.46	347,495.46	288,811.84	(58,683.62)
Intergovernmental	100,000.00	100,000.00	107,594.51	7,594.51
Total Revenues	447,495.46	447,495.46	396,406.35	(51,089.11)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	698,495.45	698,495.45	657,598.61	40,896.84
Excess (Deficiency) of Revenues Over Expenditures	(250,999.99)	(250,999.99)	(261,192.26)	(10,192.27)
<u>Other Financing Sources:</u>				
Transfers In			266,000.00	266,000.00
Net Change in Fund Balances	(250,999.99)	(250,999.99)	4,807.74	255,807.73
Fund Balance - January 1	1,751.16	1,751.16	1,751.16	
Fund Balance - December 31	(249,248.83)	(249,248.83)	6,558.90	255,807.73

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	336,674.60	336,674.60	256,187.84	(80,486.76)
Intergovernmental	300,000.00	300,000.00	209,855.07	(90,144.93)
Total Revenues	636,674.60	636,674.60	466,042.91	(170,631.69)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	723,674.60	723,674.60	726,760.61	(3,086.01)
Excess (Deficiency) of Revenues Over Expenditures	(87,000.00)	(87,000.00)	(260,717.70)	(173,717.70)
<u>Other Financing Sources:</u>				
Transfers In			260,000.00	260,000.00
Net Change in Fund Balances	(87,000.00)	(87,000.00)	(717.70)	86,282.30
Fund Balance - January 1	2,468.86	2,468.86	2,468.86	
Fund Balance - December 31	(84,531.14)	(84,531.14)	1,751.16	86,282.30



McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	40,000.00	40,000.00	39,754.14	(245.86)
<u>Expenditures:</u>				
<u>Current:</u>				
Highways and Public Improve.	40,000.00	40,000.00	14.62	39,985.38
Net Change in Fund Balances			39,739.52	39,739.52
Fund Balance - January 1	170,811.11	170,811.11	170,811.11	
Fund Balance - December 31	170,811.11	170,811.11	210,550.63	39,739.52

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	270,444.88	270,444.88	268,048.32	(2,396.56)
Intergovernmental	25,000.00	25,000.00	33,698.84	8,698.84
Miscellaneous	5,000.00	5,000.00	760.60	(4,239.40)
<b>Total Revenues</b>	<b>300,444.88</b>	<b>300,444.88</b>	<b>302,507.76</b>	<b>2,062.88</b>
<u>Expenditures:</u>				
Current:				
Health and Welfare	300,444.88	300,444.88	280,162.66	20,282.22
Excess (Deficiency) of Revenues Over Expenditures			22,345.10	22,345.10
<u>Other Financing (Uses):</u>				
Transfers Out			(4,885.09)	(4,885.09)
<b>Net Change in Fund Balances</b>			<b>17,460.01</b>	<b>17,460.01</b>
<b>Fund Balance - January 1</b>	<b>211,764.10</b>	<b>211,764.10</b>	<b>211,764.10</b>	
<b>Fund Balance - December 31</b>	<b>211,764.10</b>	<b>211,764.10</b>	<b>229,224.11</b>	<b>17,460.01</b>

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	59,882.00	59,882.00	59,478.35	(403.65)
Intergovernmental			5,518.79	5,518.79
Miscellaneous			20,428.47	20,428.47
Total Revenues	59,882.00	59,882.00	85,425.61	25,543.61
<u>Expenditures:</u>				
Current:				
Conser. and Economic Dvlpmnt.	89,882.00	89,882.00	56,056.43	33,825.57
Net Change in Fund Balances	(30,000.00)	(30,000.00)	29,369.18	59,369.18
Fund Balance - January 1	181,162.67	181,162.67	181,162.67	
Fund Balance - December 31	151,162.67	151,162.67	210,531.85	59,369.18

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	65,814.50	65,814.50	55,947.45	(9,867.05)
Miscellaneous			8,548.58	8,548.58
Total Revenues	65,814.50	65,814.50	64,496.03	(1,318.47)
<u>Expenditures:</u>				
Current:				
Conser. and Economic Dvlpmnt.	88,814.50	88,814.50	42,252.38	46,562.12
Net Change in Fund Balances	(23,000.00)	(23,000.00)	22,243.65	45,243.65
Fund Balance - January 1	158,919.02	158,919.02	158,919.02	
Fund Balance - December 31	135,919.02	135,919.02	181,162.67	45,243.65

McINTOSH COUNTY  
Ashley, 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:

	<u>2018</u>	<u>2017</u>
<u>Special Revenue Funds</u>		
County Road and Bridge	218,314.15	
Highway Tax Distribution	132,798.70	35,903.19
Unorganized Road		3,086.01
* Social Security		95.55
* Technology	4,295.00	7,805.29
* County Agent Activity	3,917.45	2,676.29
Emergency		3,865.23
* Insurance Reserve		18.59
* Jail		20.12
* Hazardous Chemical	47.48	1,669.59
* Health Insurance		31.64
* Emergency 911		42,601.43
* McIntosh Co. Extension Serv.	25.00	280.60
* Records Preservation	2,138.57	4,632.45
Senior Citizens	7,035.62	
* Building Demolition		14,461.00
* Motor Pool	3,407.84	4,531.94
* Sobriety Expense	2,720.00	681.00
* Sheriff Vehicle	15,000.00	
* Building	60,000.00	

\* A budget was not prepared for these funds.

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	2018	2017	2016	2015
County's proportion of the net pension liability	0.106098%	0.103717%	0.103406%	0.991920%
County's proportionate share of the net pension liability	1,705,343	1,010,823	703,143	629,593
County's covered-employee payroll	1,083,068	1,048,853	1,002,241	891,735
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.45%	96.37%	70.16%	70.60%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%	77.70%

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

	2018	2017	2016	2015
Statutorily required contribution	77,114	74,678	71,360	59,295
Contributions in relation to the statutorily required contribution	(77,114)	(74,678)	(71,360)	(59,295)
Contribution deficiency (excess)	0	0	0	0
County's covered-employee payroll	1,083,068	1,048,853	1,002,241	891,735
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%	6.65%

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

- For changes of assumptions, see Note 13 to the financial statements.

McINTOSH COUNTY  
Ashley, 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	604,640.29	2,062,629.12	120,215.64	428,571.25	1,683,596.75	675,317.05
County Road and Bridge	81,910.89	422,449.51			438,314.15	66,046.25
Highway Tax Distribution	30,356.75	540,460.90	66,000.00		636,349.90	467.75
Federal Aid Roads	145,046.80	192,730.49			145,836.43	191,940.86
Unorganized Road	71,646.45	397,486.73	266,000.00		657,598.61	77,534.57
Emergency Fund	180,569.68	39,525.84			14.62	220,080.90
Weed Control	195,637.67	78,241.01			56,056.43	217,822.25
<b>Total Major Governmental Funds</b>	<b>1,358,462.96</b>	<b>3,701,432.82</b>	<b>452,215.64</b>	<b>548,786.89</b>	<b>3,626,760.74</b>	<b>1,336,563.79</b>
<b>Non-Major Governmental Funds:</b>						
Technology	41,575.49				4,295.00	37,280.49
County Agent Activity Fund	1,659.25	4,841.17			3,917.45	2,582.97
County Agent	18,818.58	72,522.48	5,500.00		79,280.02	17,561.04
Social Services	229,224.11	7,435.06		120,215.64	9,008.47	107,435.06
Veteran's Service Officer	11,243.24	7,205.76			13,815.83	4,633.17
Hazardous Chemical	4,318.29	1,050.00			47.48	5,320.81
Emergency 911	29,237.87	55,093.50			51,342.91	32,988.46
McIntosh County Extension Service	2,572.76	65.16			25.00	2,612.92
Records Preservation	25,686.68	7,847.45			2,138.57	31,395.56
Senior Citizens	9,343.33	54,523.74			54,035.62	9,831.45
Historical Society	1,167.17	4,766.74			4,705.12	1,228.79
Estate Tax	4,257.75	19.20				4,276.95
Motor Pool	25,730.80	5,564.82			3,407.84	27,887.78
Sobriety Expense (24/7)	4,441.70	2,265.00			2,720.00	3,986.70
Sheriff Vehicle	15,000.00		15,000.00		15,000.00	15,000.00
Vanguard	76,071.25		76,071.25			152,142.50
Building		60,000.00			60,000.00	
Capital Projects		11,959.29				11,959.29
<b>Total Non-Major Governmental Funds</b>	<b>451,693.84</b>	<b>327,250.15</b>	<b>96,571.25</b>		<b>294,745.46</b>	<b>580,769.78</b>
<b>Total Governmental Funds</b>	<b>1,810,156.80</b>	<b>4,028,682.97</b>	<b>548,786.89</b>	<b>548,786.89</b>	<b>3,921,506.20</b>	<b>1,917,333.57</b>
<b>Agency Funds:</b>						
State Tax	4,676.54	19,412.75			19,152.94	4,936.35
State Tuition		500.00			500.00	
Ambulance	41,950.30	175,330.68			168,402.23	48,878.75
Hospital District	23,358.35	95,326.57			94,108.36	24,576.56
Estimated Tax	9,138.75	9,466.17			9,138.75	9,466.17
Mobile Home Tax	11,833.14	10,911.86			11,897.79	10,847.21
Job Development Authority	8,803.53	31,616.44			35,350.92	5,069.05
Marriage Licenses		350.00			350.00	

(continued)

McINTOSH COUNTY  
Ashley, North Dakota

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

	Balance 1-1-18	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-18
<u>Agency Funds (cont.):</u>						
Soil Conservation	11,084.69	45,247.78			45,155.74	11,176.73
Health District	14,764.87	61,623.78			59,518.87	16,869.78
Tax Proration	196.41	2,734.65			2,832.51	98.55
Water Resource District	2,195.82	8,873.22			8,852.94	2,216.10
County Airport	16,525.68	67,166.60			66,343.39	17,348.89
Total Cities	77,831.04	391,375.38			384,173.55	85,032.87
Total City Park Districts	18,972.97	86,519.63			84,868.68	20,623.92
Total School Districts	355,646.60	1,520,921.68			1,478,173.32	398,394.96
Total Townships	4,925.89	22,952.53			21,812.65	6,065.77
Total Rural Fire Districts	17,901.12	74,991.13			72,520.66	20,371.59
<b>Total Agency Funds</b>	<b>619,805.70</b>	<b>2,625,320.85</b>			<b>2,563,153.30</b>	<b>681,973.25</b>
<b>Total Primary Government</b>	<b>2,429,962.50</b>	<b>6,654,003.82</b>	<b>548,786.89</b>	<b>548,786.89</b>	<b>6,484,659.50</b>	<b>2,599,306.82</b>
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Resource District	44,700.51	8,974.90			7,160.87	46,514.54
Health District	148,657.58	206,458.87			198,410.24	156,706.21
Job Development Authority	109,053.34	71,456.24			95,867.44	84,642.14
<b>Total Discretely Presented Component Units</b>	<b>302,411.43</b>	<b>286,890.01</b>			<b>301,438.55</b>	<b>287,862.89</b>
<b>Total Reporting Entity</b>	<b>2,732,373.93</b>	<b>6,940,893.83</b>	<b>548,786.89</b>	<b>548,786.89</b>	<b>6,786,098.05</b>	<b>2,887,169.71</b>



McINTOSH COUNTY  
Ashley, 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	473,271.59	1,534,664.73	4,885.09	187,071.25	1,221,109.87	604,640.29
County Road and Bridge	17,652.34	216,146.29		70,000.00	81,887.74	81,910.89
Highway Tax Distribution	619.50	2,342,560.71		105,000.00	2,207,823.46	30,356.75
Federal Aid Roads	20,902.80	216,623.46			92,479.46	145,046.80
Unorganized Road	26,207.93	512,199.13	260,000.00		726,760.61	71,646.45
Social Services	234,949.59	279,322.27		4,885.09	280,162.66	229,224.11
Weed Control	163,735.98	74,154.07			42,252.38	195,637.67
<b>Total Major Governmental Funds</b>	<b>937,339.73</b>	<b>5,175,670.66</b>	<b>264,885.09</b>	<b>366,956.34</b>	<b>4,652,476.18</b>	<b>1,358,462.96</b>
<b>Non-Major Governmental Funds:</b>						
Social Security	95.55				95.55	
Technology	49,380.78				7,805.29	41,575.49
County Agent Activity Fund	2,591.04	1,744.50			2,676.29	1,659.25
County Agent	6,623.18	82,854.01	26,000.00		96,658.61	18,818.58
Emergency Fund	178,878.91	45,556.00			43,865.23	180,569.68
Veteran's Service Officer	10,007.10	13,733.33			12,497.19	11,243.24
Insurance Reserve Fund	18.59				18.59	
Jail	20.12				20.12	
Hazardous Chemical	4,900.38	1,087.50			1,669.59	4,318.29
Health Insurance	31.64				31.64	
Emergency 911	26,672.40	45,166.90			42,601.43	29,237.87
McIntosh County Extension Service	2,798.47	54.89			280.60	2,572.76
Records Preservation	21,605.53	8,713.60			4,632.45	25,686.68
Senior Citizens	3,333.41	58,883.37			52,873.45	9,343.33
Historical Society	416.79	5,388.82			4,638.44	1,167.17
Estate Tax	4,238.64	19.11				4,257.75
Building Demolition	12,100.00	2,361.00			14,461.00	
Motor Pool	23,202.20	7,060.54			4,531.94	25,730.80
Sobriety Expense (24/7)	3,912.70	1,210.00			681.00	4,441.70
Sheriff Vehicle	15,000.00					15,000.00
Vanguard			76,071.25			76,071.25
<b>Total Non-Major Governmental Funds</b>	<b>365,827.43</b>	<b>273,833.57</b>	<b>102,071.25</b>		<b>290,038.41</b>	<b>451,693.84</b>
<b>Total Governmental Funds</b>	<b>1,303,167.16</b>	<b>5,449,504.23</b>	<b>366,956.34</b>	<b>366,956.34</b>	<b>4,942,514.59</b>	<b>1,810,156.80</b>
<b>Agency Funds:</b>						
State Tax	1,673.63	21,845.38			18,842.47	4,676.54
Game and Fish	1,047.35	1.97			1,049.32	
Ambulance	11,661.62	159,981.17			129,692.49	41,950.30
Hospital District	8,319.01	106,117.91			91,078.57	23,358.35
Estimated Tax	8,007.30	9,138.75			8,007.30	9,138.75

(continued)

McINTOSH COUNTY  
Ashley, North Dakota

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

	Balance 1-1-17	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-17
<u>Agency Funds (cont.):</u>						
Mobile Home Tax	7,436.46	10,861.24			6,464.56	11,833.14
Job Development Authority	3,072.94	40,130.28			34,399.69	8,803.53
Marriage Licenses		395.00			395.00	
County Fair	1.58				1.58	
Soil Conservation	4,018.40	52,029.93			44,963.64	11,084.69
Health District	5,343.26	68,850.62			59,429.01	14,764.87
Tax Proration	1,063.50	2,604.99			3,472.08	196.41
Water Resource District	800.68	10,303.94			8,908.80	2,195.82
County Airport	5,717.30	76,258.73			65,450.35	16,525.68
Total Cities	34,963.28	416,791.43			373,923.67	77,831.04
Total City Park Districts	8,319.92	91,798.25			81,145.20	18,972.97
Total School Districts	122,066.37	1,667,653.52			1,434,073.29	355,646.60
Total Townships	1,329.57	26,138.58			22,542.26	4,925.89
Total Rural Fire Districts	3,534.71	53,302.39			38,935.98	17,901.12
<b>Total Agency Funds</b>	<b>228,376.88</b>	<b>2,814,204.08</b>			<b>2,422,775.26</b>	<b>619,805.70</b>
<b>Total Primary Government</b>	<b>1,531,544.04</b>	<b>8,263,708.31</b>	<b>366,956.34</b>	<b>366,956.34</b>	<b>7,365,289.85</b>	<b>2,429,962.50</b>
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Resource District	44,146.99	9,245.66			8,692.14	44,700.51
Health District	140,384.90	197,868.73			189,596.05	148,657.58
Job Development Authority	84,708.97	64,533.16			40,188.79	109,053.34
<b>Total Discretely Presented Component Units</b>	<b>269,240.86</b>	<b>271,647.55</b>			<b>238,476.98</b>	<b>302,411.43</b>
<b>Total Reporting Entity</b>	<b>1,800,784.90</b>	<b>8,535,355.86</b>	<b>366,956.34</b>	<b>366,956.34</b>	<b>7,603,766.83</b>	<b>2,732,373.93</b>

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

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
McIntosh County  
Ashley, 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 McIntosh County, Ashley, North Dakota, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated May 3, 2019.

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

May 3, 2019

McINTOSH COUNTY  
Ashley, North Dakota

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

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

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

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

**SECTION II - FINANCIAL STATEMENT FINDINGS:**

No matters were reported

# Rath & Mehrer

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Governing Board  
McIntosh County  
Ashley, North Dakota

Our audits of the financial records of McIntosh County, Ashley, North Dakota, for the years ended December 31, 2018 and 2017 have disclosed opportunities for improvements in the operations of the county. Items which we believe should be brought to your attention are set forth below:

\* \* \* \* \*

## BUDGETS

Budgets were not prepared for all special revenue funds of the county. NDCC #11-23-02 requires the preparation of a separate budget schedule for each special revenue fund of the county. We recommend that the county comply with this section of the century code and prepare a separate schedule "C" for each special revenue fund, including those which do not have a mill levy, when preparing future annual budgets.

\* \* \* \* \*

We would like to acknowledge all the assistance and many courtesies extended to us by the personnel of the county during our audits.

This letter is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this letter which, upon acceptance by the Governing Board, is a matter of public record.

*Rath and Mehrer*

Rath and Mehrer, P.C.

May 3, 2019