

**BENSON COUNTY
MINNEWAUKAN, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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BENSON COUNTY
COUNTY OFFICIALS
AS OF DECEMBER 31, 2015

Lowell Haagenson	Commissioner- Chairman
David Davidson	Commissioner- Vice Chairman
Doris Griffin	Commissioner
Ron Carlson	Commissioner
Michael Steffan	Commissioner
Bonnie Erickson	Auditor/Treasurer
Steve Rohrer	Sheriff
Rhoda Pfeifer	Register of Deeds
James Wang	State's Attorney
Lucia Jacobson	Superintendent of Schools



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Benson County
Minnewaukan, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Benson County, Minnewaukan, North Dakota, as of and for the year ended December 31, 2015, 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 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 of material misstatement.

An audit includes 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 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 principles 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 opinions.

Opinions

In our opinion, the respective financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information referred to above present fairly, in all material respects, the financial position of Benson County, as of December 31, 2015, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 20 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 20 to the financial statements, the County has restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of fund activity in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule of fund activity is the responsibility of management and was derived from and relates 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of fund activity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The roster of county officials on page 1 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2016 on our consideration of the County's internal control over financial reporting and 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 the 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 Benson County's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

August 29, 2016

BENSON COUNTY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and investments	\$ 3,770,658	\$ 42,885
Accounts receivable	30,927	-
Taxes receivable	55,022	7,699
Road receivables	40,684	-
Intergovernmental receivable	39,917	-
Capital assets (net of accumulated depreciation):		
Land	180,036	-
Infrastructure	15,262,964	-
Buildings	102,828	-
Machinery and vehicles	2,285,669	-
Furniture and equipment	75,273	-
Total capital assets	17,906,770	-
Total assets	21,843,978	50,584
DEFERRED OUTFLOWS OF RESOURCES		
Cost sharing defined benefit pension plan-NDPERS Main	106,629	-
Cost sharing defined benefit pension plan-NDPERS Law Enforcement	79,272	-
Total Deferred Outflows of Resources	185,901	-
LIABILITIES		
Accounts payable	115,573	-
Unearned income	393,994	-
Long-term liabilities:		
Due within one year:		
Compensated absences payable	85,000	-
Due after one year:		
Compensated absences payable	7,644	-
Net Pension Liability - Main	1,216,693	-
Net Pension Liability - Law Enforcement	66,287	-
Total liabilities	1,885,191	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied - subs. years	148,517	-
Cost sharing defined benefit pension plan-NDPERS Main	195,917	-
Cost sharing defined benefit pension plan-NDPERS Law Enforcement	24,869	-
Total deferred inflows of resources	369,303	-
NET POSITION		
Net investment in capital assets	17,906,770	-
Restricted for:		
Public safety	30,198	-
Highways	1,378,756	-
Health and welfare	590,606	-
Culture and recreation	3,652	-
Conservation of natural resources	71,062	50,584
Economic development	2,147	-
Special purposes	48,296	-
Unrestricted	(256,102)	-
Total net position	\$ 19,775,385	\$ 50,584

See Notes to the Financial Statements

BENSON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource District
Governmental Activities:					
General government	\$ 1,469,091	\$ 109,656	\$ 567,726	\$ (791,709)	\$ -
Public safety	640,910	34,018	19,428	(587,464)	-
Highways	3,218,991	557,915	1,287,424	(1,373,652)	-
Health and welfare	1,140,113	300	642,333	(497,480)	-
Culture and recreation	12,399	-	542	(11,857)	-
Conser. of natural resources	189,660	-	38,889	(150,771)	-
Economic development	1,437	-	1,428	(9)	-
Other	523,128	7,022	44,699	(471,407)	-
Interest and service charges	791	-	-	(791)	-
Total governmental activities	\$ 7,196,520	\$ 708,911	\$ 2,602,469	(3,885,140)	-
Component Unit:					
Water Resource Board	\$ 79,317	\$ 8,082	\$ -		(71,235)
General Revenues:					
Taxes:					
Property taxes; levied for general purposes				2,088,282	84,014
Non restricted grants and contributions				488,182	-
Earnings on investments				8,076	7
Miscellaneous revenue				76,018	-
Total general revenues				2,660,558	84,021
Change in net position				(1,224,582)	12,786
Net position - January 1				22,133,859	37,798
GASB 68 & 71 Implementation - See note 20				(1,133,892)	-
Net position - January 1, as restated				20,999,967	37,798
Net position - December 31				\$ 19,775,385	\$ 50,584

See Notes to the Financial Statements

BENSON COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2015

	County Road and Bridge	County Social Service	County Poor Relief	Highway Tax Distribution	Law Enforcement	Federal Aid 6 Mill	Flood of 2011	Flood of 2014	Other Governmental Funds	Total Governmental Funds
ASSETS										
Cash and investments	\$ 1,154,488	\$ 86,281	\$ 513,650	\$ 363,774	\$ -	\$ 143,036	\$ 154,780	\$ 73,971	\$ 1,280,678	\$ 3,770,658
Accounts receivable	498	-	-	-	-	-	-	-	30,429	30,927
Taxes receivable	11,265	-	7,251	-	2,998	3,399	-	-	26,492	55,022
Road receivables	-	-	-	-	-	-	-	-	-	40,684
Intergovernmental receivable	2,604	4,144	-	-	-	-	-	-	-	39,917
Due from other funds	393,957	-	-	-	-	-	-	-	-	393,957
Total assets	\$ 1,562,812	\$ 90,425	\$ 520,901	\$ 363,774	\$ 2,998	\$ 146,435	\$ 154,780	\$ 73,971	\$ 1,337,599	\$ 4,331,165

**LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCES**

Liabilities:										
Accounts payable	\$ 47,154	\$ 3,489	\$ 3,218	\$ -	\$ 17,922	\$ -	\$ -	\$ 16,625	\$ 23,543	\$ 115,573
Due to other funds	-	174,932	-	-	158,077	-	-	-	60,948	393,957
Unearned revenue	-	-	-	-	-	-	154,780	57,346	181,868	393,994
Total liabilities	47,154	178,421	3,218	-	175,999	-	154,780	73,971	266,359	903,524
Deferred Inflows of Resources:										
Property taxes collected - subs. years	55,672	10,743	15,256	-	21,486	9,153	-	-	36,207	148,517
Property taxes collected - delinquent	11,265	3,617	7,251	-	2,998	3,399	-	-	26,492	55,022
Total deferred inflows of resources	66,937	14,360	22,507	-	24,484	12,552	-	-	62,699	203,539

Fund Balances:

Restricted for:										
Public safety	-	-	-	-	-	-	-	-	27,763	27,763
Highways	-	-	-	363,774	-	133,883	-	-	913,019	1,410,676
Health and welfare	-	86,803	495,176	-	-	-	-	-	18,130	600,109
Culture and recreation	-	-	-	-	-	-	-	-	3,347	3,347
Conservation of natural resources	-	-	-	-	-	-	-	-	67,014	67,014
Economic development	-	-	-	-	-	-	-	-	2,147	2,147
Special purposes	-	-	-	-	-	-	-	-	37,411	37,411
Unassigned	1,448,721	(115,311)	-	-	(197,485)	-	-	-	(60,290)	1,075,635
Total fund balances	1,448,721	(115,311)	495,176	363,774	(197,485)	133,883	-	-	1,008,541	3,224,102
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,562,812	\$ 90,425	\$ 520,901	\$ 363,774	\$ 2,998	\$ 146,435	\$ 154,780	\$ 73,971	\$ 1,337,599	\$ 4,331,165

See Notes to the Financial Statements

BENSON COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2015

Total *Fund Balances* for Governmental Funds \$ 3,224,102

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	\$ 61,870,969	
Less Accumulated Depreciation	<u>(43,964,199)</u>	
Net Capital Assets		17,906,770

Net deferred outflows/(inflows) of resources relating to the cost sharing of defined benefit plans in the governmental activities are not financial resources, and therefore, are not reported as deferred outflows/(inflows) of resources in the governmental funds. (34,885)

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 55,022

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, 2015 are:

Compensated Absences	(92,644)	
Net Pension Liability	<u>(1,282,980)</u>	
Total Long-Term Liabilities		<u>(1,375,624)</u>

Total Net Position of Governmental Activities \$ 19,775,385

See Notes to the Financial Statements

BENSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	County Road and Bridge	Social Service	County Poor Relief	Highway Tax Distribution	Law Enforcement	Federal Aid 6 Mill	Flood of 2011	Flood of 2014	Other Governmental Funds	Total Governmental Funds
Revenues:											
Taxes	\$ 381,510	\$ 139,567	\$ -	\$ 331,983	\$ -	\$ 135,083	\$ 129,261	\$ -	\$ -	\$ 976,719	\$ 2,094,123
Intergovernmental	1,055,910	-	642,333	-	523,110	-	26,841	162,140	274,792	405,527	3,090,653
Charges for services	143,674	428,126	-	-	-	-	-	-	-	137,110	708,910
Interest income	8,076	-	-	-	-	-	-	-	-	-	8,076
Miscellaneous	13,507	17,875	482	-	-	-	-	-	-	44,162	76,026
Total revenues	1,602,677	585,568	642,815	331,983	523,110	135,083	156,102	162,140	274,792	1,563,518	5,977,788
Expenditures:											
Current:											
General government	689,663	-	-	-	-	-	-	-	-	-	689,663
Public safety	215,379	-	-	-	-	273,948	-	-	-	129,504	618,831
Highways	-	1,269,417	-	-	104,912	-	725,735	162,140	274,792	548,918	3,085,914
Health and welfare	13,791	-	885,801	55,487	-	-	-	-	-	184,591	1,139,670
Culture and recreation	-	-	-	-	-	-	-	-	-	12,399	12,399
Conser. of natural resources	-	-	-	-	-	-	-	-	-	189,660	189,660
Economic development	-	-	-	-	-	-	-	-	-	1,437	1,437
Other	141,511	-	-	-	-	-	-	-	-	381,617	523,128
Capital outlay	56,452	210,116	-	-	-	-	-	-	-	-	266,578
Debt service:											
Principal	-	61,467	-	-	-	-	-	-	-	-	61,467
Interest and service charges	-	2,098	-	-	-	-	-	-	-	-	2,098
Total expenditures	1,116,806	1,543,098	885,801	55,487	104,912	273,948	725,735	162,140	274,792	1,448,126	6,590,845
Excess (deficiency) of revenues over expenditures	485,871	(957,530)	(242,986)	276,496	418,198	(138,865)	(569,633)	-	-	115,392	(613,057)
Other financing sources (uses):											
Transfers in	-	955,891	100,000	-	-	-	-	-	-	18,700	1,074,591
Transfers out	(274,591)	-	-	(100,000)	(600,000)	-	-	-	-	(100,000)	(1,074,591)
Total other financing sources and uses	(274,591)	955,891	100,000	(100,000)	(600,000)	-	-	-	-	(81,300)	-
Net change in fund balances	211,280	(1,639)	(142,986)	176,496	(181,802)	(138,865)	(569,633)	-	-	34,092	(613,057)
Fund balance - January 1	1,237,441	(113,672)	229,789	318,680	545,576	(58,620)	703,516	-	-	974,449	3,837,159
Fund balance - December 31	\$ 1,448,721	\$ (115,311)	\$ 86,803	\$ 495,176	\$ 363,774	\$ (197,485)	\$ 133,883	\$ -	\$ -	\$ 1,008,541	\$ 3,224,102

See Notes to the Financial Statements

BENSON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in *Fund Balances* - Total Governmental Funds \$ (613,057)

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	\$ 266,578	
Current Year Depreciation Expense	<u>(728,411)</u>	(461,833)

In the statement of activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

Loss on Sale of Asset		(18,184)
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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 debt repayment.

Repayment of Debt		61,467
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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 Compensated Absences	(4,459)	
Net Decrease in Interest Payable	<u>1,307</u>	(3,152)

Changes in deferred outflows and inflows of resources related to net pension liability		(100,616)
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Change in net pension liability		(83,357)
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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. This consists of:

Net increase in taxes receivable		<u>(5,850)</u>
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Change in Net Position of Governmental Activities		<u>\$(1,224,582)</u>
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See Notes to the Financial Statements

BENSON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2015

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and investments	<u>\$ 421,393</u>
 <u>Liabilities:</u>	
Due to other governments	<u>\$ 421,393</u>

See Notes to the Financial Statements

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Benson County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. 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.

A. Reporting Entity

The accompanying financial statements present the activities of Benson 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 criterion includes appointing a voting majority of an organization's governing body and (1) the ability of Benson 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 Benson County.

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

Component Unit

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component unit have been included in the financial reporting entity either as a blended component unit or 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. The component unit is reported in a separate column to emphasize that it is legally separate from the county.

Benson County Water Resource District: The Benson County Water Resource District governing board is appointed by the County's governing body. The County's governing body has the County to disapprove, amend, or approve the water resource district budget.

B. Basis of Presentation

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

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Social Service Fund. This is the County's primary health and welfare fund. It accounts for all financial resources related to health and welfare, except property taxes and those required to be accounted for in another fund.

County Poor Relief Fund. This is the County's fund used to levy property taxes for health and welfare purposes. These funds are transferred to the Social Service Fund.

Highway Tax Distribution Fund. This is the County's fund used for the Highway Tax Distribution from the state to be used for the maintenance and repair of roads within the county.

Law Enforcement Fund. This is the County's fund used to account for law enforcement expenditures for public safety purposes.

Federal Aid 6 Mill Fund. This is the County's fund used to account for graveling expenditures for county roadway maintenance, repairs and improvements.

Flood of 2011 Fund. This is the County's fund used to account for repairs and improvements of highways and bridges that are damaged due to natural disasters and paid for primarily by FEMA public assistance monies.

Flood of 2014 Fund. This is the County's fund used to account for repairs and improvements of highways and bridges that are damaged due to natural disasters and paid for primarily by FEMA public assistance monies.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

Additionally, the County reports the following fund type:

The County reports the following fiduciary fund:

Agency Fund. This fund accounts 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.

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. The government-wide 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. Non-exchange 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-reimbursement 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.

The investments consist of certificates of deposits.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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 and Infrastructure	99 years
Machinery, Vehicles, Furniture and Equipment	5 – 30 years

F. Compensated Absences

Full time regular county employees are granted vacation benefits from 1 to 1.75 days per month depending on tenure with the County. Part time employees are granted vacation on the same scale, prorated for average hours worked per week. Vacation benefits may accrue to a total of 21 days. Social Service employees are granted vacation benefits from 1 to 2 days per month depending on tenure with the county and may accrue a maximum of 240 hours. All unused vacation will be paid out to all employees upon termination of employment. Unused sick leave benefits for regular County employees are allowed to accumulate up to 120 days. Once an employee has reached their maximum sick leave level, they are eligible to trade any additional sick leave awarded at a rate of one day of vacation for six days of sick leave. Upon termination of employment, sick leave will be converted to one fully compensated day for six sick leave days and paid to the employee. Vested or accumulated leave is reported in the government-wide statements.

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.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employee 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.

H. 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.

I. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – consists of amounts that are not in spendable form, such as inventory and prepaid items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of internally imposed constraints. These constraints are established by Resolution of the Board of County Commissioners.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the County's intended use. These constraints are established by the Board of County Commissioners and/or management. Pursuant to Board Resolution, the County's management is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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

When committed, assigned or unassigned resources are available for use, it is the County's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

J. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the County's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/expenditure) until then. The County has one item reported on the statement of net position as *cost sharing defined benefit pension plan*, which represents actuarial differences within the NDPERS pension plan, as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has two types of items, one which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also has one item reported on the statement of net position as *cost sharing defined benefit pension plan*, which represents the actuarial differences within the NDPERS pension plan and is reported on the statement of net position.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 LEGAL COMPLIANCE – BUDGETS

Excess of Actual Expenditures over Budget

Expenditures exceeded budget in the following funds for the year ended December 31, 2015:

Fund	
General Fund	\$ 33,293
Social Services	885,801
County poor relief	55,487
Highway tax distribution	104,912
Law Enforcement	273,948
Federal Aid 6 Mill	725,735
Flood of 2011	162,140
Flood of 2014	274,792

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

NOTE 3 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 the year ended December 31, 2015, the county's carrying amount of deposits was \$4,192,054 and the bank balance was \$4,197,843. The bank balances at December 31, 2015 consisted of \$908,302 that was covered by Federal Depository Insurance. The remaining balance of \$3,289,541 was collateralized with securities held by the pledging financial institution's agent in the County's name.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

At the year ended December 31, 2015, the Benson County Water Resource District's (a discretely presented component unit of Benson County) carrying amount of deposits was \$42,885 and the bank balance was \$56,938, respectively. The bank balance at December 31, 2015 was covered by Federal Depository Insurance and by collateral held by Benson County's agent in the County's name.

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, 2015, the County held certificates of deposit in the amount of \$1,488,124, which are all considered deposits.

Concentration of Credit Risk

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

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consists of money due from charges for services provided by various county offices and interest earned on bank deposits. No allowance has been established for estimated uncollectible accounts receivable.

NOTE 5 ROAD RECEIVABLE

Road receivables consist of money due to the highway department for roadwork performed for townships, cities, etc. No allowance has been established for estimated uncollectible road receivables.

NOTE 6 TAXES RECEIVABLE

The taxes receivable represents the past four years of delinquent uncollected taxes. No allowance has been established for estimated uncollectible taxes receivable.

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

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

NOTE 7 INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various welfare and emergency management programs. These amounts consist of a mix of state and federal dollars.

NOTE 8 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2015:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 180,036	\$ -	\$ -	\$ 180,036
Capital assets being depreciated				
Infrastructure	57,640,200	-	-	57,640,200
Buildings	316,300	-	-	316,300
Machinery and vehicles	3,251,469	266,578	(92,740)	3,425,307
Furniture and equipment	309,126	-	-	309,126
Total capital assets being depreciated	<u>61,517,095</u>	<u>266,578</u>	<u>(92,740)</u>	<u>61,690,933</u>
Less accumulated depreciation				
Infrastructure	(41,795,064)	(582,172)	-	(42,377,236)
Buildings	(211,307)	(2,165)	-	(213,472)
Machinery and vehicles	(1,078,018)	(136,176)	74,556	(1,139,638)
Furniture and equipment	<u>(225,955)</u>	<u>(7,898)</u>	<u>-</u>	<u>(233,853)</u>
Total accumulated depreciation	<u>(43,310,344)</u>	<u>(728,411)</u>	<u>74,556</u>	<u>(43,964,199)</u>
Net capital assets being depreciated	<u>18,206,751</u>	<u>(461,833)</u>	<u>(18,184)</u>	<u>17,726,734</u>
Net capital assets for governmental activities	<u>\$ 18,386,787</u>	<u>\$(461,833)</u>	<u>\$ (18,184)</u>	<u>\$ 17,906,770</u>

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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

General government	\$	590,996
Public safety		22,079
Highways		114,893
Health and welfare		<u>443</u>
	\$	<u>728,411</u>

NOTE 9 ACCOUNTS PAYABLE

Accounts payable consists of amounts on open accounts for goods and services received prior to December 31, 2015 and chargeable to the appropriations for the years then ended, but paid for subsequent to that date.

NOTE 10 UNEARNED INCOME

Unearned income consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Amounts unearned were for grant revenues in excess of grant expenditures in Flood funds.

NOTE 11 LONG-TERM DEBT

Changes in Long-Term Liabilities

During the year ended December 31, 2015, the following changes occurred in liabilities for Benson County:

	Balance 1/1/2015			Balance 12/31/2015	Due Within One Year
	<u>As restated</u>	<u>Additions</u>	<u>Retired</u>		
Compensated absences	\$ 88,185	\$ 4,459	\$ -	\$ 92,644	\$ 85,000
Net Pension Liability	1,199,623	742,067	658,710	1,282,980	-
Capital leases	<u>61,467</u>	<u>-</u>	<u>61,467</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,349,275</u>	<u>\$ 746,526</u>	<u>\$ 720,177</u>	<u>\$ 1,375,624</u>	<u>\$ 85,000</u>

Compensated absences are typically liquidated from the general fund. Capital leases are paid out of the county road and bridge fund. The net pension liability is liquidated by the respective fund being charged for the related pension expense.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12 RELATED ORGANIZATION

Benson County is also responsible for levying a property tax for the Benson County Fair Board, Benson County Council on Aging and Benson County Job Authority but the County's accountability for these entities does not extend beyond the levying of the tax. In 2015, the County remitted \$4,540 to the Benson County Fair Board, \$39,171 to the Benson County Council on Aging and \$1,437 to the Benson County Job Authority.

NOTE 13 RISK MANAGEMENT

Benson 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 (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Benson County pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRF is limited to losses of two million dollars per occurrence for general liability, two million dollars per occurrence for automobile, and \$2,937,044 for public assets.

Benson County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Benson 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 \$225,000,000 dollars per occurrence during a 12 month period. The State Bonding Fund currently provides Benson 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. Benson County has workers compensation with the North Dakota Workforce Safety and Insurance. The County provides health insurance benefits for all regular full and part-time employees. The County contributes up to \$581 per month per employee for insurance.

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

NOTE 14 DEFINED BENEFIT PENSION PLAN – STATEWIDE

Substantially, all employees of the District are required by state law to belong to a pension plan administered by the North Dakota Public Employees Retirement System (NDPERS), which is administered on a statewide basis.

Disclosures relating to this plan follow:

North Dakota Public Employees Retirement 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.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven 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; and one member elected by the retired public employees.

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). The annual 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.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

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

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.

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

At December 31, 2015, the District reported a liability of \$1,282,980 for its proportionate share of the net pension liability. The net pension liability consisted of \$1,216,693 to the Main System pension plan and \$66,287 to the Law Enforcement pension plan with prior Main System Service. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of covered payroll in the Main System and Law Enforcement pension plan relative to the covered payroll of all participating Main System and Law Enforcement employers. At July 1, 2015, the District's proportion was 0.178930 percent for the Main System and 1.091045 percent for the Law Enforcement plan.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

For the year ended December 31, 2015, the District recognized pension expense of \$172,089 for the Main System plan and \$11,884 for the Law Enforcement plan. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

For the Main System plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 35,298	\$ -	
Changes of assumptions	-	108,402	
Net difference between projected and actual earnings on pension plan investments	-	25,684	
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,334	61,831	
Employer contributions subsequent to the measurement date	62,997	-	
Total	\$ 106,629	\$ 195,917	

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

For the Law Enforcement plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,424	\$ -
Changes of assumptions	-	10,458
Net difference between projected and actual earnings on pension plan investments	-	1,141
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,750	13,270
Employer contributions subsequent to the measurement date	8,098	-
Total	\$ 79,272	\$ 24,869

For the Main System plan, \$62,997 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

For the Law Enforcement plan, \$8,098 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

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

For the Main System plan:

Year ending June 30:	Pension Expense Amount
2016	\$ (43,685)
2017	(43,685)
2018	(43,685)
2019	9,389
2020	(30,619)

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

For the Law Enforcement Plan:

Year ending June 30:	Pension Expense Amount
2016	\$ 8,412
2017	8,412
2018	8,412
2019	11,684
2020	9,249
Thereafter	136

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, 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 with ages set back three years. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with ages set back one year for males (not set back for females).

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2010. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for NDPERS.

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	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

Discount Rate

The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate:

For the Main System plan:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Employer's proportionate share of the net pension liability	\$ 1,865,739	\$ 1,216,693	\$ 685,657

For the Law Enforcement plan:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Employer's proportionate share of the net pension liability	\$ 110,889	\$ 66,287	\$ 30,113

Pension Plan Fiduciary Net Position

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

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 15 DEFICIT BALANCES

The following funds were in a deficit position at December 31, 2015.

<u>Special Revenue Funds:</u>	
County Road and Bridge	\$ (115,311)
Law Enforcement	(197,485)
Oasis and Social Security	(28,408)
Comprehensive Health	(10,939)
Homeland Security	(15,661)
Emergency Admin - 2011	(5,282)

Benson County plans to eliminate this deficit with transfers from another fund.

NOTE 16 NEW PRONOUNCEMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining fair value measurement for reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statement periods beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for reporting periods beginning after June 15, 2015. Earlier application is permitted.

GASB Statement No. 77, *Tax Abatement Disclosures*, Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement is effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organization Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67 and No. 73*, provides further guidance regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends GASB Statements No. 67 and No. 68 to require the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, rather than the payroll of employees that are provided with pensions through the pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Management has not yet determined the effect these Statements will have on the County's financial statements.

NOTE 17 CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 18 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	County Road	\$ 174,932
General	Comprehensive Health	10,939
General	Law Enforcement	158,077
General	Other Governmental Funds	50,009
		<u>\$ 393,957</u>

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
County Road and Bridge	General Fund	\$ 255,891
County Road and Bridge	Highway Tax Distribution	600,000
County Road and Bridge	Other Governmental Funds	100,000
Social Service	County Poor Relief	100,000
Other Governmental Funds	General Fund	18,700

Interfund loans were made to compensate for funds with negative cash balances.

Property tax levies were transferred into the county road and bridge and social services funds to cover operating expenses.

NOTE 19 CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

As a result, beginning net position has been restated to reflect the related net pension liability and deferred outflows of resources as of December 31, 2014 as follows:

Governmental activities

Net Position December 31, 2014, as previously reported	\$ 22,133,859
Restatement for pension accounting:	
Net Pension Liability-Main System	\$ (1,199,623)
Pension related Deferred Outflows of Resources-Main System	<u>65,731</u>
	<u>(1,133,892)</u>
Net Position December 31, 2014 as restated	<u>\$ 20,999,967</u>

BENSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 20 SUBSEQUENT EVENTS

No significant events occurred subsequent to the County's year end. Subsequent events have been evaluated through August 29, 2016, which is the date these financial statements were available to be issued.

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 447,908	\$ 447,908	\$ 381,510	\$ (66,398)
Intergovernmental	1,001,245	1,001,245	1,055,910	54,665
Charges for services	138,964	138,964	143,674	4,710
Interest income	5,000	5,000	8,076	3,076
Miscellaneous	<u>14,020</u>	<u>14,020</u>	<u>13,507</u>	<u>(513)</u>
 Total revenues	 <u>1,607,137</u>	 <u>1,607,137</u>	 <u>1,602,677</u>	 <u>(4,460)</u>
 <u>Expenditures:</u>				
Current:				
General government	751,279	751,279	689,663	61,616
Public safety	245,878	245,878	215,379	30,499
Health and welfare	13,856	13,856	13,791	65
Other	72,500	72,500	141,511	(69,011)
Capital outlay	<u>-</u>	<u>-</u>	<u>56,462</u>	<u>(56,462)</u>
 Total expenditures	 <u>1,083,513</u>	 <u>1,083,513</u>	 <u>1,116,806</u>	 <u>(33,293)</u>
 Excess (deficiency) of revenues over expenditures	 <u>523,624</u>	 <u>523,624</u>	 <u>485,871</u>	 <u>(37,753)</u>
 <u>Other financing sources (uses):</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(274,591)</u>	<u>(274,591)</u>
 Total other financing sources and uses	 <u>-</u>	 <u>-</u>	 <u>(274,591)</u>	 <u>(274,591)</u>
 Net change in fund balances	 <u>523,624</u>	 <u>523,624</u>	 <u>211,280</u>	 <u>(312,344)</u>
 Fund balance - January 1	 <u>1,237,441</u>	 <u>1,237,441</u>	 <u>1,237,441</u>	 <u>-</u>
 Fund balance - December 31	 <u>\$1,761,065</u>	 <u>\$ 1,761,065</u>	 <u>\$ 1,448,721</u>	 <u>\$ (312,344)</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – COUNTY ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 147,040	\$ 147,040	\$ 139,567	\$ (7,473)
Charges for services	455,000	455,000	428,126	(26,874)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>17,875</u>	<u>(2,125)</u>
Total revenues	<u>622,040</u>	<u>622,040</u>	<u>585,568</u>	<u>(36,472)</u>
Expenditures:				
Current:				
Highways	1,550,771	1,550,771	1,269,417	281,354
Capital outlay	-	-	210,116	(210,116)
Debt service:				
Principal	-	-	61,467	(61,467)
Interest and service charges	<u>-</u>	<u>-</u>	<u>2,098</u>	<u>(2,098)</u>
Total expenditures	<u>1,550,771</u>	<u>1,550,771</u>	<u>1,543,098</u>	<u>7,673</u>
Excess (deficiency) of revenues over expenditures	<u>(928,731)</u>	<u>(928,731)</u>	<u>(957,530)</u>	<u>(28,799)</u>
Other financing sources (uses):				
Proceeds on Disposal of Capital Assets	1,000	1,000	-	(1,000)
Transfers in	<u>-</u>	<u>-</u>	<u>955,891</u>	<u>955,891</u>
Total other financing sources and uses	<u>1,000</u>	<u>1,000</u>	<u>955,891</u>	<u>954,891</u>
Net change in fund balances	<u>(927,731)</u>	<u>(927,731)</u>	<u>(1,639)</u>	<u>926,092</u>
Fund balance - January 1	<u>(113,672)</u>	<u>(113,672)</u>	<u>(113,672)</u>	<u>-</u>
Fund balance - December 31	<u>\$(1,041,403)</u>	<u>\$(1,041,403)</u>	<u>\$ (115,311)</u>	<u>\$ 926,092</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – SOCIAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 642,333	\$ 642,333
Miscellaneous	-	-	482	482
Total revenues	-	-	642,815	642,815
<u>Expenditures:</u>				
<u>Current:</u>				
Health and welfare	-	-	885,801	(885,801)
Excess (deficiency) of revenues over expenditures	-	-	(242,986)	(242,986)
<u>Other financing sources (uses):</u>				
Transfers in	-	-	100,000	100,000
Net change in fund balances	-	-	(142,986)	(142,986)
Fund balance - January 1	229,789	229,789	229,789	-
Fund balance - December 31	<u>\$ 229,789</u>	<u>\$ 229,789</u>	<u>\$ 86,803</u>	<u>\$ (142,986)</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – COUNTY POOR RELIEF FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 350,431	\$ 350,431	\$ 331,983	\$ (18,448)
Total revenues	<u>350,431</u>	<u>350,431</u>	<u>331,983</u>	<u>(18,448)</u>
<u>Expenditures:</u>				
<u>Current:</u>				
Health and welfare	-	-	55,487	(55,487)
Excess (deficiency) of revenues over expenditures	<u>350,431</u>	<u>350,431</u>	<u>276,496</u>	<u>(73,935)</u>
<u>Other financing sources (uses):</u>				
Transfers out	-	-	(100,000)	(100,000)
Net change in fund balances	<u>350,431</u>	<u>350,431</u>	<u>176,496</u>	<u>(173,935)</u>
Fund balance - January 1	<u>318,680</u>	<u>318,680</u>	<u>318,680</u>	<u>-</u>
Fund balance - December 31	<u>\$ 669,111</u>	<u>\$ 669,111</u>	<u>\$ 495,176</u>	<u>\$ (173,935)</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – HIGHWAY TAX DISTRIBUTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Intergovernmental	<u>546,551</u>	<u>\$ 546,551</u>	<u>\$ 523,110</u>	<u>\$ (23,441)</u>
Total revenues	<u>546,551</u>	<u>546,551</u>	<u>523,110</u>	<u>(23,441)</u>
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	<u>-</u>	<u>-</u>	<u>104,912</u>	<u>(104,912)</u>
Excess (deficiency) of revenues over expenditures	<u>546,551</u>	<u>546,551</u>	<u>418,198</u>	<u>(128,353)</u>
<u>Other financing sources (uses):</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>(600,000)</u>
Net change in fund balances	<u>546,551</u>	<u>546,551</u>	<u>(181,802)</u>	<u>(728,353)</u>
Fund balance - January 1	<u>545,576</u>	<u>545,576</u>	<u>545,576</u>	<u>-</u>
Fund balance - December 31	<u>\$ 1,092,127</u>	<u>\$ 1,092,127</u>	<u>\$ 363,774</u>	<u>\$ (728,353)</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – LAW ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 139,799	\$ 139,799	\$ 135,083	\$ (4,716)
Total revenues	<u>139,799</u>	<u>139,799</u>	<u>135,083</u>	<u>(4,716)</u>
<u>Expenditures:</u>				
Current:				
Public Safety	-	-	273,948	(273,948)
Excess (deficiency) of revenues over expenditures	<u>139,799</u>	<u>139,799</u>	<u>(138,865)</u>	<u>(278,664)</u>
Net change in fund balances	<u>139,799</u>	<u>139,799</u>	<u>(138,865)</u>	<u>(278,664)</u>
Fund balance - January 1	<u>(58,620)</u>	<u>(58,620)</u>	<u>(58,620)</u>	<u>-</u>
Fund balance - December 31	<u>\$ 81,179</u>	<u>\$ 81,179</u>	<u>\$ (197,485)</u>	<u>\$ (278,664)</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – FEDERAL AID 6 MILL
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Taxes	\$ 137,812	\$ 137,812	\$ 129,261	\$ (8,551)
Intergovernmental	<u>-</u>	<u>-</u>	<u>26,841</u>	<u>26,841</u>
 Total revenues	 <u>137,812</u>	 <u>137,812</u>	 <u>156,102</u>	 <u>18,290</u>
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	<u>-</u>	<u>-</u>	<u>725,735</u>	<u>(725,735)</u>
Excess (deficiency) of revenues over expenditures	<u>137,812</u>	<u>137,812</u>	<u>(569,633)</u>	<u>(707,445)</u>
 Net change in fund balances	 <u>137,812</u>	 <u>137,812</u>	 <u>(569,633)</u>	 <u>(707,445)</u>
 Fund balance - January 1	 <u>703,516</u>	 <u>703,516</u>	 <u>703,516</u>	 <u>-</u>
 Fund balance - December 31	 <u>\$ 841,328</u>	 <u>\$ 841,328</u>	 <u>\$ 133,883</u>	 <u>\$ (707,445)</u>

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – FLOOD OF 2011 FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 162,140	\$ 112,140
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	-	-	162,140	(162,140)
Excess (deficiency) of revenues over expenditures	50,000	50,000	-	(50,000)
Fund balance - January 1	-	-	-	-
Fund balance - December 31	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)

See Note to the Required Supplementary Information

BENSON COUNTY
BUDGETARY COMPARISON SCHEDULE – FLOOD OF 2014 FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 274,792	\$ 274,792
Total revenues	-	-	274,792	274,792
Expenditures:				
Current:				
Highways	-	-	274,792	(274,792)
Total expenditures	-	-	274,792	(274,792)
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - January 1	-	-	-	-
Fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Note to the Required Supplementary Information

BENSON COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE NDPERS RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

Main System

For The Year Ended <u>December 31</u> 2015	Statutorily Required <u>Contribution</u>	\$ 121,081	\$	Contributions in Relation to the Statutorily Required <u>Contributions</u>	121,081	\$	Contribution <u>Deficiency (Excess)</u>	-	County's Covered-employee <u>Payroll</u>	1,802,733	Contributions as a Percentage of Covered <u>Employee Payroll</u>	6.72%

Law Enforcement

For The Year Ended <u>December 31</u> 2015	Statutorily Required <u>Contribution</u>	\$ 17,270	\$	Contributions in Relation to the Statutorily Required <u>Contributions</u>	17,270	\$	Contribution <u>Deficiency (Excess)</u>	-	County's Covered-employee <u>Payroll</u>	96,105	Contributions as a Percentage of Covered <u>Employee Payroll</u>	17.97%

The amounts presented for each fiscal year were determined as of the County's year end which is December 31.

The County implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Note to the Required Supplementary Information

BENSON COUNTY
SCHEDULE OF EMPLOYER AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2015

Main System

	County's		County's		Proportionate Share		Plan Fiduciary
For The	Proportion of the	Proportionate Share	Proportionate Share	County's Covered	Liability (Asset) as a	Covered-employee	Net Position
Year Ended	Net Pension	of the Net Pension	of the Net Pension	Employee	Percentage of its	<u>Payroll</u>	as a Percentage of the
<u>December 31</u>	<u>Liability (Asset)</u>	<u>Liability (Asset)</u>	<u>Liability (Asset)</u>	<u>Payroll</u>			<u>Total Pension Liability</u>
2015	0.178930%	\$ 1,216,693	\$ 1,594,046		76.33%		77.15%

Law Enforcement

	County's		County's		Proportionate Share		Plan Fiduciary
For The	Proportion of the	Proportionate Share	Proportionate Share	City's Covered	Liability (Asset) as a	Covered-employee	Net Position
Year Ended	Net Pension	of the Net Pension	of the Net Pension	Employee	Percentage of its	<u>Payroll</u>	as a Percentage of the
<u>December 31</u>	<u>Liability (Asset)</u>	<u>Liability (Asset)</u>	<u>Liability (Asset)</u>	<u>Payroll</u>			<u>Total Pension Liability</u>
2015	1.091045%	\$ 66,287	\$ 159,912		41.45%		83.61%

The amounts presented for each fiscal year were determined as of the measurement date of the County's net pension liability which is June 30, of the previous year for PERS.

The County implemented GASB Statement No. 68 for its year ended December 31, 2015. Information for the prior years is not available.

See Note to the Required Supplementary Information

BENSON COUNTY
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

NOTE 2: NDPERS

Changes of assumptions

- Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2015 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.

BENSON COUNTY
SCHEDULE OF FUND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
Major Funds:						
General fund	\$ 1,237,441	\$ 1,602,677	\$ -	\$ 274,591	\$ 1,116,806	\$ 1,448,721
County road and bridge	(113,672)	585,568	955,891	-	1,543,098	(115,311)
Social services	229,789	642,815	100,000	-	885,801	86,803
County poor relief	318,680	331,983	-	100,000	55,487	495,176
Highway tax distribution	545,576	523,110	-	600,000	104,912	363,774
Law enforcement	(58,620)	135,083	-	-	273,948	(197,485)
Federal aid-6 mills	703,516	156,102	-	-	725,735	133,883
Flood - 2011	-	162,140	-	-	162,140	-
Flood - 2014	-	274,792	-	-	274,792	-
Total Major Funds	2,862,710	4,414,270	1,055,891	974,591	5,142,719	2,215,561
Nonmajor Funds:						
Road and bridge unorganized	24,671	22,917	-	-	2,100	45,488
Federal aid-5 mills	266,948	141,491	-	100,000	-	308,439
Federal aid-10 mills	162,330	4,721	-	-	-	167,051
Emergency poor	7,677	-	-	-	-	7,677
Emergency fund	193,323	-	-	-	-	193,323
Emergency disaster	3,560	16,408	18,700	-	33,800	4,868
Emergency medical	5,621	92,616	-	-	92,443	5,794
Food pantry	8,787	300	-	-	-	9,087
Insurance reserve	9,675	34,157	-	-	33,156	10,676
Oasis and social security	(6,231)	263,917	-	-	286,094	(28,408)
Comprehensive health	40,633	109,312	-	-	160,884	(10,939)
Veteran's service officer	947	24,126	-	-	23,707	1,366
County agent	13,117	67,522	-	-	63,561	17,078
Extension fund	7,276	438	-	-	1,653	6,061
Noxious weed	35,184	133,138	-	-	124,447	43,875
County fair	25	4,546	-	-	4,540	31
County park	3,537	7,638	-	-	7,859	3,316
Federal aid-4 mills	100,751	286,967	-	-	282,039	105,679
Senior citizens	1,302	38,205	-	-	39,171	336
Hazardous chemical	6,001	663	-	-	-	6,664
UCC maintenance	19,877	7,021	-	-	499	26,399
Homeland security	(15,661)	2,776	-	-	2,776	(15,661)
Job authority	7	3,577	-	-	1,437	2,147
Benson County transportation	50,098	234,323	-	-	215,403	69,018
Emergency disaster matching	1,211	-	-	-	-	1,211
Emergency administration	5,956	-	-	-	-	5,956
Emergency administration - 2009	9,356	-	-	-	1,596	7,760
Emergency administration - 2010	896	-	-	-	209	687
Emergency administration - 2011	(4,047)	-	-	-	1,235	(5,282)
Emergency administration - 2013	147	-	-	-	808	(661)
Emergency administration - 2014	6,875	-	-	-	2,945	3,930
Flood - 2005	6,349	-	-	-	-	6,349
Flood - 2009	-	6,290	-	-	6,290	-
Flood - 2010	-	-	-	-	-	-
Flood - 2013	-	36,419	-	-	36,419	-
CDBG	-	22,575	-	-	22,575	-
States Attorney Special	-	880	-	-	-	880
Sheriffs grant	5,460	329	-	-	486	5,303
Sheriffs special	2,798	245	-	-	-	3,043
Total nonmajor funds	974,456	1,563,517	18,700	100,000	1,448,132	1,008,541
Total governmental funds	3,837,166	5,977,787	1,074,591	1,074,591	6,590,851	3,224,102

BENSON COUNTY
SCHEDULE OF FUND ACTIVITY - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<u>Agency Funds:</u>						
Payroll tax	60,592	317,153	-	-	309,905	67,840
State tax	4,015	23,175	-	-	24,934	2,256
Game and fish licenses	2,505	58,831	-	-	57,801	3,535
Domestic violence	-	770	-	-	735	35
Clerk of court special trust	15,833	68,493	-	-	6,298	78,028
State sales tax	115	74	-	-	96	93
Soil conservation	7,578	53,282	-	-	56,594	4,266
Airport	15,557	100,916	-	-	107,847	8,626
Advance real estate payments	13	3,266	-	-	3,271	8
District health	7,500	113,508	-	-	115,440	5,568
Total cities	17,219	194,969	-	-	190,358	21,830
Total city park districts	2,573	27,237	-	-	27,457	2,353
Total school districts	326,717	2,323,570	-	-	2,469,855	180,432
Total townships	49,534	1,023,350	-	-	1,045,974	26,910
Water resource district	12,419	84,045	-	-	88,736	7,728
Total irrigation districts	4,031	31,640	-	-	33,401	2,270
Total rural fire protection districts	12,158	100,590	-	-	103,133	9,615
Total agency funds	538,359	4,524,869	-	-	4,641,835	421,393
Total primary government	4,375,525	10,502,656	1,074,591	1,074,591	11,232,686	3,645,495
<u>Component Unit:</u>						
Benson County Water Resource District	37,798	92,103	-	-	79,317	50,584
Total reporting entity	\$ 4,413,323	\$ 10,594,759	\$ 1,074,591	\$ 1,074,591	\$ 11,312,003	\$ 3,696,079



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**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
Benson County
Minnewaukan, 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 accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Benson County, Minnewaukan, North Dakota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benson 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benson County of Minnewaukan, North Dakota'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 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*.

Benson County's Response to Finding

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

Purpose of this Report

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



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

August 29, 2016

BENSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015

2015-001 Finding

Criteria

The County does not have the internal resources to identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition

The County's personnel prepare periodic financial information for internal use that meets the needs of management and the County Commissioners. For the year ended December 31, 2015, the County's personnel assisted in the preparation of the year-end journal entries and reviewed a disclosure checklist. However, the County does not have internal resources to identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements for external reporting. The County Commissioners are aware of this significant deficiency and address it by obtaining our assistance in the preparation of the County's annual financial statements.

Cause

The County does not have the internal expertise needed to handle all aspects of the external financial reporting.

Effect

The Commissioners are aware of the deficiency and addresses it by reviewing and approving the adjusting journal entries and the completed statements prior to distribution to the end users.

Recommendation

For entities of the County's size, it generally is not practical to obtain the internal expertise needed to handle all aspects of the external financial reporting. The County should establish an internal control policy to document the annual review of the financial statements, disclosures and schedules.

Views of responsible officials and planned corrective action:

Due to the small size of the County, it is currently not cost effective for the County personnel to obtain the level of training necessary to completely eliminate this internal control finding. The County will review training options and determine what level of training can be obtained on a cost effective basis.