

AUDIT REPORT

HETTINGER COUNTY
Mott, North Dakota

For the Years Ended December 31, 2015 and 2014

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HETTINGER COUNTY
Mott, North Dakota

TABLE OF CONTENTS
For the Years Ended December 31, 2015 and 2014

	<u>Page(s)</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-10
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	11,12
Statement of Activities	13,14
Balance Sheet - Governmental Funds	15,16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17,18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19,20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21,22
Statement of Fiduciary Assets and Liabilities - Agency Funds	23,24
Notes to the Financial Statements	25-41
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	42,43
County Road and Bridge Fund	44,45
Farm to Market Road Fund	46,47
Highway Tax Distribution Fund	48,49
Social Services Fund	50,51
Emergency Fund	52,53
Weed Control Fund	54,55
Notes to the Budgetary Comparison Schedules	56
Schedule of Employer's Share of Net Pension Liability ND Public Employees Retirement System	57
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity Arising from Cash Transactions	58-61
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	62-63
Schedule of Findings and Responses	64

HETTINGER COUNTY
Mott, North Dakota

COUNTY OFFICIALS

Rob Larson	Chairman
Ron Friedt	Commissioner
John Plaggenmeyer	Commissioner
Jeri Schmidt	Auditor/Treasurer
Sylvia Gion	County Recorder/Clerk of Court
Sarah Warner	Sheriff
Amy Pikovsky	States Attorney

Rath & Mehrer

Certified Public Accountants

Specializing in Governmental Auditing

Phone: (701) 258-4560

Jayson Rath, CPA

Ken Mehrer, CPA

425 North Fifth Street
Bismarck, ND 58501

INDEPENDENT AUDITOR'S REPORT

Governing Board
Hettinger County
Mott, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hettinger County, Mott, North Dakota, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hettinger County, Mott, North Dakota, as of December 31, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, budgeting comparison information on pages 42 through 56 and the schedule of employer's share of net pension liability on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2016 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 29, 2016

HETTINGER COUNTY

Management's Discussion and Analysis

December 31, 2015 and 2014

The Management's Discussion and Analysis (MD&A) of Hettinger County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2015 and 2014. The intent of the MD&A is to look at the county's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2015 are as follows:

- * Net position of the county decreased \$488,021 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$1,066,038.
- * Total revenues from all sources were \$4,296,426.
- * Total expenses were \$4,784,447.
- * The county's general fund had \$1,294,817 in total revenues and \$1,396,150 in total expenditures. There was a total of \$87,859 paid from other financing uses. Overall, the general fund balance decreased by \$189,192 for the year ended December 31, 2015.

Key financial highlights for the year ended December 31, 2014 are as follows:

- * Net position of the county decreased \$360,210 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$2,315,024.
- * Total revenues from all sources were \$6,332,221.
- * Total expenses were \$6,692,431.
- * The county's general fund had \$1,438,876 in total revenues and \$1,354,135 in total expenditures. There was a total of \$76,636 paid from other financing uses. Overall, the general fund balance increased by \$8,105 for the year ended December 31, 2014.

USING THIS ANNUAL REPORT

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

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

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 2015 and 2014?"

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

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

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

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

REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

Balance Sheet - Governmental Funds

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 2015, 2014 and 2013. A comparative analysis of county-wide data is presented for both current and prior years.

As indicated in the financial highlights above, the county's net position decreased by \$488,021 and \$360,210 for the years ended December 31, 2015 and 2014, respectively. Changes in net position may serve over time as a useful indicator of the county's financial position.

As of December 31, 2015 the county's net position of \$1,066,038 is segregated into three separate categories. Net investment in capital assets totals \$994,946. It should be noted that these assets are not available for future spending. The restricted component of net position is \$548,019 of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$476,927) which includes (\$716,252) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$239,325 is available to meet the county's ongoing obligations.

As of December 31, 2014 the county's net position of \$2,315,024 is segregated into three separate categories. Net investment in capital assets totals \$951,643. It should be noted that these assets are not available for future spending. The restricted component of net position is \$1,448,370 of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$84,988).

Table I
 Net Position
 As of December 31, 2015 and 2014
 (With comparative totals for December 31, 2013)

	2015	2014	2013
Assets			
Current Assets	1,603,838	1,965,015	2,147,343
Capital Assets (net of accumulated depreciation)	994,946	1,077,059	1,066,699
Total Assets	2,598,784	3,042,074	3,214,042
Deferred Outflows of Resources	139,139		
Liabilities			
Current Liabilities	13,293	140,086	446,032
Long-Term Liabilities	261,195	264,917	92,776
Net Pension Liability	715,686		
Total Liabilities	990,175	405,003	538,808
Deferred Inflows of Resources	681,711	322,046	
Net Position			
Net Investment in Capital Assets	994,946	951,643	884,189
Restricted	548,019	1,448,370	1,084,479
Unrestricted	(476,927)	(84,988)	706,567
Total Net Position	1,066,038	2,315,024	2,675,234

Table II shows the changes in net position for the fiscal years ended December 31, 2015, 2014 and 2013. A comparative analysis of county-wide data is presented for both current and prior years.

Table II
 Changes in Net Position
 As of December 31, 2015 and 2014
 (With comparative totals for December 31, 2013)

	2015	2014	2013
Revenues			
Program Revenues:			
Charges for Services	654,880	884,628	529,310
Operating Grants and Contributions	1,139,436	2,882,111	1,127,330
General Revenues:			
Property Taxes	1,571,446	1,763,706	1,718,612
Other Taxes	31,617	54,279	44,780
State Aid - Unrestricted	696,604	484,839	418,978
Interest Earnings and Other Revenue	202,443	262,658	173,379
Gain on Trade-in of Capital Assets			62,000
Total Revenues	4,296,426	6,332,221	4,074,388
Expenses			
General Government	1,282,219	1,141,424	958,459
Public Safety	544,461	536,299	447,801
Highways and Public Improve.	2,075,918	3,943,497	1,043,070
Health and Welfare	561,304	536,519	463,271
Culture and Recreation	22,465	22,791	21,956
Conser. and Economic Dvlpmnt.	182,279	154,939	182,495
Other	104,742	348,950	177,882
Interest on Long-Term Debt	11,059	8,011	8,420
Total Expenses	4,784,447	6,692,431	3,303,354
Net Change in Position	(488,021)	(360,210)	771,034

Property taxes constituted 37%, unrestricted state aid 16%, operating grants and contributions 27%, and charges for services made up 15% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2015.

General government constituted 27%, public safety 11%, highways and public improvement 43%, and health and welfare 12% of total expenses for governmental activities during the fiscal year ended December 31, 2015.

Property taxes constituted 28%, unrestricted state aid 8%, operating grants and contributions 46%, and charges for services made up 14% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2014.

General government constituted 17%, public safety 8%, highways and public improvement 59%, and health and welfare 8% of total expenses for governmental activities during the fiscal year ended December 31, 2014.

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

Table III

Total and Net Cost of Services
As of December 31, 2015

	Total Cost Year Ended December 31, 2015	Total Cost Year Ended December 31, 2015
General Government	1,282,219	1,221,059
Public Safety	544,461	331,819
Highways and Public Improvement	2,075,918	806,485
Health and Welfare	561,304	392,456
Culture and Recreation	22,465	22,465
Conservation and Economic Dvlpmnt.	182,279	117,435
Other	104,742	87,355
Interest on Long-Term Debt	11,059	11,059
Total Expenses	<u>4,784,447</u>	<u>2,990,132</u>

Total and Net Cost of Services
As of December 31, 2014

	Total Cost Year Ended December 31, 2014	Total Cost Year Ended December 31, 2014
General Government	1,141,424	907,368
Public Safety	536,299	320,681
Highways and Public Improvement	3,943,497	814,530
Health and Welfare	536,519	389,799
Culture and Recreation	22,791	22,791
Conservation and Economic Dvlpmnt.	154,939	129,386
Other	348,950	333,126
Interest on Long-Term Debt	8,011	8,011
Total Expenses	<u>6,692,431</u>	<u>2,925,692</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$4,299,554 and expenditures of \$4,877,563 for the year ended December 31, 2015. As of December 31, 2015, the unassigned fund balance of the county's general fund was \$497,187 and total unassigned fund balances for all of the county's governmental funds was \$255,954. The county's governmental funds had total revenue of \$6,332,754 and expenditures of \$6,715,785 for the year ended December 31, 2014. As of December 31, 2014, the unassigned fund balance of the county's general fund was \$664,530 and total unassigned fund balances for all the county's governmental funds was (\$70,591).

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal years 2015 and 2014, the county did not amend the general fund budget.

Actual revenue for the year ended December 31, 2015 was \$22,030 less than budgeted. Actual expenditures for the year ended December 31, 2015 were under budget by \$170,223. This variance was due mainly to the county overestimating public safety type and miscellaneous appropriations.

Actual revenue for the year ended December 31, 2014 was \$657 more than budgeted. Actual expenditures for the year ended December 31, 2014 were under budget by \$155,670. This variance was due mainly to the county overestimating general government type appropriations.

CAPITAL ASSETS

As of December 31, 2015 and 2014, the county had \$994,946 and \$1,077,059, respectively, invested in capital assets. Table IV shows the balances as of December 31, 2015, 2014 and 2013.

Table IV
 Capital Assets
 (Net of Accumulated Depreciation)
 As of December 31, 2015 and 2014
 (With comparative totals for December 31, 2013)

	2015	2014	2013
Buildings	97,515	100,991	104,467
Machinery and Vehicles	897,431	976,068	962,232
Total (net of depreciation)	994,946	1,077,059	1,066,699

As of December 31, 2015, this total represents a decrease of \$82,113 in capital assets from January 1, 2015. As of December 31, 2014, this total represents an increase of \$10,360 in capital assets from January 1, 2014.

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 10 to the audited financial statements which follow this analysis.

DEBT ADMINISTRATION

As of December 31, 2015, the county had \$268,643 in outstanding debt of which \$7,447 was due within one year. As of December 31, 2014, the county had \$400,201 in outstanding debt of which \$135,284 was due within one year. During fiscal year and 2014, the county issued two new long-term debt obligations:

Capital Lease Payable, in the amount of \$167,634. The county obtained funding for the purchase of a John Deere 772G Motorgrader. The county paid this lease off in 2015.

USDA Loan Payable, in the amount of \$234,012. The county obtained funding for the purpose of updating the electrical and lighting systems in the courthouse. This loan will have a final payment in March, 2036.

For a detailed breakdown of the long-term debt, readers are referred to Note 14 to the audited financial statements which follow this analysis.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the county's finances and to show the county's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Jeri Schmidt, County Auditor, Hettinger County, Mott, ND 58646.

HETTINGER COUNTY
Mott, North Dakota

Statement of Net Position
December 31, 2015

	Primary	Component Units		
	Governmental Activities	Water Resource District	Job Development Authority	Hettinger County Fair Association
ASSETS:				
Cash and Investments	1,494,151.67	331,756.47	114,670.48	29,404.10
Taxes Receivable	27,943.40	378.52	1,138.47	431.49
Due from County Treasurer		7,415.55	26,675.21	
Advance to Fair Board	10,000.00			
Advance to Fire Districts	71,742.50			
Economic Development Loan Receivable			11,250.00	
Capital Assets (net of accumulated depreciation):				
Buildings	97,515.00			
Machinery and Vehicles	897,431.00			
Total Capital Assets	994,946.00			
Total Assets	2,598,783.57	339,550.54	153,734.16	29,835.59
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Resources Related to Pensions	139,139.00			
LIABILITIES:				
Advance from Hettinger County				10,000.00
Interest Payable	5,846.19			
Long-Term Liabilities:				
Due Within One Year:				
USDA Loan Payable	7,446.94			
Due After One Year:				
USDA Loan Payable	216,697.59			
Compensated Absences	44,497.78			
Net Pension Liability	715,686.00			
Total Liabilities	990,174.50			10,000.00
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	542,005.55			
Changes in Resources Related to Pensions	139,705.00			
Total Deferred Inflows of Resources	681,710.55			10,000.00
NET POSITION:				
Net Investment in Capital Assets	994,946.00			
Restricted for:				
Special Purposes	548,018.84			
Unrestricted	(476,927.32)	339,550.54	153,734.16	19,835.59
Total Net Position	1,066,037.52	339,550.54	153,734.16	19,835.59

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Net Position
December 31, 2014

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Job Development Authority	Hettinger County Fair Association
ASSETS:				
Cash and Investments	1,830,352.75	345,173.87	115,146.27	23,145.16
Taxes Receivable	31,071.37	413.80	1,238.79	463.26
Due from County Treasurer		4,740.89	14,061.48	5,364.13
Advance to SWMCCC	10,000.00			
Advance to Fair Board	10,000.00			
Advances to Fire Districts	83,591.00			
Economic Development Loan Receivable			15,000.00	
Capital Assets (net of accumulated depreciation):				
Buildings	100,991.00			
Machinery and Vehicles	976,068.00			
Total Capital Assets	1,077,059.00			
Total Assets	3,042,074.12	350,328.56	145,446.54	28,972.55
LIABILITIES:				
Advance from Hettinger County				10,000.00
Interest Payable	4,801.69			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	125,416.32			
USDA Loan Payable	9,867.90			
Due After One Year:				
USDA Loan Payable	224,144.53			
Compensated Absences	40,772.91			
Total Liabilities	405,003.35			10,000.00
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	322,046.36			
NET POSITION:				
Net Investment in Capital Assets	951,642.68			
Restricted for:				
Special Purposes	1,448,369.69			
Unrestricted	(84,987.96)	350,328.56	145,446.54	18,972.55
Total Net Position	2,315,024.41	350,328.56	145,446.54	18,972.55

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Activities
For the Year Ended December 31, 2015

Net (Expense) Revenue and Changes in Net Position

	Program Revenues			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov't	Water Resource District	Job Development Authority	Hettinger County Fair Association
<u>Functions/Programs</u>							
<u>Primary Government:</u>							
<u>Governmental Activities:</u>							
General Government	1,282,219.23	24,864.60	36,296.00	(1,221,058.63)			
Public Safety	544,460.80	198,059.67	14,582.59	(331,818.54)			
Highways and Public Improve.	2,075,918.38	388,835.30	880,598.12	(806,484.96)			
Health and Welfare	561,303.73		168,847.65	(392,456.08)			
Culture and Recreation	22,465.07			(22,465.07)			
Conser. and Economic Dvlpmt.	182,278.85	43,120.00	21,724.30	(117,434.55)			
Other	104,742.20		17,387.17	(87,355.03)			
Interest on Long-Term Debt	11,058.64			(11,058.64)			
Total Governmental Activities	4,784,446.90	654,879.57	1,139,435.83	(2,990,131.50)			
<u>Component Units:</u>							
Water Resource District	78,951.15		37,985.00		(40,966.15)		
Job Development Authority	78,335.40					(78,335.40)	
Hettinger County Fair Association	108,347.19	70,466.70	9,098.99				(28,781.50)
Total Component Units	265,633.74	70,466.70	47,083.99		(40,966.15)	(78,335.40)	(28,781.50)

General Revenues:

Taxes:

Property taxes; levied for general purposes
Property taxes; levied for special purposes
Telecommunications taxes
Veterans tax credit
Homestead tax credit
State aid not restricted to specific program:
State aid distribution
Earnings on investments and other revenue

456,294.16	27,670.62	86,237.09	22,222.32
1,115,151.93			
25,373.53			
1,255.41			
4,988.30			
696,604.05		385.93	7,422.22
202,443.23	2,517.51		
<hr/>			
2,502,110.61	30,188.13	86,623.02	29,644.54
<hr/>			
(488,020.89)	(10,778.02)	8,287.62	863.04
<hr/>			
2,315,024.41	350,328.56	145,446.54	18,972.55
(760,966.00)			
<hr/>			
1,554,058.41	350,328.56	145,446.54	18,972.55
<hr/>			
1,066,037.52	339,550.54	153,734.16	19,835.59
<hr/>			
=====			

Total General Revenues

Change in Net Position

Net Position - January 1
Prior Period Adjustment, See Note 20

Net Position - January 1, as restated

Net Position - December 31

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Activities
For the Year Ended December 31, 2014

Net (Expense) Revenue and Changes in Net Position

	Program Revenues		Component Units			
	Charges for Services	Operating Grants and Contributions	Primary Gov't	Water Resource District	Job Development Authority	Hettinger County Fair Association
Expenses						
1,141,423.92	27,619.50	206,435.98	(907,368.44)			
536,299.28	202,887.47	12,730.60	(320,681.21)			
3,943,497.14	628,568.00	2,500,399.55	(814,529.59)			
536,519.05		146,719.93	(389,799.12)			
22,790.52			(22,790.52)			
154,939.41	25,552.96		(129,386.45)			
348,950.48		15,824.50	(333,125.98)			
8,011.04			(8,011.04)			
6,692,430.84	884,627.93	2,882,110.56	(2,925,692.35)			

Total Governmental Activities

Component Units:						
Water Resource District	43,227.67		(43,227.67)			
Job Development Authority	72,780.28			(72,780.28)		
Hettinger County Fair Association	79,226.19	48,572.18	13,895.00			(16,759.01)
Total Component Units	195,234.14	48,572.18	13,895.00	(43,227.67)	(72,780.28)	(16,759.01)

General Revenues:

Taxes:

Property taxes; levied for general purposes	472,222.74	24,588.49	73,586.45	27,237.65
Property taxes; levied for special purposes	1,291,483.34			
Telecommunications taxes	25,373.53			
Financial institution taxes	24,670.83			
Homestead tax credit	4,234.73			
State aid not restricted to specific program:				
State aid distribution	484,838.76			
Earnings on investments and other revenue	262,658.46	2,741.37	1,488.20	3,573.94

Total General Revenues

2,565,482.39 27,329.86 75,074.65 30,811.59

Change in Net Position

(360,209.96) (15,897.81) 2,294.37 14,052.58

Net Position - January 1

2,675,234.37 366,226.37 143,152.17 4,919.97

Net Position - December 31

2,315,024.41 350,328.56 145,446.54 18,972.55

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

HEITINGER COUNTY
Mott, North Dakota

Balance Sheet
Governmental Funds
December 31, 2015

Major Funds

	General	County Road and Bridge	Farm to Market Road	Highway Tax Distribution	Social Services	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
ASSETS:									
Cash and Investments	623,379.14			10.38	20,836.40	190,675.29	183,058.25	476,192.21	1,494,151.67
Taxes Receivable	7,467.44					173.60	1,441.92	16,461.87	27,943.40
Advance to Fair Board	10,000.00		2,332.43						10,000.00
Advances to Fire Districts	71,742.50	66.14							71,742.50
Interfund Receivables	146,013.84								146,013.84
Total Assets	858,602.92	66.14	2,332.43	10.38	20,836.40	190,848.89	184,500.17	492,654.08	1,749,851.41
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Interfund Payables	146,013.84								146,013.84
Deferred Inflows of Resources:									
Unavailable Revenue	279,673.65	90,583.57	2,332.43			173.60	5,815.04	191,370.66	569,948.95
Total Liabilities and Deferred Inflows of Resources	279,673.65	236,597.41	2,332.43			173.60	5,815.04	191,370.66	715,962.79
Fund Balances:									
Nonspendable:									
Advances to Other Entities	81,742.50								81,742.50
Restricted for:									
General Government								70,199.71	70,199.71
Public Safety								70,430.67	70,430.67
Highways and Public Improve.				10.38	20,836.40			104,144.22	104,154.60
Health and Welfare								1,588.45	22,424.85
Culture and Recreation								1,036.25	1,036.25
Conser. and Economic Dvlpmnt.								178,685.13	178,685.13
Emergency Services						190,675.29		58,585.87	190,675.29
Other Purposes	497,186.77	(236,531.27)						(4,701.75)	235,953.75
Unassigned									
Total Fund Balances	578,929.27	(236,531.27)		10.38	20,836.40	190,675.29	178,685.13	301,283.42	1,033,888.62
Total Liabilities, Deferred Inflows of Resources and Fund Balances	858,602.92	66.14	2,332.43	10.38	20,836.40	190,848.89	184,500.17	492,654.08	1,749,851.41

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

HETTINGER COUNTY
Mott, North Dakota

Balance Sheet
Governmental Funds
December 31, 2014

Major Funds

	General	County Road and Bridge	Farm to Market Road	Highway Tax Distribution	Social Services	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
ASSETS:									
Cash and Investments	79,728.47	665,974.09				190,146.90	129,277.45	765,225.84	1,830,352.75
Taxes Receivable	8,044.47	77.39	2,503.06			618.51	1,546.86	18,281.08	31,071.37
Advance to SMOCC	10,000.00								10,000.00
Advance to Fair Board	10,000.00								10,000.00
Advances to Fire Districts	83,591.00								83,591.00
Interfund Receivables	673,634.14								673,634.14
Total Assets	864,998.08	666,051.48	2,503.06	-0-	-0-	190,765.41	130,824.31	783,506.92	2,638,649.26
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Interfund Payables			442,675.92	66,790.08	95,606.29			68,561.85	673,634.14
Deferred Inflows of Resources:									
Unavailable Revenue	96,877.14	844.36	30,659.96			618.51	18,957.42	205,160.34	353,117.73
Total Liabilities and Deferred Inflows of Resources	96,877.14	844.36	473,335.88	66,790.08	95,606.29	618.51	18,957.42	273,722.19	1,026,751.87
Fund Balances:									
Nonspendable:	103,591.00								103,591.00
Advances to Other Entities								206,465.16	206,465.16
Restricted for:								146,835.98	146,835.98
General Government								157,343.64	822,550.76
Public Safety								36,774.24	36,774.24
Highways and Public Improve.		665,207.12						1,704.35	11,866.89
Health and Welfare									190,146.90
Culture and Recreation									62,553.25
Conser. and Economic Dvlpmnt.									(101,891.89)
Emergency Services									
Other Purposes	664,529.94		(470,832.82)	(66,790.08)	(95,606.29)				
Unassigned									
Total Fund Balances	768,120.94	665,207.12	(470,832.82)	(66,790.08)	(95,606.29)	190,146.90	111,866.89	509,784.73	1,611,897.39
Total Liabilities, Deferred Inflows of Resources and Fund Balances	864,998.08	666,051.48	2,503.06	-0-	-0-	190,765.41	130,824.31	783,506.92	2,638,649.26

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

HETTINGER COUNTY
Mott, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2015

Total Fund Balances for Governmental Funds		1,033,888.62
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	2,379,687.00	
Less Accumulated Depreciation	(1,384,741.00)	
	<hr/>	
Net Capital Assets		994,946.00
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		27,943.40
The deferred outflows and inflows or resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.		
Total Deferred Outflows of Resources	139,139.00	
Total Deferred Inflows of Resources	(139,705.00)	
	<hr/>	
Net Deferred Outflows/Inflows of Resources		(566.00)
Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2015 are:		
USDA Loan Payable	(224,144.53)	
Compensated Absences Payable	(44,497.78)	
Interest Payable	(5,846.19)	
Net Pension Liability	(715,686.00)	
	<hr/>	
Total Long-Term Liabilities		(990,174.50)
		<hr/>
Total Net Position of Governmental Activities		1,066,037.52
		<hr/> <hr/>

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

HETTINGER COUNTY
Mott, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2014

Total Fund Balances for Governmental Funds		1,611,897.39
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	2,273,145.00	
Less Accumulated Depreciation	(1,196,086.00)	
Net Capital Assets		1,077,059.00
Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		31,071.37
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, 2014 are:		
Capital Leases Payable	(125,416.32)	
USDA Loan Payable	(234,012.43)	
Interest Payable	(4,801.69)	
Compensated Absences Payable	(40,772.91)	
Total Long-Term Liabilities		(405,003.35)
Total Net Position of Governmental Activities		2,315,024.41
		=====

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	Major Funds							Total Governmental Funds	
	General	County Road and Bridge	Farm to Market Road	Highway Tax Distribution	Social Services	Emergency	Weed Control		Other Governmental Funds
Revenues:									
Taxes	481,129.47	7,348.37	132,097.37			528.39	82,803.63	896,040.36	1,599,947.59
Licenses, Permits and Fees	4,046.00								4,046.00
Intergovernmental	595,319.02	522.52	459,792.16	439,984.13	168,847.65		33,583.37	140,188.74	1,838,237.59
Charges for Services	190,741.28	388,835.30					43,120.00	32,182.99	654,879.57
Miscellaneous	23,581.35	115,059.53		4,969.53			5,051.00	53,781.82	202,443.23
Total Revenues	1,294,817.12	511,765.72	591,889.53	444,953.66	168,847.65	528.39	164,558.00	1,122,193.91	4,299,553.98
Expenditures:									
Current:									
General Government	975,066.41							348,303.69	1,323,370.10
Public Safety	357,275.49							161,520.22	518,795.71
Highways and Public Improve.			940,980.87	546,191.36	556,950.73			71,234.50	1,913,580.32
Health and Welfare								22,465.07	22,465.07
Culture and Recreation	7,084.55						97,739.76	75,993.95	180,818.26
Conser. and Economic Dvlpmnt.	25,581.50							79,160.70	104,742.20
Other	31,142.00	80,400.00							111,542.00
Capital Outlay									
Debt Service:									
Principal		125,416.32						9,867.90	135,284.22
Interest		4,590.04						5,424.10	10,014.14
Total Expenditures	1,396,149.95	565,579.95	940,980.87	546,191.36	556,950.73	528.39	97,739.76	773,970.13	4,877,562.75
Excess (Deficiency) of Revenues Over Expenditures	(101,332.83)	(53,814.23)	(349,091.34)	(101,237.70)	(388,103.08)	528.39	66,818.24	348,223.78	(578,008.77)

<u>Other Financing Sources (Uses):</u>						
Transfers In	143,711.34	819,924.16	168,038.16	504,545.77	203,570.18	1,839,789.61
Transfers Out	(231,570.18)	(847,924.16)			(760,295.27)	(1,839,789.61)
Total Other Financing Sources (Uses)	(87,858.84)	(847,924.16)	168,038.16	504,545.77	(556,725.09)	
Net Change in Fund Balances	(189,191.67)	470,832.82	66,800.46	116,442.69	528.39	(578,008.77)
Fund Balance - January 1	768,120.94	665,207.12	(66,790.08)	(95,606.29)	190,146.90	1,611,897.39
Fund Balance - December 31	578,929.27	(236,531.27)	10.38	20,836.40	190,675.29	1,033,888.62

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

Major Funds

	General	County Road and Bridge	Farm to Market Road	Highway Tax Distribution	Social Services	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	521,729.67	4,566.64	148,839.98			36,698.81	92,996.55	1,009,451.91	1,814,283.56
Licenses, Permits and fees	2,375.00								2,375.00
Intergovernmental	702,631.16	13.91	2,037,980.72	462,991.16	146,719.93	141.74	2,410.04	18,295.39	3,371,184.05
Charges for Services	193,580.88	628,568.00					25,552.96	34,551.09	882,252.93
Miscellaneous	18,559.26	19,323.71	186,757.59	31.36				37,986.54	262,658.46
Total Revenues	1,438,875.97	652,472.26	2,375,578.29	463,022.52	146,719.93	36,840.55	120,959.55	1,100,284.93	6,332,754.00
Expenditures:									
Current:									
General Government	777,857.00							347,649.11	1,125,506.11
Public Safety	436,441.46							69,229.34	505,670.80
Highways and Public Improve.		80,443.76	3,019,320.56	693,131.08				19,706.00	3,812,601.40
Health and Welfare					532,166.05				532,166.05
Culture and Recreation	8,737.44							22,790.52	22,790.52
Conser. and Economic Dvlpmnt.	75,098.70						71,835.55	73,342.58	153,915.57
Other	56,000.00							273,851.78	348,950.48
Capital Outlay								28,178.00	84,178.00
Debt Service:									
Principal		125,321.74							125,321.74
Interest		4,684.62							4,684.62
Total Expenditures	1,354,134.60	210,450.12	3,019,320.56	693,131.08	532,166.05	71,835.55	834,747.33	6,715,785.29	
Excess (Deficiency) of Revenues Over Expenditures	84,741.37	442,022.14	(645,742.27)	(230,108.56)	(385,446.12)	36,840.55	49,124.00	265,537.60	(383,031.29)

<u>Other Financing Sources (Uses):</u>							
Transfers In	3,754.95	100,000.00	297,000.00	89,975.25	490,730.20		
Transfers Out	(80,391.33)	(2,694.63)	(5,602.71)	(402,041.53)	(490,730.20)		
Proceeds from USDA Loan				234,012.43	234,012.43		
Total Other Financing Sources (Uses)	(76,636.38)	97,305.37	291,397.29	(78,053.85)	234,012.43		
Net Change in Fund Balances	8,104.99	442,022.14	(645,742.27)	(94,048.83)	49,124.00	187,483.75	(149,018.86)
Fund Balance - January 1	760,015.95	223,184.98	174,909.45	66,013.11	62,742.89	322,300.98	1,760,916.25
Fund Balance - December 31	768,120.94	665,207.12	(470,832.82)	(66,790.08)	111,866.89	509,784.73	1,611,897.39

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

HETTINGER COUNTY
Mott, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds (578,008.77)

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	111,542.00	
Current Year Depreciation Expense	(193,655.00)	(82,113.00)

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

Debt Proceeds	0.00	
Repayment of Debt	135,284.22	135,284.22

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

Net Increase in Interest Payable	(1,044.50)	
Net Increase in Compensated Absences	(3,724.87)	
Net Decrease to Pension Expense	44,714.00	39,944.63

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

Net Decrease in Taxes Receivable		(3,127.97)
----------------------------------	--	------------

Change in Net Position of Governmental Activities (488,020.89)

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

HETTINGER COUNTY
Mott, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds (149,018.86)

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	84,178.00	
Current Year Depreciation Expense	(143,825.09)	(59,647.09)

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

Debt Proceeds	(234,012.43)	
Repayment of Debt	125,321.74	(108,690.69)

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

Net Increase in Interest Payable	(1,547.29)	
Net Increase in Compensated Absences	(40,772.91)	(42,320.20)

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

Net Decrease in Taxes Receivable		(533.12)
----------------------------------	--	----------

Change in Net Position of Governmental Activities		(360,209.96)
---	--	--------------

=====

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2015

	Agency Funds
<u>Assets:</u>	
Cash and Investments	917,492.64
	=====
<u>Liabilities:</u>	
Due to Other Governments	917,492.64
	=====

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

HETTINGER COUNTY
Mott, North Dakota

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2014

	Agency Funds
<u>Assets:</u>	
Cash and Investments	606,309.15
	=====
<u>Liabilities:</u>	
Due to Other Governments	606,309.15
	=====

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

HETTINGER COUNTY
Mott, North Dakota

Notes to the Financial Statements
December 31, 2015 and 2014

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

Hettinger County Job Development Authority: The Hettinger County Job Development Authority's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the job development authority budget. The job development authority has the authority to issue its own debt.

Hettinger County Fair Association: The Hettinger County Fair Association's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the fair association budget. The fair association has the authority to issue its own debt.

The financial statements of each of the three discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Hettinger County Auditor, 336 Pacific Avenue, Mott, ND 58646.

B. Basis of Presentation

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

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

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

The county reports the following major governmental funds:

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

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

Farm to Market Road. This fund accounts for a special levy used for the maintenance and repair of federal aid farm to market roads within the county.

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

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

Emergency. This fund accounts for a special levy used for the purpose of providing funds for emergency purposes.

Weed Control. This fund accounts for a special levy used for the purpose of providing funds for weed control in the county.

The county reports the following fund type:

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

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the county as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during 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	40 to 100 years
Machinery and Vehicles	5 to 10 years

F. Compensated Absences

Vested or accumulated vacation and sick leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. The employees may carry forward a maximum of 160 hours of accrued annual leave

All employees will be paid up to 60 days of accumulated unused sick leave upon termination of employment or retirement. Employees with over ten years of continuous employment service will receive \$10 per day payment up to 60 days. Those employees with over twenty years of continuous employment service will receive \$20 per day payment up to 60 days.

G. Long-Term Obligations

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

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

H. Pension

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

I. Fund Equity

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

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

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

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

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

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

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

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

- * Committed
- * Assigned
- * Unassigned

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

J. Interfund Transactions

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

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

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

K. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2015 the county's carrying amount of deposits was \$2,373,123 and the bank balance was \$2,458,160. Of the bank balance, \$350,000 was covered by Federal Depository Insurance. The remaining balance of \$2,108,160 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2014 the county's carrying amount of deposits was \$2,399,562 and the bank balance was \$2,483,765. Of the bank balance, \$350,000 was covered by Federal Depository Insurance. The remaining balance of \$2,133,765 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2015 the county held certificates of deposit in the amount of \$520,983, which are all considered deposits.

At December 31, 2014 the county held certificates of deposit in the amount of \$520,983, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 TAXES RECEIVABLE

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

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

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

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

Note 4 DUE FROM COUNTY TREASURER

The amount due from county treasurer consists of the cash on hand for taxes collected but not remitted to the Water Resource District, Job Development Authority and Fair Association.

Note 5 ADVANCE TO SOUTHWEST MULTI-COUNTY CORRECTION CENTER

This amount consists of a loan to the Southwest Multi-County Correction Center from the general fund for the construction of Administrative Segregation cells at the DWCR facility of the SWMCCC. The general fund is not charging interest and the SWMCCC is repaying the loan as funds become available.

Note 6 ADVANCE TO FAIR BOARD

This amount consists of a loan to the Hettinger County Fair Association from the general fund for the purpose of electrical wiring at the fairgrounds. The general fund is not charging interest and the fair board is repaying the loan as funds become available.

Note 7 ADVANCES TO RURAL FIRE DISTRICTS

This amount consists of loans to the New England Rural Fire District and Regent Rural Fire District from the general fund for the purpose of fire hall improvements. The general fund is not charging interest and the rural fire districts are repaying the loans as funds become available.

Note 8 ECONOMIC DEVELOPMENT LOAN RECEIVABLE

This amount consists of a loan to the Regent Development Corporation. This loan will be repaid as funds become available.

Note 9 INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables are created by a negative cash balance in various funds. The amounts shown as interfund payables represent the amount of negative cash in the funds. Interfund receivables/payables for the years ended December 31, 2015 and 2014 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
<u>December 31, 2015</u>		
General Fund	146,013.84	
County Road and Bridge		146,013.84
<u>December 31, 2014</u>		
General Fund	673,634.14	
Farm to Market Road		442,675.92
Highway Tax Distribution		66,790.08
Social Services		95,606.29
County Agent		13,099.73
Comprehensive Health Care		55,462.12

Note 10 CAPITAL ASSETS

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

	<u>2015</u>			
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings and Infrastructure	244,300			244,300
Machinery and Vehicles	2,028,845	111,542	5,000	2,135,387
Total	<u>2,273,145</u>	<u>111,542</u>	<u>5,000</u>	<u>2,379,687</u>
<i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	143,309	3,476		146,785
Machinery and Vehicles	1,052,777	190,179	5,000	1,237,956
Total	<u>1,196,086</u>	<u>193,655</u>	<u>5,000</u>	<u>1,384,741</u>
Governmental Activities Capital Assets, Net	<u>1,077,059</u>	<u>(82,113)</u>	<u>-0-</u>	<u>994,946</u>

2014

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>January 1</u>			<u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings and Infrastructure	244,300			244,300
Machinery and Vehicles	1,985,867	342,678	299,700	2,028,845
Total	2,230,167	342,678	299,700	2,273,145
 <i>Less accumulated depreciation for:</i>				
Buildings and Infrastructure	139,833	3,476		143,309
Machinery and Vehicles	1,023,635	181,122	151,980	1,052,777
Total	1,163,468	184,598	151,980	1,196,086
 Governmental Activities Capital Assets, Net	 1,066,699	 158,080	 147,720	 1,077,059
	=====	=====	=====	=====

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

	<u>2015</u>	<u>2014</u>
<u>Governmental Activities:</u>		
General Government	2,115	2,115
Public Safety	25,458	21,990
Highways and Public Improve.	160,664	155,075
Health and Welfare	4,353	4,353
Cons. and Econ Dev.	1,065	1,065
 Total	 193,655	 184,598
	=====	=====

Note 11 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consists of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

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

Note 12 ADVANCE FROM HETTINGER COUNTY

This amount consists of a loan to the Hettinger County Fair Association for the purpose of electrical wiring at the fairgrounds. The general fund is not charging interest and the fair board is repaying the loan as funds become available.

Note 13 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31.

Note 14 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2015 and 2014, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2015</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases Payable	125,416		125,416		
USDA Loan Payable	234,012		9,867	224,145	7,447
Compensated Absences *	40,773	3,725		44,498	
Total	<u>400,201</u>	<u>3,725</u>	<u>135,283</u>	<u>268,643</u>	<u>7,447</u>

	<u>2014</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases Payable	182,510	167,634	224,728	125,416	125,416
USDA Loan Payable		234,012		234,012	9,868
Compensated Absences *		40,773		40,773	
Total	<u>182,510</u>	<u>442,419</u>	<u>224,728</u>	<u>400,201</u>	<u>135,284</u>

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

Outstanding debt at December 31, 2015 consists of the following:

Governmental Activities:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2015, is as follows:

USDA Loan Payable. The city has received a Rural Development loan through the United States Dept. of Agriculture for the purpose of updating the electrical and lighting systems in the county courthouse.

\$234,012.43 Rural Development loan, due in annual installments of \$15,292.00 through March 3, 2035 and a final payment of \$5,872.35 on March 3, 2036; payments include interest at 3.5%.

224,144.53
=====

The annual requirements to amortize the outstanding rural development loan payable are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	7,446.94	7,845.06
2017	7,707.58	7,584.42
2018	7,977.35	7,314.65
2019	8,256.56	7,035.44
2020	8,545.54	6,746.46
2021-2025	47,429.03	29,030.97
2026-2030	56,330.81	20,129.19
2031-2035	66,903.31	9,556.69
2036	13,547.41	474.16
Total	224,144.53	95,717.04

Component Unit Debt

Changes in Long-Term Liabilities. During the year ended December 31, 2014, the following changes occurred in liabilities reported in the long-term liabilities - Component Unit:

	<u>2014</u>				
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Bank Loan Payable	5,103	-0-	5,103	-0-	-0-

Note 15 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2015</u>		
Social Services	504,545.77	
General		148,000.00
Poor Relief		355,719.24
Emergency Poor		826.53
County Agent	32,890.16	
General		32,890.16
Emergency 9-1-1	6,313.50	
General		6,313.50

Farm to Market Road	269,924.16	
County Road and Bridge		269,924.16
Highway Tax Distribution	28,000.00	
Farm to Market Road	550,000.00	
County Road and Bridge		578,000.00
Highway Tax Distribution	140,038.16	
County Road		140,038.16
Comprehensive Health Care	120,000.00	
Social Security		120,000.00
Comprehensive Health Care	44,366.52	
General		44,366.52
To subsidize expenditures.		
General	143,711.34	
Social Security		73,392.76
Advertising		3,155.28
Insurance Reserve		43,625.70
County Park District		2,293.08
Regional Correction Center		21,244.52
To close funds.		
<u>December 31, 2014</u>		
Social Services	297,000.00	
Poor Relief		297,000.00
General	3,754.95	
Flex Compensation		1,842.45
Emergency 9-1-1		1,912.50
Highway Tax Distribution	100,000.00	
County Road		100,000.00
County Agent	20,000.00	
Comprehensive Health Care	40,000.00	
General		60,000.00
To subsidize expenditures.		
Flex Compensation	29,975.25	
General		20,391.33
Highway Tax Distribution		2,694.63
Social Services		5,602.71
County Agent		1,286.58
To transfer funds for employee benefits.		

Note 16 DEFICIT FUND BALANCES

The following funds had deficit balances at December 31:

	<u>2015</u>	<u>2014</u>
<u>Special Revenue Funds</u>		
County Road and Bridge	(236,531.27)	
Farm to Market Road		(470,832.82)
Highway Tax Distribution		(66,790.08)
Social Services		(95,606.29)
County Agent	(4,701.75)	(24,896.71)
Comprehensive Health Care		(76,995.18)
<u>Agency Fund</u>		
Game and Fish		(1,817.06)

The county plans to eliminate these deficits with future revenue collections.

Note 17 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Hettinger County Senior Citizens and Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2015 and 2014, the county remitted \$65,898.75 and \$48,702.71 to the Senior Citizens and \$4,465.07 and \$4,790.52 to the Historical Society, respectively.

Note 18 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$2,062,856 for public assets.

The county also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a blanket fidelity bond coverage in the amount of \$1,646,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

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

Note 19 PENSION PLAN

North Dakota Public Employees Retirement System (Main System)

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

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

Responsibility for administration of the NDPERS benefits program is assigned to a Board comprised of 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 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.

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, Hettinger County reported a liability of \$715,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015 the county's proportion was .112756 percent.

For the year ended December 31, 2015 the county recognized pension expense of \$44,714. At December 31, 2015 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources -----	Deferred Inflows of Resources -----
Differences between expected and actual experience	23,204	
Net difference between projected and actual earnings on pension plan investments		139,705
County contributions subsequent to the measurement date (see below)	115,935	
Total	----- 139,139 -----	----- 139,705 -----

\$115,935 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

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

Year ended June 30: -----	
2016	(29,989)
2017	(29,989)
2018	(29,989)
2019	(29,989)
2020	3,456
Thereafter	0

Actuarial assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.85% per annum for four years, then 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, 2014, 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 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%	1.55%
International Equity Income	5%	0.90%
Global Real Assets	20%	5.38%
Cash Equivalents	5%	0.00%

Discount rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2014. 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, 2014, 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, 2014. 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, 2014.

Sensitivity of the county's proportionate share of the net pension liability to changes in the discount rate. The following presents the county's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
The county's proportionate share of the net pension liability	1,103,800	715,686	391,170

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

Note 20 PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the Governmental Activities. This adjustment was made to account for the county's net pension liability less it's deferred outflows of resources at December 31, 2014.

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	512,447.40	512,447.40	481,129.47	(31,317.93)
Licenses, Permits and Fees			4,046.00	4,046.00
Intergovernmental	532,500.00	532,500.00	595,319.02	62,819.02
Charges for Services	200,500.00	200,500.00	190,741.28	(9,758.72)
Miscellaneous	71,400.00	71,400.00	23,581.35	(47,818.65)
Total Revenues	1,316,847.40	1,316,847.40	1,294,817.12	(22,030.28)
Expenditures:				
Current:				
General Government	918,065.34	918,065.34	975,066.41	(57,001.07)
Public Safety	524,536.00	524,536.00	357,275.49	167,260.51
Conservation and Economic Development	6,950.00	6,950.00	7,084.55	(134.55)
Other	116,821.16	116,821.16	25,581.50	91,239.66
Capital Outlay			31,142.00	(31,142.00)
Total Expenditures	1,566,372.50	1,566,372.50	1,396,149.95	170,222.55
Excess (Deficiency) of Revenues Over Expenditures	(249,525.10)	(249,525.10)	(101,332.83)	148,192.27
Other Financing Sources (Uses):				
Transfers In			143,711.34	143,711.34
Transfers Out			(231,570.18)	(231,570.18)
Total Other Financing Sources (Uses)			(87,858.84)	(87,858.84)
Net Change in Fund Balances	(249,525.10)	(249,525.10)	(189,191.67)	60,333.43
Fund Balance - January 1	768,120.94	768,120.94	768,120.94	
Fund Balance - December 31	518,595.84	518,595.84	578,929.27	60,333.43

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	641,952.33	641,952.33	521,729.67	(120,222.66)
Licenses, Permits and Fees			2,375.00	2,375.00
Intergovernmental	571,216.56	571,216.56	702,631.16	131,414.60
Charges for Services	202,350.00	202,350.00	193,580.88	(8,769.12)
Miscellaneous	22,700.00	22,700.00	18,559.26	(4,140.74)
Total Revenues	1,438,218.89	1,438,218.89	1,438,875.97	657.08
Expenditures:				
Current:				
General Government	892,954.89	892,954.89	777,857.00	115,097.89
Public Safety	494,450.00	494,450.00	436,441.46	58,008.54
Conservation and Economic Development	7,100.00	7,100.00	8,737.44	(1,637.44)
Other	115,300.00	115,300.00	75,098.70	40,201.30
Capital Outlay			56,000.00	(56,000.00)
Total Expenditures	1,509,804.89	1,509,804.89	1,354,134.60	155,670.29
Excess (Deficiency) of Revenues Over Expenditures	(71,586.00)	(71,586.00)	84,741.37	156,327.37
Other Financing Sources (Uses):				
Transfers In			3,754.95	3,754.95
Transfers Out	(100,000.00)	(100,000.00)	(80,391.33)	19,608.67
Total Other Financing Sources (Uses)	(100,000.00)	(100,000.00)	(76,636.38)	23,363.62
Net Change in Fund Balances	(171,586.00)	(171,586.00)	8,104.99	179,690.99
Fund Balance - January 1	760,015.95	760,015.95	760,015.95	
Fund Balance - December 31	588,429.95	588,429.95	768,120.94	179,690.99

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	4,200.00	4,200.00	7,348.37	3,148.37
Intergovernmental			522.52	522.52
Charges for Services	317,000.00	317,000.00	388,835.30	71,835.30
Miscellaneous	10,000.00	10,000.00	115,059.53	105,059.53
Total Revenues	331,200.00	331,200.00	511,765.72	180,565.72
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	400,000.00	400,000.00	355,173.59	44,826.41
Capital Outlay			80,400.00	(80,400.00)
Debt Service:				
Principal			125,416.32	(125,416.32)
Interest			4,590.04	(4,590.04)
Total Expenditures	400,000.00	400,000.00	565,579.95	(165,579.95)
Excess (Deficiency) of Revenues Over Expenditures	(68,800.00)	(68,800.00)	(53,814.23)	14,985.77
<u>Other Financing (Uses):</u>				
Transfers Out			(847,924.16)	(847,924.16)
Net Change in Fund Balances	(68,800.00)	(68,800.00)	(901,738.39)	(832,938.39)
Fund Balance - January 1	665,207.12	665,207.12	665,207.12	
Fund Balance - December 31	596,407.12	596,407.12	(236,531.27)	(832,938.39)

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
County Road and Bridge Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	47,241.60	47,241.60	4,566.64	(42,674.96)
Intergovernmental	8.00	8.00	13.91	5.91
Charges for Services	295,500.00	295,500.00	628,568.00	333,068.00
Miscellaneous	10,000.00	10,000.00	19,323.71	9,323.71
Total Revenues	352,749.60	352,749.60	652,472.26	299,722.66
Expenditures:				
Current:				
Highways and Public Improve.	350,000.00	350,000.00	80,443.76	269,556.24
Debt Service:				
Principal			125,321.74	(125,321.74)
Interest			4,684.62	(4,684.62)
Total Expenditures	350,000.00	350,000.00	210,450.12	139,549.88
Net Change in Fund Balances	2,749.60	2,749.60	442,022.14	439,272.54
Fund Balance - January 1	223,184.98	223,184.98	223,184.98	
Fund Balance - December 31	225,934.58	225,934.58	665,207.12	439,272.54

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Farm to Market Road Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	152,927.64	152,927.64	132,097.37	(20,830.27)
Intergovernmental	4.00	4.00	459,792.16	459,788.16
Miscellaneous	10,000.00	10,000.00		(10,000.00)
Total Revenues	162,931.64	162,931.64	591,889.53	428,957.89
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	146,000.00	146,000.00	940,980.87	(794,980.87)
Excess (Deficiency) of Revenues Over Expenditures	16,931.64	16,931.64	(349,091.34)	(366,022.98)
<u>Other Financing Sources:</u>				
Transfers In			819,924.16	819,924.16
Net Change in Fund Balances	16,931.64	16,931.64	470,832.82	453,901.18
Fund Balance - January 1	(470,832.82)	(470,832.82)	(470,832.82)	
Fund Balance - December 31	(453,901.18)	(453,901.18)	-0-	453,901.18

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Farm to Market Road Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	328,413.93	328,413.93	148,839.98	(179,573.95)
Intergovernmental	4.00	4.00	2,037,980.72	2,037,976.72
Miscellaneous	10,000.00	10,000.00	186,757.59	176,757.59
Total Revenues	338,417.93	338,417.93	2,373,578.29	2,035,160.36
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	350,000.00	350,000.00	3,019,320.56	(2,669,320.56)
Net Change in Fund Balances	(11,582.07)	(11,582.07)	(645,742.27)	(634,160.20)
Fund Balance - January 1	174,909.45	174,909.45	174,909.45	
Fund Balance - December 31	163,327.38	163,327.38	(470,832.82)	(634,160.20)

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	460,000.00	460,000.00	439,984.13	(20,015.87)
Miscellaneous			4,969.53	4,969.53
Total Revenues	460,000.00	460,000.00	444,953.66	(15,046.34)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	450,000.00	450,000.00	546,191.36	(96,191.36)
Excess (Deficiency) of Revenues Over Expenditures	10,000.00	10,000.00	(101,237.70)	(111,237.70)
<u>Other Financing Sources:</u>				
Transfers In			168,038.16	168,038.16
Net Change in Fund Balances	10,000.00	10,000.00	66,800.46	56,800.46
Fund Balance - January 1	(66,790.08)	(66,790.08)	(66,790.08)	
Fund Balance - December 31	(56,790.08)	(56,790.08)	10.38	56,800.46

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	460,000.00	460,000.00	462,991.16	2,991.16
Miscellaneous			31.36	31.36
Total Revenues	460,000.00	460,000.00	463,022.52	3,022.52
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	450,000.00	450,000.00	693,131.08	(243,131.08)
Excess (Deficiency) of Revenues Over Expenditures	10,000.00	10,000.00	(230,108.56)	(240,108.56)
<u>Other Financing Sources (Uses):</u>				
Transfers In			100,000.00	100,000.00
Transfers Out			(2,694.63)	(2,694.63)
Total Other Financing Sources (Uses)			97,305.37	97,305.37
Net Change in Fund Balances	10,000.00	10,000.00	(132,803.19)	(142,803.19)
Fund Balance - January 1	66,013.11	66,013.11	66,013.11	
Fund Balance - December 31	76,013.11	76,013.11	(66,790.08)	(142,803.19)

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Social Services Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	160,000.00	160,000.00	168,847.65	8,847.65
<u>Expenditures:</u>				
Current:				
Health and Welfare	525,000.00	525,000.00	556,950.73	(31,950.73)
Excess (Deficiency) of Revenues Over Expenditures	(365,000.00)	(365,000.00)	(388,103.08)	(23,103.08)
<u>Other Financing Sources:</u>				
Transfers In			504,545.77	504,545.77
Net Change in Fund Balances	(365,000.00)	(365,000.00)	116,442.69	481,442.69
Fund Balance - January 1	(95,606.29)	(95,606.29)	(95,606.29)	
Fund Balance - December 31	(460,606.29)	(460,606.29)	20,836.40	481,442.69

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Social Services Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	160,000.00	160,000.00	146,719.93	(13,280.07)
<u>Expenditures:</u>				
Current:				
Health and Welfare	525,000.00	525,000.00	532,166.05	(7,166.05)
Excess (Deficiency) of Revenues Over Expenditures	(365,000.00)	(365,000.00)	(385,446.12)	(20,446.12)
<u>Other Financing Sources (Uses):</u>				
Transfers In			297,000.00	297,000.00
Transfers Out			(5,602.71)	(5,602.71)
Total Other Financing Sources (Uses)			291,397.29	291,397.29
Net Change in Fund Balances	(365,000.00)	(365,000.00)	(94,048.83)	270,951.17
Fund Balance - January 1	(1,557.46)	(1,557.46)	(1,557.46)	
Fund Balance - December 31	(366,557.46)	(366,557.46)	(95,606.29)	270,951.17

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Emergency Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes			528.39	528.39
Fund Balance - January 1	190,146.90	190,146.90	190,146.90	
Fund Balance - December 31	190,146.90	190,146.90	190,675.29	528.39

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Emergency Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	62,738.94	62,738.94	36,698.81	(26,040.13)
Intergovernmental	70.00	70.00	141.74	71.74
Total Revenues	62,808.94	62,808.94	36,840.55	(25,968.39)
<u>Expenditures:</u>				
Other	60,000.00	60,000.00		60,000.00
Net Change in Fund Balances	2,808.94	2,808.94	36,840.55	34,031.61
Fund Balance - January 1	153,306.35	153,306.35	153,306.35	
Fund Balance - December 31	156,115.29	156,115.29	190,146.90	34,031.61

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Weed Control Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	95,631.72	95,631.72	82,803.63	(12,828.09)
Intergovernmental	19,175.00	19,175.00	33,583.37	14,408.37
Charges for Services	40,000.00	40,000.00	43,120.00	3,120.00
Miscellaneous			5,051.00	5,051.00
Total Revenues	154,806.72	154,806.72	164,558.00	9,751.28
<u>Expenditures:</u>				
Current:				
Conservation and Economic Development	183,800.00	183,800.00	97,739.76	86,060.24
Net Change in Fund Balances	(28,993.28)	(28,993.28)	66,818.24	95,811.52
Fund Balance - January 1	111,866.89	111,866.89	111,866.89	
Fund Balance - December 31	82,873.61	82,873.61	178,685.13	95,811.52

HETTINGER COUNTY
Mott, North Dakota

Budgetary Comparison Schedule
Weed Control Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	163,292.15	163,292.15	92,996.55	(70,295.60)
Intergovernmental	15,175.00	15,175.00	2,410.04	(12,764.96)
Charges for Services	40,000.00	40,000.00	25,552.96	(14,447.04)
Total Revenues	218,467.15	218,467.15	120,959.55	(97,507.60)
Expenditures:				
Current:				
Conservation and Economic Development	183,800.00	183,800.00	71,835.55	111,964.45
Net Change in Fund Balances	34,667.15	34,667.15	49,124.00	14,456.85
Fund Balance - January 1	62,742.89	62,742.89	62,742.89	
Fund Balance - December 31	97,410.04	97,410.04	111,866.89	14,456.85

HETTINGER COUNTY
Mott, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2015 and 2014

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

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

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

Note 2 LEGAL COMPLIANCE

The governing board did not amend the budgets during the years ended December 31, 2015 and 2014.

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
<u>Special Revenue Funds</u>		
County Road and Bridge	165,579.95	
Farm to Market Road	794,980.87	2,669,320.56
Highway Tax Distribution	96,191.36	243,131.08
Social Services	31,950.73	7,166.05
+ Unorganized Township Road	51,845.35	19,706.00
Veterans Service Officer	1,061.95	
County Agent		5,286.08
Insurance Reserve		1,722.00
* Abandoned Cemeteries	200.00	
+ Flex Compensation		22,180.23
Senior Citizens	15,898.75	
Regional Correction Center	36,623.23	
* USDA Loan/Crt. House Ren.	15,292.00	213,682.43

* A budget was not prepared for these funds.

+ A budget was not prepared for these funds for the year ended December 31, 2014.

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

HETTINGER COUNTY
Mott, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
Major Governmental Funds						
General Fund	753,362.61	1,500,039.16	143,711.34	231,570.18	1,396,149.95	769,392.98
County Road and Bridge	665,974.09	601,516.18		847,924.16	565,579.95	(146,013.84)
Farm to Market Road	(442,675.92)	563,732.63	819,924.16		940,980.87	
Highway Tax Distribution	(66,790.08)	444,953.66	168,038.16		546,191.36	10.38
Social Services	(95,606.29)	168,847.65	504,545.77		556,950.73	20,836.40
Emergency	190,146.90	528.39				190,675.29
Weed Control	129,277.45	151,520.56			97,739.76	183,058.25
Total Major Governmental Funds	1,133,688.76	3,431,138.23	1,636,219.43	1,079,494.34	4,103,592.62	1,017,959.46
Non-Major Governmental Funds						
Unorganized Township Road	132,240.55	50,694.24			71,234.50	111,700.29
Veterans Service Officer	15,755.74	10,960.30			13,061.95	13,654.09
Social Security	134,382.39	133,138.12		193,392.76	74,127.75	
Advertising	7,646.13	1,279.61		3,155.28	5,770.46	
County Agent	(13,099.73)	73,361.45	32,890.16		75,993.95	17,157.93
Poor Relief	95,735.26	390,154.07		355,719.24		130,170.09
Emergency Poor	826.53			826.53		
County Special Assessments	135.69					135.69
County Interest	42,045.15	4,011.95				46,057.10
Insurance Reserve	38,646.46	40,495.98		43,625.70	35,516.74	
Abandoned Cemeteries	787.71				200.00	587.71
Hazardous Chemicals	7,443.17					7,443.17
Flex Compensation	29,215.95	32,716.76			29,830.89	32,101.82
Emergency 9-1-1	54,388.00	32,182.99	6,313.50		29,896.99	62,987.50
County Park District	5,098.68	15,194.40		2,293.08	18,000.00	
Senior Citizens	13,847.98	65,503.09			65,898.75	13,452.32
County Historical Society	1,091.76	6,019.92			4,465.07	2,646.61
Regional Correction Center	97,528.74	55,339.01		21,244.52	131,623.23	
Comprehensive Health Care	(55,462.12)	94,153.45	164,366.52		203,057.85	
County Road	51,886.00	88,152.16		140,038.16		
USDA Loan/Courthouse Renovation	36,523.95	16,865.94			15,292.00	38,097.89
Total Non-Major Governmental Funds	696,663.99	1,110,223.44	203,570.18	760,295.27	773,970.13	476,192.21
Total Governmental Funds	1,830,352.75	4,541,361.67	1,839,789.61	1,839,789.61	4,877,562.75	1,494,151.67
Agency Funds						
Clerk of Court Trust	353.23					353.23
Mobile Home Tax	8,220.74					8,220.74
Tax Estimate	1,006.01	1,225.00			247.20	1,983.81
County Supt. Contingency	40.98					40.98
Extension	6,983.13	1,029.08			937.44	7,074.77
State Tax	4,089.56	21,567.44			19,123.59	6,533.41

(continued)

HETTINGER COUNTY
Mott, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2015
(continued)

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<u>Agency Funds (continued)</u>						
24/7 Sheriff Program	378.00	8,566.00			8,141.40	802.60
Game and Fish	(1,817.06)	9,914.07			7,885.00	212.01
Preservation	21,377.72	6,255.25			587.55	27,045.42
State Land Trust	1,489.08	1,563.40				3,052.48
Soil Conservation	8,732.01	58,857.13			54,290.44	13,298.70
Soil Conservation Ins. Reserve	1,266.27	6,542.31			7,714.99	93.59
Southwest District Health	20,537.71	117,520.10			115,030.64	23,027.17
Victim Witness	4,263.00					4,263.00
Sheriff Trust	9,943.71					9,943.71
County Gas and Oil	300.17					300.17
Aid to County Fair	5,364.13	22,787.73			28,151.86	
Job Development Authority	14,061.48	86,337.41			73,723.68	26,675.21
Southwest Water Authority	4,147.15	26,466.95			23,884.94	6,729.16
Water Resource District	4,740.89	27,705.90			25,031.24	7,415.55
Total Cities & City Park Districts	95,330.77	598,950.81			556,013.89	138,267.69
Total Townships	52,125.17	915,910.18			891,332.09	76,703.26
Total School Districts	323,523.68	1,986,922.93			1,786,555.86	523,890.75
Total Fire Protection Districts	19,851.62	127,483.68			115,770.07	31,565.23
Total Agency Funds	606,309.15	4,025,605.37			3,714,421.88	917,492.64
Total Primary Government	2,436,661.90	8,566,967.04	1,839,789.61	1,839,789.61	8,591,984.63	2,411,644.31
<u>Discretely Presented</u>						
<u>Component Units</u>						
Water Resource District	345,173.87	65,533.75			78,951.15	331,756.47
Job Development Authority	115,146.27	77,859.61			78,335.40	114,670.48
Hettinger County Fair Association	23,145.16	114,606.13			108,347.19	29,404.10
Total Discretely Presented Component Units	483,465.30	257,999.49			265,633.74	475,831.05
Total Reporting Entity	2,920,127.20	8,824,966.53	1,839,789.61	1,839,789.61	8,857,618.37	2,887,475.36

HETTINGER COUNTY
Mott, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2014

	Balance 1-1-14	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-14
Major Governmental Funds						
General Fund	829,653.41	1,438,071.18	3,754.95	80,391.33	1,437,725.60	753,362.61
County Road and Bridge	224,115.17	652,309.04			210,450.12	665,974.09
Farm to Market Road	204,877.96	2,371,766.68			3,019,320.56	(442,675.92)
Highway Tax Distribution	66,013.11	463,022.52	100,000.00	2,694.63	693,131.08	(66,790.08)
Social Services	(1,557.46)	146,719.93	297,000.00	5,602.71	532,166.05	(95,606.29)
Emergency	160,707.47	29,439.43				190,146.90
Weed Control	81,325.91	119,787.09			71,835.55	129,277.45
Total Major Governmental Funds	1,565,135.57	5,221,115.87	400,754.95	88,688.67	5,964,628.96	1,133,688.76
Non-Major Governmental Funds						
Unorganized Township Road	118,453.09	33,493.46			19,706.00	132,240.55
Veterans Service Officer	16,862.54	10,359.84			11,466.64	15,755.74
Social Security	45,155.87	159,452.32			70,225.80	134,382.39
Advertising	3,849.33	4,623.89			827.09	7,646.13
County Agent	(15,203.71)	56,733.14	20,000.00	1,286.58	73,342.58	(13,099.73)
Poor Relief	79,462.91	313,272.35		297,000.00		95,735.26
Emergency Poor	826.53					826.53
County Special Assessments	135.69					135.69
County Interest	37,146.80	4,898.35				42,045.15
Insurance Reserve	35,388.32	54,980.14			51,722.00	38,646.46
Abandoned Cemeteries	787.71					787.71
Hazardous Chemicals	6,330.67	1,112.50				7,443.17
Flex Compensation	23,263.38		29,975.25	1,842.45	22,180.23	29,215.95
Emergency 9-1-1	45,626.56	33,438.59		1,912.50	22,764.65	54,388.00
County Park District	4,823.97	18,274.71			18,000.00	5,098.68
Senior Citizens	9,203.37	53,347.32			48,702.71	13,847.98
County Historical Society	1,165.24	4,717.04			4,790.52	1,091.76
Regional Correction Center	46,484.91	97,508.52			46,464.69	97,528.74
Comprehensive Health Care	(14,214.72)	121,446.59	40,000.00		202,693.99	(55,462.12)
County Road	80,054.75	100,009.25		100,000.00	28,178.00	51,886.00
USDA Loan/Courthouse Renovation		250,206.38			213,682.43	36,523.95
Total Non-Major Governmental Funds	525,603.21	1,317,874.39	89,975.25	402,041.53	834,747.33	696,663.99
Total Governmental Funds	2,090,738.78	6,538,990.26	490,730.20	490,730.20	6,799,376.29	1,830,352.75
Agency Funds						
Clerk of Court Trust	353.23					353.23
Telecommunications Tax		54,405.89			54,405.89	
Mobile Home Tax	8,220.74					8,220.74
Tax Estimate	1,756.80	7,699.21			8,450.00	1,006.01
County Supt. Contingency	40.98					40.98
Extension	5,228.00	5,095.00			3,339.87	6,983.13

(continued)

HETTINGER COUNTY
Mott, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2014
(continued)

	Balance 1-1-14	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-14
<u>Agency Funds (continued)</u>						
State Tax	4,057.78	20,787.40			20,755.62	4,089.56
24/7 Sheriff Program	1,118.00	11,095.00			11,835.00	378.00
Game and Fish	539.00	11,376.00			13,732.06	(1,817.06)
Preservation	14,669.97	6,707.75				21,377.72
State Land Trust		1,489.08				1,489.08
State Aid		71,900.63			71,900.63	
Township Road Fund		131,450.88			131,450.88	
Soil Conservation	6,361.12	37,762.65			35,391.76	8,732.01
Soil Conservation Ins. Reserve	1,809.93	9,768.45			10,312.11	1,266.27
Southwest District Health	12,518.17	71,005.83			62,986.29	20,537.71
Victim Witness	4,263.00					4,263.00
Sheriff Trust	9,943.71					9,943.71
County Gas and Oil	300.17					300.17
Aid to County Fair	6,892.56	27,254.70			28,783.13	5,364.13
Job Development Authority	19,378.42	73,628.81			78,945.75	14,061.48
Southwest Water Authority	4,112.58	20,682.76			20,648.19	4,147.15
Water Resource District	6,516.47	24,609.80			26,385.38	4,740.89
Total Cities & City Park Districts	99,040.03	432,489.90			436,199.16	95,330.77
Total Townships	50,257.99	259,863.26			257,996.08	52,125.17
Total School Districts	321,386.69	1,625,326.42			1,623,189.43	323,523.68
Total Fire Protection Districts	19,578.35	100,159.56			99,886.29	19,851.62
Total Agency Funds	598,343.69	3,004,558.98			2,996,593.52	606,309.15
Total Primary Government	2,689,082.47	9,543,549.24	490,730.20	490,730.20	9,795,969.81	2,436,661.90
<u>Discretely Presented</u>						
<u>Component Units</u>						
Water Resource District	359,274.79	29,126.75			43,227.67	345,173.87
Job Development Authority	103,742.60	84,183.95			72,780.28	115,146.27
Hettinger County Fair Association	12,650.52	94,824.25			84,329.61	23,145.16
Total Discretely Presented Component Units	475,667.91	208,134.95			200,337.56	483,465.30
Total Reporting Entity	3,164,750.38	9,751,684.19	490,730.20	490,730.20	9,996,307.37	2,920,127.20

Rath & Mehrer

Certified Public Accountants

Specializing in Governmental Auditing

Phone: (701) 258-4560

Jayson Rath, CPA
Ken Mehrer, CPA

425 North Fifth Street
Bismarck, ND 58501

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Hettinger County
Mott, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Hettinger County, Mott, North Dakota, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 29, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 29, 2016

HETTINGER COUNTY
Mott, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

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

Internal control over financial reporting:

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

SECTION II - FINANCIAL STATEMENT FINDINGS:

No matters were reported