

AUDIT REPORT

KIDDER COUNTY
Steele, North Dakota

For the Years Ended December 31, 2016 and 2015

RATH & MEHRER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

KIDDER COUNTY
Steele, North Dakota

TABLE OF CONTENTS
For the Years Ended December 31, 2016 and 2015

	<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	25-35
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	36,37
Highway Tax Distribution Fund	38,39
Kidder Road Fund	40,41
Notes to the Budgetary Comparison Schedules	42
 SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity Arising from Cash Transactions	43-46
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	47-48
Schedule of Findings and Responses	49

KIDDER COUNTY
Steele, North Dakota

COUNTY OFFICIALS

Marlin J. Kapp	Commission Chairman
Dan Mittleider	Commission Vice Chairman
Eddie Biegler	Commissioner
Jean Schoenhard	Auditor
Vickie Murray	Treasurer
Barbara Steinke	County Recorder/Clerk of Court
Barry Vannatta	Sheriff
Eric Hetland	States Attorney
Angela Haverkamp	Superintendent of Schools

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
Bryce Fischer, CPA

425 North Fifth Street
Bismarck, ND 58501
Phone 701-258-4560
Fax 701-258-4983

INDEPENDENT AUDITOR'S REPORT

Governing Board
Kidder County
Steele, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Kidder County, Steele, North Dakota, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kidder County, Steele, North Dakota, as of December 31, 2016 and 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and budgeting comparison information on pages 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

May 19, 2017

KIDDER COUNTY

Management's Discussion and Analysis

December 31, 2016 and 2015

The Management's Discussion and Analysis (MD&A) of Kidder County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2016 and 2015. 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, 2016 are as follows:

- * Net position of the county increased \$285,792 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$3,604,203.
- * Total revenues from all sources were \$5,381,671.
- * Total expenses were \$5,095,879.
- * The county's general fund had \$962,724 in total revenues and \$1,075,685 in total expenditures. There was a total of \$513,879 received from other financing sources. Overall, the general fund balance increased by \$400,918 for the year ended December 31, 2016.

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

- * Net position of the county decreased \$103,051 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$3,318,410.
- * Total revenues from all sources were \$2,766,683.
- * Total expenses were \$2,869,733.
- * The county's general fund had \$725,032 in total revenues and \$721,809 in total expenditures. There was a total of \$18,100 received from other financing sources. Overall, the general fund balance increased by \$21,323 for the year ended December 31, 2015.

USING THIS ANNUAL REPORT

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

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

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 2016 and 2015?"

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

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

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

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

REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

Balance Sheet - Governmental Funds

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 2016 and 2015. A comparative analysis of county-wide data is presented for both current years and prior year.

As indicated in the financial highlights above, the county's net position increased by \$285,792 and decreased by \$103,052 for the years ended December 31, 2016 and 2015, respectively. Changes in net position may serve over time as a useful indicator of the county's financial position.

As of December 31, 2016 the county's net position of \$3,604,203 is segregated into three separate categories. Net investment in capital assets represents 24% of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position represents 62% of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 14% of the county's net position and is available to meet the county's ongoing obligations.

As of December 31, 2015 the county's net position of \$3,318,410 is segregated into three separate categories. Net investment in capital assets represents 29% of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position represents 68% of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 3% of the county's net position and is available to meet the county's ongoing obligations.

Table I
 Net Position
 As of December 31, 2016 and 2015
 (With comparative totals for December 31, 2014)

	2016	2015	2014
Assets			
Current Assets	3,088,318	2,735,017	2,738,731
Capital Assets (net of accumulated depreciation)	1,008,893	1,193,566	1,349,221
Total Assets	4,097,211	3,928,583	4,087,952
Liabilities			
Current Liabilities	67,448	110,013	411,044
Long-Term Liabilities	103,200	167,386	255,417
Total Liabilities	170,648	277,399	666,461
Net Position			
Net Investment in Capital Assets	877,991	955,839	1,053,975
Restricted	2,240,734	2,266,029	2,285,029
Unrestricted	485,478	96,543	82,457
Total Net Position	3,604,203	3,318,410	3,421,461

Table II shows the changes in net position for the fiscal years ended December 31, 2016 and 2015. A comparative analysis of county-wide data is presented for both current years and prior year.

Table II
 Changes in Net Position
 As of December 31, 2016 and 2015
 (With comparative totals for December 31, 2014)

	2016	2015	2014
Revenues			
Program Revenues:			
Charges for Services	220,234	140,296	137,531
Operating Grants and Contributions	3,440,377	761,524	3,221,081
General Revenues:			
Property Taxes	1,163,557	1,168,133	1,366,297
Other Taxes	27,742	27,454	44,502
State Aid - Unrestricted	498,245	628,787	449,630
Interest Earnings and Other Revenue	31,516	40,489	66,487
Gain on Sale of Capital Assets			175,664
Total Revenues	5,381,671	2,766,683	5,461,192
Expenses			
General Government	814,780	782,035	772,265
Public Safety	340,302	379,835	313,160
Highways and Public Improve.	3,400,745	1,223,890	3,576,521
Health and Welfare	252,567	255,032	251,372
Culture and Recreation	68,460	49,908	53,906
Conser. and Economic Dvlpmt.	150,516	130,090	135,610
Other	63,074	38,437	82,804
Interest on Long-Term Debt	5,436	10,507	9,755
Total Expenses	5,095,879	2,869,733	5,195,392
Net Change in Position	285,792	(103,051)	265,800

Property taxes constituted 21%, other taxes 1%, unrestricted state aid 9%, operating grants and contributions 64%, and charges for services made up 4% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2016.

General government constituted 16%, public safety 7%, highways and public improvement 67%, and health and welfare 5% of total expenses for governmental activities during the fiscal year ended December 31, 2016.

Property taxes constituted 42%, other taxes 1%, unrestricted state aid 23%, operating grants and contributions 28%, and charges for services made up 5% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2015.

General government constituted 27%, public safety 13%, highways and public improvement 43%, and health and welfare 9% of total expenses for governmental activities during the fiscal year ended December 31, 2015.

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, 2016

	Total Cost Year Ended December 31, 2016	Total Cost Year Ended December 31, 2016
General Government	814,780	738,354
Public Safety	340,302	212,058
Highways and Public Improvement	3,400,745	22,455
Health and Welfare	252,567	228,717
Culture and Recreation	68,460	54,061
Conservation and Economic Dvlpmnt.	150,516	150,236
Other	63,074	23,952
Interest on Long-Term Debt	5,436	5,436
Total Expenses	5,095,879	1,435,268

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	782,035	703,937
Public Safety	379,835	267,491
Highways and Public Improvement	1,223,890	615,681
Health and Welfare	255,032	231,859
Culture and Recreation	49,908	36,557
Conservation and Economic Dvlpmnt.	130,090	85,636
Other	38,437	16,245
Interest on Long-Term Debt	10,507	10,507
Total Expenses	2,869,733	1,967,913

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 \$5,360,145 and expenditures of \$5,017,958 for the year ended December 31, 2016. As of December 31, 2016, the unassigned fund balance of the county's general fund was \$502,234 and total unassigned fund balances for all the county's governmental funds was \$479,332. The county's governmental funds had total revenue of \$2,797,367 and expenditures of \$2,806,757 for the year ended December 31, 2015. As of December 31, 2015, the unassigned fund balance of the county's general fund was \$101,316 and total unassigned fund balances for all the county's governmental funds was \$99,381.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal years 2016 and 2015, the county did not amend the general fund budgets.

Actual revenue for the year ended December 31, 2016 was \$68,182 more than budgeted. Actual expenditures for the year ended December 31, 2016 were under budget by \$148,926. This variance was mainly due to the county overestimating appropriations for general government purposes.

Actual revenue for the year ended December 31, 2015 was \$83,062 more than budgeted. This variance was mainly due to the county overestimating collections from intergovernmental sources. Actual expenditures for the year ended December 31, 2015 were under budget by \$45,628.

CAPITAL ASSETS

As of December 31, 2016 and 2015, the county had \$1,008,893 and \$1,193,566, respectively, invested in capital assets. Table IV shows the balances as of December 31, 2016, 2015 and 2014.

Table IV
Capital Assets
(Net of Accumulated Depreciation)
As of December 31, 2016 and 2015
(With comparative totals for December 31, 2014)

	2016	2015	2014
Buildings	146,511	150,408	154,305
Machinery and Vehicles	862,382	1,043,158	1,194,916
Total (net of depreciation)	<u>1,008,893</u>	<u>1,193,566</u>	<u>1,349,221</u>

As of December 31, 2016, this total represents a decrease of \$184,673 in capital assets from January 1, 2016. As of December 31, 2015, this total represents a decrease of \$155,655 in capital assets from January 1, 2015.

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

DEBT ADMINISTRATION

As of December 31, 2016, the county had \$168,348 in outstanding debt of which \$65,148 was due within one year. As of December 31, 2015, the county had \$274,211 in outstanding debt of which \$106,825 was due within one year. During fiscal year 2015, the county issued one new long-term debt obligation:

Certificate of Indebtedness, in the amount of \$35,600. The county used the proceeds from this loan to fund the purchase of a 2015 GMC Sierra 2500HD. This certificate of indebtedness was paid off during the year ending December 31, 2016.

For a detailed breakdown of the long-term debt, readers are referred to Note 8 to the audited financial statements which follow this analysis.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the county's finances and to show the county's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Jean Schoenhard, County Auditor, Kidder County, Steele, ND 58482.

KIDDER COUNTY
Steele, North Dakota

Statement of Net Position
December 31, 2016

	Primary Government	Component Units	
	Governmental Activities	Water Management District	District Health Unit
<u>ASSETS:</u>			
Cash and Investments	2,998,515.22	4,452.49	352,394.39
Accounts Receivable	35,693.58		
Taxes Receivable	54,108.78	57.55	3,237.42
Capital Assets (net of accumulated depreciation):			
Buildings	146,511.00		
Machinery and Vehicles	862,382.00		
Total Capital Assets	1,008,893.00		
Total Assets	4,097,210.58	4,510.04	355,631.81
<u>LIABILITIES:</u>			
Interest Payable	2,299.59		
Long-Term Liabilities:			
Due Within One Year:			
Certificates of Indebtedness Payable	65,148.43		
Due After One Year:			
Certificates of Indebtedness Payable	65,753.64		
Compensated Absences Payable	37,446.09		
Total Liabilities	170,647.75		
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable Revenue	322,360.30		
<u>NET POSITION:</u>			
Net Investment in Capital Assets	877,990.93		
Restricted for:			
Special Purposes	2,240,733.95		
Unrestricted	485,477.65	4,510.04	355,631.81
Total Net Position	3,604,202.53	4,510.04	355,631.81

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

KIDDER COUNTY
Steele, North Dakota

Statement of Net Position
December 31, 2015

	Primary Government	Component Units	
	Governmental Activities	Water Management District	District Health Unit
ASSETS:			
Cash and Investments	2,695,648.21	5,098.50	318,237.49
Accounts Receivable	6,786.66		
Taxes Receivable	32,582.18	5.44	1,848.48
Capital Assets (net of accumulated depreciation):			
Buildings	150,408.00		
Machinery and Vehicles	1,043,158.00		
Total Capital Assets	1,193,566.00		
Total Assets	3,928,583.05	5,103.94	320,085.97
LIABILITIES:			
Interest Payable	3,188.07		
Long-Term Liabilities:			
Due Within One Year:			
Certificates of Indebtedness Payable	106,825.17		
Due After One Year:			
Certificates of Indebtedness Payable	130,902.07		
Compensated Absences Payable	36,484.04		
Total Liabilities	277,399.35		
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	332,773.39		
NET POSITION:			
Net Investment in Capital Assets	955,838.76		
Restricted for:			
Special Purposes	2,266,028.88		
Unrestricted	96,542.67	5,103.94	320,085.97
Total Net Position	3,318,410.31	5,103.94	320,085.97

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

KIDDER COUNTY
Steele, North Dakota

Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Management District	District Health Unit
Primary Government:						
Governmental Activities:						
General Government	814,779.63	36,205.95	40,219.99	(738,353.69)		
Public Safety	340,302.25	89,331.12	38,912.94	(212,058.19)		
Highways and Public Improve.	3,400,745.23	91,481.03	3,286,809.00	(22,455.20)		
Health and Welfare	252,566.64	50.00	23,799.94	(228,716.70)		
Culture and Recreation	68,460.41		14,399.33	(54,061.08)		
Conser. and Economic Dvlpmnt.	150,515.89	280.00		(150,235.89)		
Other	63,073.53	2,886.00	36,235.75	(23,951.78)		
Interest on Long-Term Debt	5,435.63			(5,435.63)		
Total Governmental Activities	5,095,879.21	220,234.10	3,440,376.95	(1,435,268.16)		
Component Units:						
Water Management District	3,500.00			(3,500.00)		
District Health Unit	183,989.56	20,458.86	102,115.98		(61,414.72)	
General Revenues:						
Taxes:						
Property taxes; levied for general purposes			560,315.61	2,904.23	84,038.07	
Property taxes; levied for special purposes			603,241.54			
Homestead tax credit			7,570.64			
Disabled veterans tax credit			1,765.53			
Telecommunications taxes			18,405.70			
State aid not restricted to specific program:						
State aid distribution			498,245.29		10,460.00	
Earnings on investments and other revenue			31,516.07	1.87	2,462.49	
Total General Revenues			1,721,060.38	2,906.10	96,960.56	
Change in Net Position			285,792.22	(593.90)	35,545.84	
Net Position - January 1			3,318,410.31	5,103.94	320,085.97	
Net Position - December 31			3,604,202.53	4,510.04	355,631.81	

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

KIDDER COUNTY
Steele, North Dakota

Statement of Activities
For the Year Ended December 31, 2015

	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Management District	District Health Unit
<u>Functions/Programs</u>						
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	782,035.15	42,134.15	35,963.78	(703,937.22)		
Public Safety	379,835.26	41,334.02	71,010.20	(267,491.04)		
Highways and Public Improve.	1,223,889.96	50,360.16	557,848.66	(615,681.14)		
Health and Welfare	255,031.57	50.00	23,122.33	(231,859.24)		
Culture and Recreation	49,907.70		13,351.00	(36,556.70)		
Conser. and Economic Dvlpmnt.	130,089.93		44,454.01	(85,635.92)		
Other	38,436.76	6,417.75	15,774.06	(16,244.95)		
Interest on Long-term Debt	10,507.03			(10,507.03)		
Total Governmental Activities	2,869,733.36	140,296.08	761,524.04	(1,967,913.24)		

<u>Component Units:</u>						
Water Management District	705.00				(705.00)	
District Health Unit	168,176.15	11,819.35	89,091.00			(67,265.80)

<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes				331,749.92	281.63	77,955.12
Property taxes; levied for special purposes				836,382.58		
Homestead tax credit				7,342.12		
Disabled veterans tax credit				1,829.49		
Telecommunications taxes				18,282.43		
<u>State aid not restricted to specific program:</u>						
State aid distribution				628,787.43		9,219.00
Earnings on investments and other revenue				40,488.76	3.06	5,555.61
Total General Revenues				1,864,862.73	284.69	92,729.73
Change in Net Position				(103,050.51)	(420.31)	25,463.93
Net Position - January 1				3,421,460.82	5,524.25	294,622.04
Net Position - December 31				3,318,410.31	5,103.94	320,085.97
=====						

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

KIDDER COUNTY
Steele, North Dakota

Balance Sheet
Governmental Funds
December 31, 2016

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
<u>ASSETS:</u>					
Cash and Investments	621,757.50	727,715.14	588,238.59	1,060,803.99	2,998,515.22
Accounts Receivable			35,693.58		35,693.58
Taxes Receivable	18,834.42		6,960.47	28,313.89	54,108.78
Interfund Receivables	22,902.09				22,902.09
<hr/>					
Total Assets	663,494.01	727,715.14	630,892.64	1,089,117.88	3,111,219.67
<hr/> <hr/>					
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>					
<u>Liabilities:</u>					
Interfund Payables				22,902.09	22,902.09
<hr/>					
<u>Deferred Inflows of Resources:</u>					
Unavailable Revenue	161,259.57		53,739.02	161,470.49	376,469.08
<hr/>					
Total Liabilities and Deferred Inflows of Resources	161,259.57		53,739.02	184,372.58	399,371.17
<hr/>					
<u>Fund Balances:</u>					
Restricted for:					
Public Safety				115,223.85	115,223.85
Highways and Public Improvement		727,715.14	577,153.62	98,804.66	1,403,673.42
Health and Welfare				160,000.37	160,000.37
Culture and Recreation				196,575.45	196,575.45
Conservation and Economic Development				79,818.26	79,818.26
Emergency Services				254,180.33	254,180.33
Other				23,044.47	23,044.47
Unassigned	502,234.44			(22,902.09)	479,332.35
<hr/>					
Total Fund Balances	502,234.44	727,715.14	577,153.62	904,745.30	2,711,848.50
<hr/>					
Total Liabilities, Deferred Inflows of Resources and Fund Balances	663,494.01	727,715.14	630,892.64	1,089,117.88	3,111,219.67
<hr/> <hr/>					

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

KIDDER COUNTY
Steele, North Dakota

Balance Sheet
Governmental Funds
December 31, 2015

	Major Funds				
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Investments	257,609.50	326,292.99	575,265.47	1,536,480.25	2,695,648.21
Accounts Receivable			6,786.66		6,786.66
Taxes Receivable	8,502.98		3,974.24	20,104.96	32,582.18
<hr/>					
Total Assets	266,112.48	326,292.99	586,026.37	1,556,585.21	2,735,017.05
<hr style="border-top: 1px dashed black;"/>					
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Deferred Inflows of Resources:					
Unavailable Revenue	164,796.14		49,855.05	150,704.38	365,355.57
<hr/>					
Fund Balances:					
Restricted for:					
General Government				516,758.23	516,758.23
Public Safety				103,084.74	103,084.74
Highways and Public Improvement		326,292.99	536,171.32	129,729.60	992,193.91
Health and Welfare				139,826.13	139,826.13
Culture and Recreation				173,359.74	173,359.74
Conservation and Economic Development				88,539.46	88,539.46
Emergency Services				197,822.18	197,822.18
Other				44,047.31	44,047.31
Debt Service				14,649.02	14,649.02
Unassigned	101,316.34			(1,935.58)	99,380.76
<hr/>					
Total Fund Balances	101,316.34	326,292.99	536,171.32	1,405,880.83	2,369,661.48
<hr/>					
Total Deferred Inflows of Resources and Fund Balances	266,112.48	326,292.99	586,026.37	1,556,585.21	2,735,017.05
<hr style="border-top: 1px dashed black;"/>					

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

KIDDER COUNTY
Steele, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2016

Total Fund Balances for Governmental Funds	2,711,848.50
--	--------------

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	2,138,914.00	
Less Accumulated Depreciation	(1,130,021.00)	
Net Capital Assets		1,008,893.00

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.	54,108.78
---	-----------

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, 2016 are:

Certificates of Indebtedness Payable	(130,902.07)	
Compensated Absences Payable	(37,446.09)	
Interest Payable	(2,299.59)	
Total Long-Term Liabilities		(170,647.75)

Total Net Position of Governmental Activities	3,604,202.53
---	--------------

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

KIDDER COUNTY
Steele, North Dakota

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

Total Fund Balances for Governmental Funds	2,369,661.48
--	--------------

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	2,138,914.00	
Less Accumulated Depreciation	(945,348.00)	
Net Capital Assets		1,193,566.00

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.	32,582.18
---	-----------

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:

Certificates of Indebtedness Payable	(237,727.24)	
Compensated Absences Payable	(36,484.04)	
Interest Payable	(3,188.07)	
Total Long-Term Liabilities		(277,399.35)

Total Net Position of Governmental Activities	3,318,410.31
---	--------------

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

KIDDER COUNTY
Steele, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
Revenues:					
Taxes	559,025.56		154,649.97	446,760.72	1,160,436.25
Licenses, Permits and Fees	880.00			11,311.81	12,191.81
Intergovernmental	338,991.43	3,273,289.67	172,611.83	201,263.42	3,986,156.35
Charges for Services	39,228.52	2,956.47	88,524.56	39,134.80	169,844.35
Miscellaneous	24,598.53		630.25	6,287.29	31,516.07
Total Revenues	962,724.04	3,276,246.14	416,416.61	704,758.04	5,360,144.83
Expenditures:					
Current:					
General Government	811,253.26				811,253.26
Public Safety	202,409.76			123,299.81	325,709.57
Highways and Public Improve.		2,874,823.99	312,788.03	52,018.90	3,239,630.92
Health and Welfare				251,440.28	251,440.28
Culture and Recreation	24,042.36			44,418.05	68,460.41
Conser. and Economic Dvlpmnt.	6,311.72			138,928.84	145,240.56
Other				63,073.53	63,073.53
Debt Service:					
Principal	30,722.91		63,537.77	12,564.49	106,825.17
Interest	944.67		5,290.01	89.43	6,324.11
Total Expenditures	1,075,684.68	2,874,823.99	381,615.81	685,833.33	5,017,957.81
Excess (Deficiency) of Revenues Over Expenditures	(112,960.64)	401,422.15	34,800.80	18,924.71	342,187.02
Other Financing Sources (Uses):					
Transfers In	548,241.08		6,181.50	34,362.34	588,784.92
Transfers Out	(34,362.34)			(554,422.58)	(588,784.92)
Total Other Financing Sources (Uses)	513,878.74		6,181.50	(520,060.24)	
Net Change in Fund Balances	400,918.10	401,422.15	40,982.30	(501,135.53)	342,187.02
Fund Balance - January 1	101,316.34	326,292.99	536,171.32	1,405,880.83	2,369,661.48
Fund Balance - December 31	502,234.44	727,715.14	577,153.62	904,745.30	2,711,848.50

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

KIDDER COUNTY
Steele, North Dakota

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

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Kidder Road	Other Governmental Funds	
Revenues:					
Taxes	343,610.67		143,843.81	729,644.21	1,217,098.69
Licenses, Permits and Fees	455.00		2,950.00	50.00	3,455.00
Intergovernmental	321,219.35	427,608.87	262,533.56	388,121.40	1,399,483.18
Charges for Services	45,361.54	1,032.15	46,378.01	44,069.38	136,841.08
Miscellaneous	14,385.35		7,768.82	18,334.49	40,488.66
Total Revenues	725,031.91	428,641.02	463,474.20	1,180,219.48	2,797,366.61
Expenditures:					
Current:					
General Government	450,929.27			331,358.29	782,287.56
Public Safety	204,069.31			151,216.45	355,285.76
Highways and Public Improve.		670,740.46	220,731.18	169,125.00	1,060,596.64
Health and Welfare				255,798.69	255,798.69
Culture and Recreation				49,907.70	49,907.70
Conser. and Economic Dvlpmnt.	3,008.65			122,113.75	125,122.40
Other				38,436.76	38,436.76
Capital Outlay	35,600.00				35,600.00
Debt Service:					
Principal	26,563.37		30,908.63	35,646.38	93,118.38
Interest	1,638.11		4,709.15	4,255.37	10,602.63
Total Expenditures	721,808.71	670,740.46	256,348.96	1,157,858.39	2,806,756.52
Excess (Deficiency) of Revenues Over Expenditures	3,223.20	(242,099.44)	207,125.24	22,361.09	(9,389.91)
Other Financing Sources (Uses):					
Transfers In	14,000.00		3,584.59	151,668.00	169,252.59
Transfers Out	(31,500.00)			(137,752.59)	(169,252.59)
Proceeds from Certificates of Indebtedness	35,600.00				35,600.00
Total Other Financing Sources (Uses)	18,100.00		3,584.59	13,915.41	35,600.00
Net Change in Fund Balances	21,323.20	(242,099.44)	210,709.83	36,276.50	26,210.09
Fund Balance - January 1	79,993.14	568,392.43	325,461.49	1,369,604.33	2,343,451.39
Fund Balance - December 31	101,316.34	326,292.99	536,171.32	1,405,880.83	2,369,661.48

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

KIDDER COUNTY
Steele, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds 342,187.02

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

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

Current Year Capital Outlay	0.00	
Current Year Depreciation Expense	(184,673.00)	(184,673.00)

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	106,825.17	106,825.17

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

Net Increase in Compensated Absences Payable	(962.05)	
Net Decrease in Interest Payable	888.48	(73.57)

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

Net Increase in Taxes Receivable		21,526.60

Change in Net Position of Governmental Activities		285,792.22

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

KIDDER COUNTY
Steele, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds 26,210.09

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	35,600.00	
Current Year Depreciation Expense	(191,255.00)	(155,655.00)

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	(35,600.00)	
Repayment of Debt	93,118.38	57,518.38

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

Net Increase in Compensated Absences Payable	(535.82)	
Net Decrease in Interest Payable	95.60	(440.22)

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		(30,683.76)

Change in Net Position of Governmental Activities		(103,050.51)

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

KIDDER COUNTY
Steele, North Dakota

Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

	Agency Funds
<u>Assets:</u>	
Cash and Investments	557,200.29
	=====
<u>Liabilities:</u>	
Due to Other Governments	557,200.29
	=====

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

KIDDER COUNTY
Steele, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	484,146.40
	=====
<u>Liabilities:</u>	
Due to Other Governments	484,146.40
	=====

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

KIDDER COUNTY
Steele, North Dakota

Notes to the Financial Statements
December 31, 2016 and 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

Kidder County District Health Unit: The Kidder County District Health Unit's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the district health unit budget. The district health unit has the authority to issue its own debt.

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

B. Basis of Presentation

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

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

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

The county reports the following major governmental funds:

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

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

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

The county reports the following fund type:

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

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	75 years
Machinery and Vehicles	5 to 10 years

F. Compensated Absences

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

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

G. Long-Term Obligations

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

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

H. Fund Equity

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

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

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

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

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

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

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

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

- * Committed
- * Assigned
- * Unassigned

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

I. Interfund Transactions

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

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

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

J. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2016 the county's carrying amount of deposits was \$3,445,369 and the bank balance was \$3,573,894. Of the bank balance, \$401,820 was covered by Federal Depository Insurance. The remaining balance of \$3,172,074 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2015 the county's carrying amount of deposits was \$3,069,405 and the bank balance was \$3,197,429. Of the bank balance, \$435,624 was covered by Federal Depository Insurance. The remaining balance of \$2,761,805 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, 2016 the county held certificates of deposit in the amount of \$1,110,000, which are all considered deposits.

At December 31, 2015 the county held certificates of deposit in the amount of \$110,000, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due the highway department for roadwork performed for cities, townships, etc. No allowance has been established for estimated uncollectible accounts receivable.

Note 4 TAXES RECEIVABLE

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

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

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

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

Note 5 INTERFUND RECEIVABLES/PAYABLES

The interfund receivables/payables are created by the negative cash balances in the sheriff overtime grant fund and homeland security fund. The amounts shown as the interfund payables represent the amounts of negative cash in these funds. The interfund receivables/payables for the year ended December 31, 2016 are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	22,902.09	
Sheriff Overtime Grant		8,037.29
Homeland Security		14,864.80

Note 6 CAPITAL ASSETS

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

	<u>2016</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	344,600			344,600
Machinery & Vehicles	1,794,314			1,794,314
Total	2,138,914			2,138,914
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	194,192	3,897		198,089
Machinery & Vehicles	751,156	180,776		931,932
Total	945,348	184,673		1,130,021
Governmental Activities				
Capital Assets, Net	1,193,566	(184,673)	-0-	1,008,893

2015

	Balance <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	344,600			344,600
Machinery & Vehicles	1,788,714	35,600	30,000	1,794,314
Total	2,133,314	35,600	30,000	2,138,914
<i>Less accumulated depreciation for:</i>				
Buildings	190,295	3,897		194,192
Machinery & Vehicles	593,798	187,358	30,000	751,156
Total	784,093	191,255	30,000	945,348
Governmental Activities				
Capital Assets, Net	1,349,221	(155,655)	-0-	1,193,566
	=====	=====	=====	=====

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

	<u>2016</u>	<u>2015</u>
General Government	3,831	3,831
Public Safety	12,940	19,522
Highways and Public Improve.	162,370	162,370
Conser. and Economic Dvlpmnt.	5,532	7,232
Total Depreciation Expense	184,673	191,255
	=====	=====

Note 7 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31, 2016 and 2015.

Note 8 UNAVAILABLE REVENUE

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

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

Note 9 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2016 and 2015, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2016</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Cert. of Indebtedness	237,727		106,825	130,902	65,148
Compensated Absences *	36,484	962		37,446	
Total	<u>274,211</u>	<u>962</u>	<u>106,825</u>	<u>168,348</u>	<u>65,148</u>

	<u>2015</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Cert. of Indebtedness	295,246	35,600	93,119	237,727	106,825
Compensated Absences *	35,948	536		36,484	
Total	<u>331,194</u>	<u>36,136</u>	<u>93,119</u>	<u>274,211</u>	<u>106,825</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, 2016 consists of the following:

General Obligation Debt. General obligation debt is a direct obligation and pledges the full faith and credit of the government. General obligation debt outstanding at December 31, 2016 is as follows:

Certificates of Indebtedness. The county has issued several certificates of indebtedness through Choice Financial to provide funds for two motorgraders.

\$192,610 Certificate of Indebtedness, due in annual installment of \$35,617.78 on June 18, 2017 and a final payment of \$34,713.49 on June 18, 2018; payments include interest at 3.01%.	67,291.46
\$153,675 Certificate of Indebtedness, due in annual installment of \$33,210.00 on May 28, 2017 and a final payment of \$32,887.91 on May 28, 2018; payments include interest at 2.60%.	63,610.61

Total Certificates of Indebtedness	<u>130,902.07</u>
---	-------------------

The annual requirements to amortize the outstanding certificates of indebtedness are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2017	65,148.43	3,679.35
2018	65,753.64	1,847.76
Total	<u>130,902.07</u>	<u>5,527.09</u>

Note 10 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2016</u>		
General Fund	548,233.80	
County Park		13,859.71
Abandoned Cemeteries		2,966.84
Technology Support		51,565.51
Social Security		129,710.49
Comprehensive Health Insurance		228,518.24
Insurance Reserve		105,819.15
Advertising		1,144.84
County Loan Fund		14,649.02
To close funds.		
General Fund	7.28	
Human Services		7.28
County Agent	32,450.00	
Homeland Security	1,912.34	
General Fund		34,362.34
Kidder Road	6,181.50	
Unorganized Roads		6,181.50
To subsidize expenditures.		
<u>December 31, 2015</u>		
County Agent	31,500.00	
General Fund		31,500.00
General Fund	14,000.00	
Technology Support		14,000.00
Kidder Road	3,584.59	
Unorganized Roads		3,584.59
To subsidize expenditures.		
Technology Support	60,084.00	
Comp. Health Insurance	60,084.00	
Social Security		120,168.00
To transfer mills under social security for technology and health insurance purposes.		

Note 11 DEFICIT FUND BALANCES

The following funds had a deficit balance at December 31:

	<u>2016</u>	<u>2015</u>
<u>Special Revenue Funds</u>		
Sheriff Overtime Grant	(8,037.29)	
Homeland Security	(14,864.80)	
County Agent		(1,935.58)

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

Note 12 RELATED ORGANIZATION

The county is also responsible for levying a property tax for the Kidder County Senior Citizens. However, the county's accountability for this entity does not extend beyond levying the tax. In 2016 and 2015, the county remitted \$29,673.90 and \$27,701.97, respectively, to the Senior Citizens.

Note 13 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDRIF for its general liability, automobile and public assets insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$1,995,194 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 \$235,000 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 14 PENSION PLAN

The county provides benefits for all of its full-time employees through a defined contribution plan with Nationwide Retirement Solutions, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. For the years ending December 31, 2016 and 2015, the county contributed \$30,850 and \$28,750, respectively.

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	599,057.00	599,057.00	559,025.56	(40,031.44)
Licenses, Permits and Fees	230.00	230.00	880.00	650.00
Intergovernmental	208,206.00	208,206.00	338,991.43	130,785.43
Charges for Services	77,009.00	77,009.00	39,228.52	(37,780.48)
Miscellaneous	10,040.00	10,040.00	24,598.53	14,558.53
Total Revenues	894,542.00	894,542.00	962,724.04	68,182.04
<u>Expenditures:</u>				
Current:				
General Government	951,051.00	951,051.00	811,253.26	139,797.74
Public Safety	242,490.00	242,490.00	202,409.76	40,080.24
Culture and Recreation	9,870.00	9,870.00	24,042.36	(14,172.36)
Conser. and Economic Dvlpmnt.	21,200.00	21,200.00	6,311.72	14,888.28
Debt Service:				
Principal			30,722.91	(30,722.91)
Interest			944.67	(944.67)
Total Expenditures	1,224,611.00	1,224,611.00	1,075,684.68	148,926.32
Excess (Deficiency) of Revenues Over Expenditures	(330,069.00)	(330,069.00)	(112,960.64)	217,108.36
<u>Other Financing Sources (Uses):</u>				
Transfers In			548,241.08	548,241.08
Transfers Out			(34,362.34)	(34,362.34)
Total Other Financing Sources (Uses)			513,878.74	513,878.74
Net Change in Fund Balances	(330,069.00)	(330,069.00)	400,918.10	730,987.10
Fund Balance - January 1	101,316.34	101,316.34	101,316.34	
Fund Balance - December 31	(228,752.66)	(228,752.66)	502,234.44	730,987.10

KIDDER COUNTY
Steele, 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	345,503.00	345,503.00	343,610.67	(1,892.33)
Licenses, Permits and Fees	2,775.00	2,775.00	455.00	(2,320.00)
Intergovernmental	219,342.00	219,342.00	321,219.35	101,877.35
Charges for Services	72,850.00	72,850.00	45,361.54	(27,488.46)
Miscellaneous	1,500.00	1,500.00	14,385.35	12,885.35
Total Revenues	641,970.00	641,970.00	725,031.91	83,061.91
Expenditures:				
Current:				
General Government	523,150.00	523,150.00	450,929.27	72,220.73
Public Safety	243,786.96	243,786.96	204,069.31	39,717.65
Conser. and Economic Dvlpmnt.	500.00	500.00	3,008.65	(2,508.65)
Capital Outlay			35,600.00	(35,600.00)
Debt Service:				
Principal			26,563.37	(26,563.37)
Interest			1,638.11	(1,638.11)
Total Expenditures	767,436.96	767,436.96	721,808.71	45,628.25
Excess (Deficiency) of Revenues Over Expenditures	(125,466.96)	(125,466.96)	3,223.20	128,690.16
Other Financing Sources (Uses):				
Transfers In			14,000.00	14,000.00
Transfers Out			(31,500.00)	(31,500.00)
Proceeds from Certificate of Indebtedness			35,600.00	35,600.00
Total Other Financing Sources (Uses)			18,100.00	18,100.00
Net Change in Fund Balances	(125,466.96)	(125,466.96)	21,323.20	146,790.16
Fund Balance - January 1	79,993.14	79,993.14	79,993.14	
Fund Balance - December 31	(45,473.82)	(45,473.82)	101,316.34	146,790.16

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	445,646.00	445,646.00	3,273,289.67	2,827,643.67
Charges for Services	900.00	900.00	2,956.47	2,056.47
Total Revenues	446,546.00	446,546.00	3,276,246.14	2,829,700.14
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	566,800.00	566,800.00	2,874,823.99	(2,308,023.99)
Net Change in Fund Balances	(120,254.00)	(120,254.00)	401,422.15	521,676.15
Fund Balance - January 1	326,292.99	326,292.99	326,292.99	
Fund Balance - December 31	206,038.99	206,038.99	727,715.14	521,676.15

KIDDER COUNTY
Steele, 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	450,000.00	450,000.00	427,608.87	(22,391.13)
Charges for Services	65,000.00	65,000.00	1,032.15	(63,967.85)
Total Revenues	515,000.00	515,000.00	428,641.02	(86,358.98)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	576,000.00	576,000.00	670,740.46	(94,740.46)
Net Change in Fund Balances	(61,000.00)	(61,000.00)	(242,099.44)	(181,099.44)
Fund Balance - January 1	568,392.43	568,392.43	568,392.43	
Fund Balance - December 31	507,392.43	507,392.43	326,292.99	(181,099.44)

KIDDER COUNTY
Steele, North Dakota

Budgetary Comparison Schedule
Kidder Road Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	176,718.00	176,718.00	154,649.97	(22,068.03)
Licenses, Permits and Fees	2,900.00	2,900.00		(2,900.00)
Intergovernmental	108,625.00	108,625.00	172,611.83	63,986.83
Charges for Services	35,000.00	35,000.00	88,524.56	53,524.56
Miscellaneous	1,500.00	1,500.00	630.25	(869.75)
Total Revenues	324,743.00	324,743.00	416,416.61	91,673.61
Expenditures:				
Current:				
Highways and Public Improve.	418,000.00	418,000.00	312,788.03	105,211.97
Debt Service:				
Principal			63,537.77	(63,537.77)
Interest			5,290.01	(5,290.01)
Total Expenditures	418,000.00	418,000.00	381,615.81	36,384.19
Excess (Deficiency) of Revenues Over Expenditures	(93,257.00)	(93,257.00)	34,800.80	128,057.80
Other Financing Sources:				
Transfers In			6,181.50	6,181.50
Net Change in Fund Balances	(93,257.00)	(93,257.00)	40,982.30	134,239.30
Fund Balance - January 1	536,171.32	536,171.32	536,171.32	
Fund Balance - December 31	442,914.32	442,914.32	577,153.62	134,239.30

KIDDER COUNTY
Steele, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	163,676.00	163,676.00	143,843.81	(19,832.19)
Licenses, Permits and Fees	1,000.00	1,000.00	2,950.00	1,950.00
Intergovernmental	242,000.00	242,000.00	262,533.56	20,533.56
Charges for Services	50,000.00	50,000.00	46,378.01	(3,621.99)
Miscellaneous	5,200.00	5,200.00	7,768.82	2,568.82
Total Revenues	461,876.00	461,876.00	463,474.20	1,598.20
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	595,600.00	595,600.00	220,731.18	374,868.82
Debt Service:				
Principal			30,908.63	(30,908.63)
Interest			4,709.15	(4,709.15)
Total Expenditures	595,600.00	595,600.00	256,348.96	339,251.04
Excess (Deficiency) of Revenues Over Expenditures	(133,724.00)	(133,724.00)	207,125.24	340,849.24
<u>Other Financing Sources:</u>				
Transfers In			3,584.59	3,584.59
Net Change in Fund Balances	(133,724.00)	(133,724.00)	210,709.83	344,433.83
Fund Balance - January 1	325,461.49	325,461.49	325,461.49	
Fund Balance - December 31	191,737.49	191,737.49	536,171.32	344,433.83

KIDDER COUNTY
Steele, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2016 and 2015

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, 2016 and 2015.

Excess of Actual Expenditures Over Budget

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

	<u>2016</u>	<u>2015</u>
<u>Special Revenue Funds</u>		
Highway Tax Distribution	2,308,023.99	94,740.46
County Jail		8,419.70
* 24/7 Sheriff	875.00	2,215.00
* Sheriff OT Grant	18,304.10	
Insurance Reserve		645.86
* Pesticide & Publication	1,620.90	668.79
* FEMA 2013	16,616.94	18,364.92
* FEMA 2011	24,277.96	107,803.12
* FEMA 2010		35,575.60
+ Homeland Security	46,563.30	52,000.00
* Document Preservation	23,337.47	815.80
* Senior Citizens		27,701.97

* A budget was not prepared for these funds.

+ A budget was not prepared for this fund for the year ending December 31, 2016.

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

KIDDER COUNTY
Steele, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Major Governmental Funds:						
General Fund	257,609.50	948,856.03	548,241.08	34,362.34	1,075,684.68	644,659.59
Highway Tax Distribution	326,292.99	3,276,246.14			2,874,823.99	727,715.14
Kidder Road	575,265.47	388,407.43	6,181.50		381,615.81	588,238.59
Total Major Governmental Funds	1,159,167.96	4,613,509.60	554,422.58	34,362.34	4,332,124.48	1,960,613.32
Non-Major Governmental Funds:						
Unorganized Roads	54,105.91	20,184.23		6,181.50	11,124.00	56,984.64
County Jail	38,950.74	33,249.80			27,663.00	44,537.54
Human Services	203,845.56	272,875.21		7.28	251,440.28	225,273.21
County Library	176,571.72	81,827.99			44,418.05	213,981.66
County Park	13,859.71			13,859.71		
Abandoned Cemeteries	2,966.84			2,966.84		
24/7 Sheriff	1,529.00	715.00			875.00	1,369.00
Sheriff Overtime Grant		10,266.81			18,304.10	(8,037.29)
Emergency Fund	206,358.03	56,525.23				262,883.26
Veterans Service Officer	12,866.76	9,965.84			10,062.16	12,770.44
Technology Support	51,565.51			51,565.51		
Social Security	129,710.49			129,710.49		
Comprehensive Health Insurance	228,518.24			228,518.24		
Insurance Reserve	105,819.15			105,819.15		
Advertising	1,144.84			1,144.84		
County Agent	6,600.27	33,202.65	32,450.00		62,939.77	9,313.15
Pesticide & Publication	1,783.05	2,070.18			1,620.90	2,232.33
Weed Control	103,828.10	77,575.91			87,022.09	94,381.92
FEMA 2013	26,051.90				16,616.94	9,434.96
FEMA 2011	49,571.79	7,091.23			24,277.96	32,385.06
Emergency 911	64,901.91	36,248.80			29,894.41	71,256.30
Hazardous Chemical	6,238.94	525.00				6,763.94
Homeland Security		29,786.16	1,912.34		46,563.30	(14,864.80)
Document Preservation	30,705.88	5,459.00			23,337.47	12,827.41
County Loan Fund	14,649.02			14,649.02		
Senior Citizens	4,336.89	29,746.18			29,673.90	4,409.17
Total Non-Major Governmental Funds	1,536,480.25	707,315.22	34,362.34	554,422.58	685,833.33	1,037,901.90
Total Governmental Funds	2,695,648.21	5,320,824.82	588,784.92	588,784.92	5,017,957.81	2,998,515.22
Agency Funds:						
Aid to County Fair	1,148.78				1,148.78	
Ambulance	21,684.24	81,181.54			102,576.47	289.31
Soil Conservation	4,345.14	20,622.66			20,552.84	4,414.96
Health Nurse	21,684.24	83,010.85			82,649.13	22,045.96

(continued)

KIDDER COUNTY
Steele, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2016
(continued)

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Agency Funds (continued):						
State Medical Center	4,345.14	16,637.19			16,567.37	4,414.96
Estimated Tax		700.45			426.03	274.42
Mobile Home	7,027.90	7,476.34			12,574.06	1,930.18
Game and Fish	4,945.00	6,597.00			11,542.00	
Treasurers Clearing		30,301.05			30,301.05	
Irrigation District	330.00	455.10			655.10	130.00
Total Cities	47,592.83	313,466.63			324,390.46	36,669.00
Total School Districts	313,516.93	1,372,182.93			1,276,681.82	409,018.04
Total Townships	36,096.86	497,192.81			498,221.29	35,068.38
Total Water Management Districts	771.92	3,075.50			2,924.07	923.35
Total Rural Fire Districts	20,657.42	79,524.53			79,918.61	20,263.34
Total Ambulance Districts		21,758.39				21,758.39
Total Agency Funds	484,146.40	2,534,182.97			2,461,129.08	557,200.29
Total Primary Government	3,179,794.61	7,855,007.79	588,784.92	588,784.92	7,479,086.89	3,555,715.51
Discretely Presented						
Component Units:						
Water Management District	5,098.50	2,853.99			3,500.00	4,452.49
District Health Unit	318,237.49	218,146.46			183,989.56	352,394.39
Total Discretely Presented Component Units	323,335.99	221,000.45			187,489.56	356,846.88
Total Reporting Entity	3,503,130.60	8,076,008.24	588,784.92	588,784.92	7,666,576.45	3,912,562.39

KIDDER COUNTY
Steele, 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	167,066.07	829,852.14	14,000.00	31,500.00	721,808.71	257,609.50
Highway Tax Distribution	568,392.43	428,641.02			670,740.46	326,292.99
Kidder Road	364,583.78	463,446.06	3,584.59		256,348.96	575,265.47
Total Major Governmental Funds	1,100,042.28	1,721,939.22	17,584.59	31,500.00	1,648,898.13	1,159,167.96
Non-Major Governmental Funds:						
Unorganized Roads	32,955.02	32,116.84		3,584.59	7,381.36	54,105.91
County Jail	61,882.82	31,687.62			54,619.70	38,950.74
Human Services	199,670.65	259,973.60			255,798.69	203,845.56
County Library	143,971.51	77,367.91			44,767.70	176,571.72
County Park	8,966.58	10,033.13			5,140.00	13,859.71
Abandoned Cemeteries	2,966.84					2,966.84
24/7 Sheriff	1,669.00	2,075.00			2,215.00	1,529.00
Emergency Fund	158,001.70	48,356.33				206,358.03
Veterans Service Officer	12,861.17	9,924.58			9,918.99	12,866.76
Technology Support	54,503.43		60,084.00	14,000.00	49,021.92	51,565.51
Social Security	205,288.28	127,270.24		120,168.00	82,680.03	129,710.49
Comprehensive Health Insurance	235,523.93	88,220.03	60,084.00		155,309.72	228,518.24
Insurance Reserve	142,115.06	11,349.95			47,645.86	105,819.15
Advertising	1,840.02	2,524.82			3,220.00	1,144.84
County Agent	5,010.10	31,546.50	31,500.00		61,456.33	6,600.27
Pesticide & Publication	1,484.89	966.95			668.79	1,783.05
Weed Control	60,865.14	107,406.83			64,443.87	103,828.10
FEMA 2013	40,618.59	3,798.23			18,364.92	26,051.90
FEMA 2011	56,096.04	101,278.87			107,803.12	49,571.79
FEMA 2010	35,575.60				35,575.60	
Emergency 911	61,707.03	35,576.63			32,381.75	64,901.91
Hazardous Chemical	5,738.94	500.00				6,238.94
Homeland Security		62,000.00			62,000.00	
Document Preservation	25,103.93	6,417.75			815.80	30,705.88
County Loan Fund	15,578.44	34,517.09			35,446.51	14,649.02
Senior Citizens	3,852.89	28,185.97			27,701.97	4,336.89
Total Non-Major Governmental Funds	1,573,847.60	1,113,094.87	151,668.00	137,752.59	1,164,377.63	1,536,480.25
Total Governmental Funds	2,673,889.88	2,835,034.09	169,252.59	169,252.59	2,813,275.76	2,695,648.21
Agency Funds:						
Aid to County Fair	4,642.95	11,505.83			15,000.00	1,148.78
Ambulance	19,266.86	103,577.37			101,159.99	21,684.24
Soil Conservation	3,859.92	20,771.65			20,286.43	4,345.14
Health Nurse	19,266.86	78,868.35			76,450.97	21,684.24

(continued)

KIDDER COUNTY
Steele, 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>						
State Medical Center	3,859.92	15,735.22			15,250.00	4,345.14
Mobile Home	4,992.01	6,346.32			4,310.43	7,027.90
Game and Fish	973.00	13,836.00			9,864.00	4,945.00
Treasurers Clearing		10,207.50			10,207.50	
Irrigation District	70.00	891.20			631.20	330.00
Total Cities	32,225.54	207,122.99			191,755.70	47,592.83
Total School Districts	299,759.49	1,241,997.39			1,228,239.95	313,516.93
Total Townships	33,503.50	715,739.91			713,146.55	36,096.86
Total Water Management Districts	82.81	1,025.63			336.52	771.92
Total Rural Fire Districts	17,564.96	77,034.12			73,941.66	20,657.42
Total Agency Funds	440,067.82	2,504,659.48			2,460,580.90	484,146.40
Total Primary Government	3,113,957.70	5,339,693.57	169,252.59	169,252.59	5,273,856.66	3,179,794.61
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Management District	5,463.92	339.58			705.00	5,098.50
District Health Unit	291,269.41	195,144.23			168,176.15	318,237.49
Total Discretely Presented Component Units	296,733.33	195,483.81			168,881.15	323,335.99
Total Reporting Entity	3,410,691.03	5,535,177.38	169,252.59	169,252.59	5,442,737.81	3,503,130.60

Rath & Mehrer, P.C.

Certified Public Accountants

Jayson Rath, CPA
Ken Mehrer, CPA
Bryce Fischer, CPA

425 North Fifth Street
Bismarck, ND 58501
Phone 701-258-4560
Fax 701-258-4983

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Kidder County
Steele, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units each major fund and the aggregate remaining fund information of Kidder County, Steele, North Dakota, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated May 19, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Rath and Mehrer, P.C.

Bismarck, North Dakota

May 19, 2017

KIDDER COUNTY
Steele, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2016 and 2015

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	_____ <u>X</u> No
* Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance Material to financial statements noted?	_____ Yes	_____ <u>X</u> No

SECTION II - FINANCIAL STATEMENT FINDINGS:

No matters were reported