Financial Statements
December 31, 2018

Williams County

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David Montgomery	Commissioner – Chairman
Steve Kemp	Commissioner – Vice-Chairman
Barry Ramberg	Commissioner
Cory Hanson	Commissioner
Beau Anderson	Commissioner
Beth M. Innis	Auditor
Kari Evenson	Treasurer and Recorder
Verlan Kvande	Sheriff
Marlyce Wilder	State's Attorney

Independent Auditor's Report

Board of County Commissioners
Williams County
Williston, North Dakota

Report on the Financial Statements
We have audited the accompanying modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williams County, ND, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1 to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williams County, ND, as of December 31, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1 to the financial statements.

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

Other Matters

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williams County's financial statements. The Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions – Pension, Schedule of Employer's Share of Net OPEB Liability, and Schedule of Employer's Contributions – OPEB are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions – Pension, Schedule of Employer's Share of Net OPEB Liability, and Schedule of Employer's Contributions – OPEB are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Employer's Share of Net Pension Liability, Schedule of Employer's Contributions – Pension, Schedule of Employer's Share of Net OPEB Liability, and Schedule of Employer's Contributions – OPEB are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of county officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2020 on our consideration of Williams County, ND's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williams County, ND's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williams County's internal control over financial reporting and compliance.

Eide Bailly LLP

Bismarck, North Dakota
April 28, 2020

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
Assets		
Cash and investments	$ 93,283,927	$ 889,497
Capital assets not being depreciated		
Land	1,174,651	11,000
Construction in progress	3,424,804	-
Capital assets (net of accumulated depreciation)		
Land improvements	66,035	1,081,239
Infrastructure	65,811,284	-
Buildings	44,961,980	-
Building improvements	48,587,565	-
Machinery, furniture and equipment	8,092,234	37,993
Software	292,410	-
Total capital assets	172,410,963	1,130,232
Total assets	265,694,890	2,019,729
Liabilities		
Long-term liabilities		
Due within one year		
Bond payable	191,260	-
Certificate of indebtedness	336,196	-
Due after one year		
Bond payable	2,612,428	-
Certificate of indebtedness	4,504,095	-
Total liabilities	7,643,979	-
Net Position		
Net investment in capital assets	164,766,984	1,130,232
Restricted for		
Public safety	9,748,056	-
Debt service	35,479	-
Conservation of natural resources	-	889,497
Highways	25,544,779	-
Unrestricted	57,955,613	-
Total net position	$ 258,050,911	$ 2,019,729

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Water Resource District
Primary government						
Governmental activities						
General government	$ 11,968,860	$ 9,867,663	$ 461,659	$ -	$ (1,639,538)	$ -
Public safety	34,641,188	809,804	713,930	2,000,000	(31,117,454)	-
Highways	22,203,669	1,507,061	45,367	2,699,813	(17,951,428)	-
Health and welfare	5,011,838	18,960	168,049	4,941,399	116,570	-
Culture and recreation	103,161	10,675	160,536	-	68,050	-
Conservation of natural resources	365,575	-	26,707	-	(338,868)	-
Other	2,955	-	-	-	(2,955)	-
Interest and service charges	394,139	-	-	-	(394,139)	-
Total primary government	$ 74,691,385	$ 12,214,163	$ 1,576,248	$ 9,641,212	(51,259,762)	-
Component unit						
Water resource district	$ 306,692	$ -	$ 58,271	$ -	-	(248,421)
General revenues						
Taxes						
Property taxes, levied for general purposes					10,518,872	305,604
Oil and gas production tax					33,992,831	-
Highway tax distribution					3,681,235	-
Telecommunications tax					61,120	-
Sales/use tax					26,422,179	-
Nonrestricted grants and contributions					1,897,787	-
Earnings on investments					858,167	92
Mineral and oil royalties					581,928	-
Miscellaneous revenue					427,726	110,809
Rental income					223,515	-
Total general revenues					78,665,360	416,505
Loss on disposal of fixed assets					(80,117)	-
Change in net position					27,325,481	168,084
Net position - January 1					230,725,430	1,851,645
Net position - December 31					$ 258,050,911	$ 2,019,729

Williams County

Balance Sheet – Governmental Funds – Modified Cash Basis

December 31, 2018

	General	Public Safety 1% Sales Tax	County Road and Bridge/HTD	Facility Improvement	Debt Service Fund	Special Road Levy	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and investments	$ 36,945,109	$ 9,435,048	$ 7,789,006	$ 1,345,841	$ 35,479	$ 17,755,773	$ 14,455,352	$ 87,761,608
Advances receivable	-	-	-	-	-	126,271	-	126,271
Total assets	$ 36,945,109	$ 9,435,048	$ 7,789,006	$ 1,345,841	$ 35,479	$ 17,882,044	$ 14,455,352	$ 87,887,879
Liabilities								
Advances payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 126,271	$ 126,271
Fund Balances								
Nonspendable:								
Advances	-	-	-	-	-	126,271	-	126,271
Restricted for:								
Public safety	-	9,435,048	-	-	-	-	313,008	9,748,056
Debt service	-		-	-	35,479	-	-	35,479
Highways	-	-	7,789,006	-	-	17,755,773	-	25,544,779
Committed for:								
General government	3,360,290	-	-	-	-	-	1,673,004	5,033,294
Public safety	-	-	-	-	-	-	1,383,260	1,383,260
Health and welfare	-	-	-	-	-	-	621,236	621,236
Culture and recreation	-	-	-	-	-	-	466,326	466,326
Conservation of natural resources	-	-	-	-	-	-	2,573,274	2,573,274
Assigned for:								
General government	65,943	-	-	-	-	-	1,870,184	1,936,127
Public safety	231,619	-	-	-	-	-	414,291	645,910
Highways	-	-	-	-	-	-	495,577	495,577
Capital projects	-	-	-	1,345,841	-	-	4,657,769	6,003,610
Unassigned	33,287,257	-	-	-	-	-	(138,848)	33,148,409
Total fund balances	36,945,109	9,435,048	7,789,006	1,345,841	35,479	17,882,044	14,329,081	87,761,608
Total liabilities and fund balances	$ 36,945,109	$ 9,435,048	$ 7,789,006	$ 1,345,841	$ 35,479	$ 17,882,044	$ 14,455,352	$ 87,887,879

Total fund balances for governmental funds		$ 87,761,608
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	$ 246,019,789	
Less accumulated depreciation	(73,608,826)	
Net capital assets		172,410,963
An internal service fund is used by the County to charge the cost of health insurance claims to individual functions. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position is:		5,522,319
Long-term liabilities to the County's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at December 31, 2018 are		
Bond payable		(2,803,688)
Certificate of indebtedness		(4,840,291)
Total net position of governmental activities		$ 258,050,911

	General	Public Safety 1% Sales Tax	County Road and Bridge/HTD	Facility Improvement	Debt Service Fund	Special Road Levy	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 37,082,348	$ 26,422,179	$ 4,527,617	$ -	$ 13,494	$ 4,584,131	$ 2,046,468	$ 74,676,237
Licenses, permits and fees	6,020,494	-	1,044,000	-	-	-	1,401,884	8,466,378
Intergovernmental	1,793,110	-	340,678	83,052	2,000,000	1,398,858	6,099,687	11,715,385
Charges for services	1,910,287	-	463,061	-	-	-	932,908	3,306,256
Interest income	794,528	-	-	-	-	-	6	794,534
Oil royalties	511,609	-	696	-	-	-	69,623	581,928
Rental income	179,871	-	-	-	-	-	43,644	223,515
Miscellaneous	153,196	-	41,715	2,576	-	-	230,239	427,726
Total revenues	48,445,443	26,422,179	6,417,767	85,628	2,013,494	5,982,989	10,824,459	100,191,959
Expenditures								
Current								
General government	9,017,258	-	-	33,541	-	180,298	1,138,079	10,369,176
Public safety	10,479,824	21,782,284	-	-	-	-	2,016,118	34,278,226
Highways	-	-	7,095,687	-	-	-	12,200	7,107,887
Health and welfare	-	-	-	-	-	-	4,982,592	4,982,592
Culture and recreation	-	-	-	-	-	-	69,019	69,019
Conservation of natural resources	-	-	-	-	-	-	274,978	274,978
Other	-	-	-	-	1,088	-	1,867	2,955
Capital outlay	1,034,617	-	1,376,273	6,443,862	-	2,251,148	1,110,053	12,215,953
Debt service								
Principal	-	-	-	-	12,037,325	-	-	12,037,325
Interest and service charges	-	-	-	-	394,139	-	-	394,139
Total expenditures	20,531,699	21,782,284	8,471,960	6,477,403	12,432,552	2,431,446	9,604,906	81,732,250
Excess (deficiency) of revenues over (under) expenditures	27,913,744	4,639,895	(2,054,193)	(6,391,775)	(10,419,058)	3,551,543	1,219,553	18,459,709
Other Financing Sources (Uses)								
Loan proceeds	-	-	-	6,801,473	-	-	338,039	7,139,512
Transfers in	619,701	-	7,424,277	-	8,425,919	6,000,000	5,863,741	28,333,638
Transfers out	(26,303,356)	-	-	-		(1,009,801)	(1,020,481)	(28,333,638)
Total other financing sources (uses)	(25,683,655)	-	7,424,277	6,801,473	8,425,919	4,990,199	5,181,299	7,139,512
Net change in fund balances	2,230,089	4,639,895	5,370,084	409,698	(1,993,139)	8,541,742	6,400,852	25,599,221
Fund balance - January 1	34,715,020	4,795,153	2,418,922	936,143	2,028,618	9,340,302	7,928,229	62,162,387
Fund balance - December 31	$ 36,945,109	$ 9,435,048	$ 7,789,006	$ 1,345,841	$ 35,479	$ 17,882,044	$ 14,329,081	$ 87,761,608

Net change in fund balance - total governmental funds		$ 25,599,221
The change in net position reported for governmental activities in the statement of activities is different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year		
Current year capital outlay	$ 12,215,953	
Capital assets contributed by other entities	1,399,862	
Current year depreciation expense	(17,212,413)	(3,596,598)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net position		(80,117)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of debt		12,037,325
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.		(7,139,512)
An internal service fund is used by the County to charge the cost of medical claims to individual functions. The net revenue of the internal service fund is reported with governmental activities		505,162
Change in net position of governmental activities		$ 27,325,481

	Governmental Activity Internal Service Fund
Assets	
Current assets	
Cash	$ 5,522,319
Net Position	
Unrestricted	$ 5,522,319

	Governmental Activity Internal Service Fund
Operating Revenues	
Employer contributions	$ 4,290,535
Operating Expenses	
Claims	3,849,006
Operating income	441,529
Non-Operating Revenues	
Interest income	63,633
	63,633
Change in net position	505,162
Net position - January 1	5,017,157
Net position - December 31	$ 5,522,319

	Governmental Activity Internal Service Fund
Cash Flows from Operating Activities	
Received from employer	$ 4,290,535
Paid to administrator and employees	(3,849,006)
Net Cash From Operating Activities	441,529
Cash Flows from Investing Activities	
Interest received	63,633
Net Increase in Cash and Cash Equivalents	505,162
Cash and Cash Equivalents - January 1	5,017,157
Cash and Cash Equivalents - December 31	$ 5,522,319

	Agency Funds
Assets	
Cash and investments	$ 13,104,481
Liabilities	
Due to other governments	$ 13,104,481

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Component Unit

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

Equity Classifications

Government-wide Statements

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

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

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

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

Fund Balance Classification Policies and Procedures

The County classifies governmental fund balances as follows:

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

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

Cash and Investments

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

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

Budget

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

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 1980 are reported at historical cost using deflated replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

Long-Term Obligations

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year incurred.

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

Tax Revenues

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

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

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

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Interfund Transactions

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

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

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

Note 2 - Deposits and Investments

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

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

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

At December 31, 2018, the pooled bank balance of the County funds and fiduciary funds was $106,388,408. The carrying amount of deposits was $106,388,408, which consisted of County deposits of $93,283,927and agency fund deposits of $13,104,481. Of the bank balances, $1,750,000 was covered by Federal Depository Insurance. The remaining balance of $104,638,408 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2018, Williams County Water Resource District, a discretely presented component unit of Williams County, had a carrying amount of deposits of $889,497, all of which was covered by Federal Depository Insurance, and the bank balance was $843,720.

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

Credit Risk

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

a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an Act of Congress.
b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
d) Obligations of the state.

As of December 31, 2018, the County held certificates of deposit in the amount of $52,537,716. The Williams County Water Resource District, a discretely presented component unit of Williams County, held certificates of deposit in the amount of $39,222 which mature in 2022. The certificates of deposit are all considered deposits and are included in the above amount of total deposits.

As of December 31, 2018, the County held certificates of deposit with the following maturity dates:

	Within 1 Year	1 to 5 Years	Thereafter	Total
Certificates of Deposit	$ 52,537,716	$ -	$ -	$ 52,537,716

Concentration of Credit Risk

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

Note 3 - Advances to/from Other Funds

Advances to/from other funds are for long-term borrowing between the special road levy fund and the other governmental funds. The advances have 15-year terms, due in 2031, at an interest rate of 4.0%. Advances to/from other funds were $126,271 at December 31, 2018.

Note 4 - Capital Assets

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

Primary Government

Governmental Activities	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets not being depreciated				
Land	$ 1,078,471	$ 96,180	$ -	$ 1,174,651
Construction in progress	44,759,114	12,833,897	54,168,207	3,424,804
Total capital assets, not being depreciated	45,837,585	12,930,077	54,168,207	4,599,455
Capital assets being depreciated				
Land improvements	113,269	-	-	113,269
Infrastructure	116,232,086	7,245,733	-	123,477,819
Buildings	50,972,274	-	222,388	50,749,886
Building improvements	3,428,536	46,392,695	-	49,821,231
Machinery, furniture and equipment	16,469,269	1,241,057	768,462	16,941,864
Software	-	316,265	-	316,265
Total capital assets, being depreciated	187,215,434	55,195,750	990,850	241,420,334
Less accumulated depreciation for				
Land improvements	41,571	5,663	-	47,234
Infrastructure	43,640,710	14,025,825	-	57,666,535
Buildings	5,258,866	629,575	100,535	5,787,906
Building improvements	676,630	557,036	-	1,233,666
Machinery, furniture and equipment	7,347,564	1,970,459	468,393	8,849,630
Software	-	23,855	-	23,855
Total accumulated depreciation	56,965,341	17,212,413	568,928	73,608,826
Total capital assets being depreciated, net	130,250,093	37,983,337	421,922	167,811,508
Governmental activities - capital assets, net	$ 176,087,678	$ 50,913,414	$ 54,590,129	$ 172,410,963

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

Governmental Activities	
General government	$ 1,599,684
Public safety	362,962
Highways	15,095,782
Health and welfare	29,246
Conservation of natural resources	90,597
Culture and recreation	34,142
Total depreciation expense - governmental activities	$ 17,212,413

Component Unit – Williams County Water Resource District

Water Resource District	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets not being depreciated				
Land	$ 11,000	$ -	$ -	$ 11,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	11,000	-	-	11,000
Capital assets being depreciated				
Land improvements	1,505,891	89,000	-	1,594,891
Machinery, furniture and equipment	507,877	-	-	507,877
Total capital assets, being depreciated	2,013,768	89,000	-	2,102,768
Less accumulated depreciation for				
Land improvements	417,593	96,059	-	513,652
Machinery, furniture and equipment	447,107	22,777	-	469,884
Total accumulated depreciation	864,700	118,836	-	983,536
Total capital assets being depreciated, net	1,149,068	(29,836)	-	1,119,232
Water resource district - capital assets, net	$ 1,160,068	$ (29,836)	$ -	$ 1,130,232

Note 5 - Interfund Transfers

Interfund transfers were used to move revenues from the funds that are required to collect them to funds that are allowed to expend them. The following is a reconciliation between transfers in and out for the year ended December 31, 2018:

Funds	Transfers In	Transfers Out
General Fund	$ 619,701	$ 26,303,356
County Road and Bridge/HTD	7,424,277	-
Debt Service Fund	8,425,919	-
Special Road Levy	6,000,000	1,009,801
Other Governmental Funds	5,863,741	1,020,481
Total transfers	$ 28,333,638	$ 28,333,638

Note 6 - Long-Term Liabilities

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

	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bond payable	$ 2,496,301	$ 338,039	$ 30,652	$ 2,803,688	$ 191,260
Certificate of indebtedness	10,045,491	6,801,473	12,006,673	4,840,291	336,196
Total	$ 12,541,792	$ 7,139,512	$ 12,037,325	$ 7,643,979	$ 527,456

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

Bonds Payable

$2,860,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of $122,488 to $158,634, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Bond Paving fund	$ 2,374,940
$370,000 refunding improvement bond dated December 1, 2017 for assisting with the construction of a road project. Annual installments of $18,519 to $23,984, plus interest, through March 1, 2033; interest at 2%, liquidated out of the Bond Paving fund	308,748
$485,000 refunding improvement bonds dated June 1, 2007 for assisting with the construction of a road project. Annual installments of $20,000 to $35,000, plus interest, through May 1, 2022; interest at 4.0% to 4.35%, liquidated out of the Bond Paving fund	120,000
	$ 2,803,688

Debt service requirements on bonds payable at December 31, 2018, are as follows:

Year Ending December 31	Bond Payable Principal	Bond Payable Interest
2019	$ 191,260	$ 57,439
2020	194,501	52,893
2021	197,808	48,281
2022	201,181	43,603
2023	174,622	39,510
2024 - 2028	927,189	143,469
2029 - 2033	917,127	46,465
Totals	$ 2,803,688	$ 431,660

Certificate of Indebtedness

$23,450,000 Certificate of Indebtedness Series 2017 - due in monthly installments of $33,972 through February 20, 2029; variable interest rate (2.5% at December 31, 2018), liquidated out of the Debt Service Fund	$ 4,840,291

Debt service requirements on certificates of indebtedness at December 31, 2018, are as follows:

Year Ending December 31	Certificate of Indebtedness Principal	Interest
2019	$ 336,196	$ 182,004
2020	417,899	165,951
2021	434,262	149,588
2022	451,265	132,585
2023	468,934	114,916
2024 - 2028	2,634,892	284,358
2029	96,843	465
	$ 4,840,291	$ 1,029,867

The County has pledged future revenues related to oil and gas production tax revenues to repay Certificate of Indebtedness Series 2017. Proceeds from the certificate provided financing for construction and remodeling county facilities including detention and law enforcement centers. The County has drawn $10,405,158 of the available $23,450,000 on the certificate as of December 31, 2018. The certificate of indebtedness is payable through 2029. The total principal and interest remaining to be paid on the certificate is $5,870,158. Principal payments of $5,564,867 and interest payments of $189,848 were made during the year. Total oil and gas production tax revenues were $33,992,831 in the current year.

Note 7 - Related Organizations

Williams County is also responsible for levying a property tax for the Williams County Council on Aging and Williams County Historical Society but the County's accountability for these entities does not extend beyond levying the tax. In 2018, the County remitted $379,746 to the Williams County Council on Aging and $18,083 to the Williams County Historical Society, respectively.

Note 8 - Joint Ventures

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

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

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

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

Note 9 - Individual Fund Deficits

Fund	Amount
Drug Task Force	$ (12,577)
Ranches @ West Acres 1st Add Paving	(126,271)

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

Expenditures over Appropriations – the County exceeded the budget for the Public Safety – 1% Sales Tax Fund by $8,582,283, Debt Service Fund by $9,802,784, Self-Insurance Fund by $442,288, E-911 Emergency Communications by $136,057, Sheriff's Grant Fund by $116,210, States Attorney Grants by $364, States Attorney Witness by $21,413, Drug Forfeiture Money by $2,067, and Vector Control #1 by $508,528, all of which were covered by excess revenues. No remedial action is required for the expenditures over appropriations.

Note 10 - Pension Plan

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

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

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

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

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

Pension Benefits

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

Members of the Law Enforcement System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (55) with three or more years of service. 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 50-55 with three or more years of service.

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

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Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main or Law Enforcement 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 or Law Enforcement 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 Contribution

Upon termination, if a member of the Main or Law Enforcement System is not vested (is not 65 for Main System or 55 for Law Enforcement System 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 salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation for the Main System.

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

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

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

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

Net Pension Liability

At December 31, 2018, the Employer's proportionate share of the net pension liability for Main System and Law Enforcement System is $17,781,021 and $2,779,170, respectively. The net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System and Law Enforcement System pension plans relative to the covered payroll of all participating Main System and Law Enforcement System employers. At July 1, 2018, the Employer's proportion was 1.053622 percent for the Main System and 11.925598 percent for Law Enforcement which was an increase of 0.025338 percent and decrease of 2.055914 percent, respectively, from its proportion measured as of July 1, 2017. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

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

Inflation			2.50%
Salary Increases (Payroll Growth)	Years of Service at beginning of year		
		Main System	Law Enforcement
	0	15.00%	20.00%
	1	10.00%	20.00%
	2	8.00%	10.00%
	Age*		
	Under 30	10.00%	7.25%
	30 - 39	7.50%	6.50%
	40 - 49	6.75%	6.25%
	50 - 59	6.50%	5.75%
	60 +	5.25%	5.00%
	* Age-based salary increase rates apply for employees with three or more years of service		
Investment Rate of Return	7.75%, net of investment expenses, including inflation		
Cost of Living Adjustments	None		

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.05%
International Equity	21%	6.71%
Private Equity	7%	10.20%
Domestic Fixed Income	23%	1.45%
Global Real Assets	19%	5.11%

Discount Rate

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.62%; and the resulting Single Discount Rate is 6.32%.

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

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

	1% Decrease in Discount Rate (5.32%)	Discount Rate (6.32%)	1% Increase in Discount Rate (7.32%)
County's proportionate share of the Main System net pension liability	$ 24,161,101	$ 17,781,021	$ 12,457,049

	1% Decrease in Discount Rate (5.32%)	Discount Rate (6.32%)	1% Increase in Discount Rate (7.32%)
County's proportionate share of the Law Enforcement System net pension liability	$ 4,289,177	$ 2,779,170	$ 1,552,342

Pension Plan Fiduciary Net Position

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

Note 11 - Other Post-Employment Benefits

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

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

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

OPEB Benefits

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

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

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

OPEB Liabilities

At December 31, 2018, the Employer's proportionate share of the net OPEB liability is $1,075,378. The net OPEB liability was measured as of July 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2018, the Employer's proportion was 1.365441 percent, which was an increase of 0.023372 percent from its proportion measured as of July 1, 2017. The Employer's proportionate share of the net pension liability and any deferred inflows and outflows are not reported in financial statements shown under the modified cash basis of accounting.

Actuarial Assumptions

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

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

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Plans as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Note 12 - Risk Management

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

In 1986 state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Williams County pays an annual premium to NDIRF for its general liability, automobile, and public assets insurance coverage. The coverage by NDIRF is limited to losses of five million dollars per occurrence for general liability and automobile and $9,535,550 for public assets.

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

Note 13 - Commitments and Contingencies

Litigation

The County is a defendant in a lawsuit where the plaintiff is claiming the County unlawfully received oil bonus money in the amount of $1,314,517. Subsequent to December 31, 2018, the district court ruled in favor of the plaintiff and entered into a judgment against the county in the amount of $1,314,517. The County has appealed the decision, and the appeal has been reprimanded by the ND Supreme Court back to the district court and is awaiting bench trial. No charges to expenditures or liabilities were accrued in the accompanying 2018 financial statements as the County reports on the modified cash basis of accounting.

Construction and Capital Asset Commitments

At December 31, 2018, the County had approximately $41,215,250 of commitments outstanding related to construction projects and capital asset purchases.

Note 14 - Subsequent Events

Subsequent to year-end, the County has been impacted by the effects of the world-wide coronavirus pandemic as well as the drastic decrease in the price of oil. The County is closely monitoring its operations and is actively working to minimize the current and future impact of these unprecedented situations. As of the date of issuance of these financial statements, the full impact to the County is not known.

Required Supplementary Information
December 31, 2018

Williams County

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
NDPERS Main System	6/30/2015	0.858906%	$ 5,840,414	$ 7,651,808	76.33%	77.15%
NDPERS Main System	6/30/2016	1.041346%	$ 10,148,932	$ 10,494,308	96.71%	70.46%
NDPERS Main System	6/30/2017	1.028284%	$ 16,527,899	$ 10,497,172	157.45%	61.98%
NDPERS Main System	6/30/2018	1.053622%	$ 17,781,021	$ 10,824,045	164.27%	62.80%
NDPERS Law Enforcement	6/30/2015	20.6064%	$ 1,251,946	$ 3,020,167	41.45%	83.61%
NDPERS Law Enforcement	6/30/2016	13.904978%	$ 1,593,296	$ 3,924,798	40.60%	78.73%
NDPERS Law Enforcement	6/30/2017	13.981512%	$ 3,078,197	$ 4,021,877	76.54%	69.86%
NDPERS Law Enforcement	6/30/2018	11.925598%	$ 2,779,170	$ 4,116,844	67.51%	71.64%

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDPERS Main System	12/31/2015	$ 1,531,005	$ (1,531,005)	$ -	$ 10,033,099	15.26%
NDPERS Main System	12/31/2016	$ 759,771	$ (744,575)	$ 15,196	$ 10,494,308	7.10%
NDPERS Main System	12/31/2017	$ 761,172	$ (847,558)	$ (86,386)	$ 10,497,172	8.07%
NDPERS Main System	12/31/2018	$ 797,237	$ (731,518)	$ 65,719	$ 10,824,045	6.76%
NDPERS Law Enforcement	12/31/2015	$ 601,399	$ (601,399)	$ -	$ 3,655,915	16.45%
NDPERS Law Enforcement	12/31/2016	$ 331,508	$ (395,489)	$ (63,981)	$ 3,924,801	10.08%
NDPERS Law Enforcement	12/31/2017	$ 420,192	$ (455,651)	$ (35,459)	$ 4,021,877	11.33%
NDPERS Law Enforcement	12/31/2018	$ 378,710	$ (364,204)	$ 14,506	$ 4,116,844	8.85%

Other Post Employment Benefits Plan	Measurement Date	Employer's Proportion (Percentage) of the Net OPEB Liability	Employer's Proportionate Share (Amount) of the Net OPEB Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
NDRHICF	6/30/2017	1.342069%	$ 1,061,591	$ 14,519,049	7.31%	59.78%
NDRHICF	6/30/2018	1.365441%	$ 1,075,378	$ 14,940,889	7.20%	61.89%

Other Post Employment Benefits Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered-Payroll (d)	Contributions as a Percentage of Covered-Payroll (a/d)
NDRHICF	12/31/2017	$ 168,774	$ (188,654)	$ (19,880)	$ 14,519,049	1.30%
NDHRICF	12/31/2018	$ 175,248	$ (159,448)	$ 15,800	$ 14,940,889	1.07%

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

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

Changes of Assumptions

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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

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

Changes of Assumptions

Amounts reported in 2018 reflect actuarial assumption changes effective July 1, 2018, based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

EideBailly

CPAs & BUSINESS ADVISORS

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

Board of County Commissioners
Williams County
Williston, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Williams County, North Dakota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Williams County's basic financial statements and have issued our report thereon dated April 28, 2020.

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

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

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

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

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

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

Eide Bailly LLP

Bismarck, North Dakota
April 28, 2020

Financial Statement Findings

2018-001 Segregation of Duties Related to Department Controls over Cash
Material Weakness

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

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

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

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

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

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

2018-002 Preparation of Financial Statements
Material Weakness

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

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

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

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

Recommendation: While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of Williams County and changes in reporting requirements.

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

2018-003 Recording of Transactions and Uncorrected Misstatements
Material Weakness

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

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

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

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

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

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