

# **AUDIT REPORT**

McINTOSH COUNTY  
Ashley, North Dakota

For the Years Ended December 31, 2016 and 2015

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

McINTOSH COUNTY  
Ashley, North Dakota

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For the Years Ended December 31, 2016 and 2015

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McINTOSH COUNTY  
Ashley, North Dakota

COUNTY OFFICIALS

Neil Meidinger	Commission Chairman
Steve Delzer	Commission Vice Chairman
Perry Turner	Commissioner
Gina Ketterling	Auditor
Lanette Blumhardt	Treasurer
Carol Fey	County Recorder/ Clerk of District Court
Laurie Heupel	Sheriff
Terry Elhard	States Attorney

# Rath & Mehrer, P.C.

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
McIntosh County  
Ashley, North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of McIntosh County, Ashley, North Dakota, as of and for the years ended December 31, 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 McIntosh County, Ashley, 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, budgeting comparison information on pages 41 through 53 and the schedule of employer's share of net pension liability on page 54 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 April 21, 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

April 21, 2017

McINTOSH COUNTY

Management's Discussion and Analysis

December 31, 2016 and 2015

The Management's Discussion and Analysis (MD&A) of McIntosh County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 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 decreased \$609,675 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$1,175,944.
- \* Total revenues from all sources were \$3,822,961.
- \* Total expenses were \$4,432,636.
- \* The county's general fund had \$1,244,126 in total revenues and \$1,565,847 in total expenditures. There was a total of \$103,032 paid from other financing uses. Overall, the general fund balance decreased by \$424,753 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 \$481,027 as a result of the current year's operations.
- \* Governmental net position as of the end of the fiscal year totaled \$1,785,619.
- \* Total revenues from all sources were \$3,714,311.
- \* Total expenses were \$4,195,338.
- \* The county's general fund had \$846,717 in total revenues and \$760,384 in total expenditures. There was a total of \$188,262 paid from other financing uses. Overall, the general fund balance decreased by \$101,928 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, federal aid roads fund, unorganized road fund, social services fund, emergency fund and weed control fund with all other governmental funds presented in total in one column.

## REPORTING ON THE COUNTY AS A WHOLE

### Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 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, federal aid roads fund, unorganized road fund, social services fund, emergency fund and weed control fund are considered "major funds".

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

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 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 decreased by \$609,675 and \$481,027 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 \$1,175,944 is segregated into three separate categories. Net investment in capital assets totals \$636,670 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$689,498 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is (\$150,225), which includes (\$657,559) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$507,334 is available to meet the county's ongoing obligations.

As of December 31, 2015 the county's net position of \$1,785,619 is segregated into three separate categories. Net investment in capital assets totals \$693,443 of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position is \$838,082 of the county's total net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$254,094, which includes (\$657,962) relating to the reporting of it's share of the unfunded liability for the North Dakota Public Employees Retirement System as required by GASB Statement No. 68. The net amount of \$912,056 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
<b>Assets</b>			
Current Assets	1,354,159	1,750,995	2,204,701
Capital Assets (net of accumulated depreciation)	671,217	780,930	872,790
<b>Total Assets</b>	<b>2,025,376</b>	<b>2,531,925</b>	<b>3,077,491</b>
Deferred Outflows of Resources	204,321	94,530	
<b>Liabilities</b>			
Current Liabilities	34,850	53,798	62,948
Long-Term Liabilities		34,547	87,487
Net Pension Liability	703,143	629,593	
<b>Total Liabilities</b>	<b>737,993</b>	<b>717,937</b>	<b>150,434</b>
Deferred Inflows of Resources	315,761	122,899	
<b>Net Position</b>			
Net Investment in Capital			
Assets	636,670	693,443	724,326
Restricted	689,498	838,082	1,134,353
Unrestricted	(150,225)	254,094	1,068,378
<b>Total Net Position</b>	<b>1,175,944</b>	<b>1,785,619</b>	<b>2,927,057</b>

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
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for Services	107,255	144,137	134,021
Operating Grants and Contributions	1,562,832	1,154,388	2,360,963
<b>General Revenues:</b>			
Property Taxes	1,566,440	1,637,929	1,592,593
Other Taxes	20,796	27,804	79,164
Federal Aid - Unrestricted	1,171	1,147	1,178
State Aid - Unrestricted	443,969	616,712	587,954
Interest Earnings and Other Revenue	120,499	132,193	152,017
<b>Total Revenues</b>	<b>3,822,961</b>	<b>3,714,311</b>	<b>4,907,890</b>
<b>Expenses</b>			
General Government	817,298	1,207,314	1,161,912
Public Safety	350,215	266,540	247,203
Highways and Public Improve.	2,712,710	2,178,925	3,343,052
Health and Welfare	271,352	297,313	283,289
Culture and Recreation	4,450	4,288	3,948
Conser. and Economic Dvlpmnt.	207,828	148,660	121,491
Other	67,118	89,076	63,062
Interest on Long-Term Debt	1,666	3,220	5,817
<b>Total Expenses</b>	<b>4,432,636</b>	<b>4,195,338</b>	<b>5,229,774</b>
<b>Net Change in Position</b>	<b>(609,675)</b>	<b>(481,027)</b>	<b>(321,884)</b>

Property taxes constituted 41%, unrestricted state aid 12%, operating grants and contributions 41%, and charges for services made up 3% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2016.

General government constituted 18%, public safety 8%, highways and public improvement 61%, and health and welfare 6% of total expenses for governmental activities during the fiscal year ended December 31, 2016.

Property taxes constituted 44%, unrestricted state aid 17%, operating grants and contributions 31%, and charges for services made up 4% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2015.

General government constituted 29%, public safety 6%, highways and public improvement 52%, and health and welfare 7% 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
	<u>2016</u>	<u>2016</u>
General Government	817,298	788,707
Public Safety	350,215	266,604
Highways and Public Improvement	2,712,710	1,190,190
Health and Welfare	271,352	235,987
Culture and Recreation	4,450	4,450
Conservation and Economic Dvlpmnt.	207,828	207,828
Other	67,118	67,118
Interest on Long-Term Debt	1,666	1,666
	<u>4,432,636</u>	<u>2,762,549</u>
Total Expenses	=====	=====

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

	Total Cost Year Ended December 31, 2015	Total Cost Year Ended December 31, 2015
General Government	1,207,314	1,148,786
Public Safety	266,540	179,589
Highways and Public Improvement	2,178,925	1,061,086
Health and Welfare	297,313	262,108
Culture and Recreation	4,288	4,288
Conservation and Economic Dvlpmnt.	148,660	148,660
Other	89,076	89,076
Interest on Long-Term Debt	3,220	3,220
Total Expenses	4,195,338	2,896,813

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$3,803,736 and expenditures of \$4,376,821 for the year ended December 31, 2016. As of December 31, 2016, the unassigned fund balance of the county's general fund was \$414,666. The county's governmental funds had total revenue of \$3,721,101 and expenditures of \$4,168,017 for the year ended December 31, 2015. As of December 31, 2015, the unassigned fund balance of the county's general fund was \$839,418.

**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 \$109,062 less than budgeted. Actual expenditures for the year ended December 31, 2016 were under budget by \$216,341. This variance was due to the county overestimating appropriations for various purposes.

Actual revenue for the year ended December 31, 2015 was \$151,025 more than budgeted. This budget variance was mainly due to the county underestimating collections for state aid payments. Actual expenditures for the year ended December 31, 2015 were over budget by \$27,891.

**CAPITAL ASSETS**

As of December 31, 2016 and 2015, the county had \$671,217 and \$780,930, 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)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Buildings	262,993	269,817	276,642
Machinery and Vehicles	408,224	511,113	596,148
Total (net of depreciation)	<u>671,217</u>	<u>780,930</u>	<u>872,790</u>

As of December 31, 2016, this total represents a decrease of \$109,713 in capital assets from January 1, 2016. As of December 31, 2015, this total represents a decrease of \$91,860 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 \$34,547 in outstanding debt which was due within one year. As of December 31, 2015, the county had \$87,487 in outstanding debt of which \$52,940 was due within one year. During fiscal year 2016 and 2015, the county issued no new long-term debt obligations.

For a detailed breakdown of the long-term debt, readers are referred to Note 10 to the audited financial statements which follow this analysis.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers and creditors with a general overview of the county's finances and to show the county's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Gina Ketterling, County Auditor, McIntosh County, Ashley, ND 58413.

McINTOSH COUNTY  
Ashley, North Dakota

Statement of Net Position  
December 31, 2016

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health District	Job Development Authority
<b>ASSETS:</b>				
Cash and Investments	1,303,167.16	44,146.99	140,384.90	84,708.97
Accounts Receivable	4,881.64			
Taxes Receivable	46,110.22	269.35	1,850.24	785.74
Economic Development Loans Receivable				70,864.24
Capital Assets (net of accumulated depreciation):				
Buildings	262,993.00			
Machinery and Vehicles	408,224.00			
<b>Total Capital Assets</b>	<b>671,217.00</b>			
<b>Total Assets</b>	<b>2,025,376.02</b>	<b>44,416.34</b>	<b>142,235.14</b>	<b>156,358.95</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	204,321.00			
<b>LIABILITIES:</b>				
Interest Payable	303.18			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	34,546.55			
Net Pension Liability	703,143.00			
<b>Total Liabilities</b>	<b>737,992.73</b>			
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	157,023.67			
Changes in Resources Related to Pensions	158,737.00			
<b>Total Deferred Inflows of Resources</b>	<b>315,760.67</b>			
<b>NET POSITION:</b>				
Net Investment in Capital Assets	636,670.45			
Restricted for:				
Special Purposes	689,497.68			
Unrestricted	(150,224.51)	44,416.34	142,235.14	156,358.95
<b>Total Net Position</b>	<b>1,175,943.62</b>	<b>44,416.34</b>	<b>142,235.14</b>	<b>156,358.95</b>

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

McINTOSH COUNTY  
Ashley, North Dakota

Statement of Net Position  
December 31, 2015

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Health District	Job Development Authority
<b>ASSETS:</b>				
Cash and Investments	1,720,260.80	46,085.94	128,244.62	77,930.12
Accounts Receivable	3,849.64			
Taxes Receivable	26,884.90	148.44	1,054.44	456.21
Economic Development Loans Receivable				65,325.35
Capital Assets (net of accumulated depreciation):				
Buildings	269,817.00			
Machinery and Vehicles	511,113.00			
Total Capital Assets	780,930.00			
Total Assets	2,531,925.34	46,234.38	129,299.06	143,711.68
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	94,530.00			
<b>LIABILITIES:</b>				
Interest Payable	857.74			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	52,940.12			
Due After One Year:				
Capital Leases Payable	34,546.55			
Net Pension Liability	629,593.00			
Total Liabilities	717,937.41			
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Changes in Resources Related to Pensions	122,899.00			
<b>NET POSITION:</b>				
Net Investment in Capital Assets	693,443.33			
Restricted for:				
Special Purposes	838,081.65			
Unrestricted	254,093.95	46,234.38	129,299.06	143,711.68
Total Net Position	1,785,618.93	46,234.38	129,299.06	143,711.68

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



General Revenues:

Taxes:

Property taxes; levied for general purposes	651,486.54	8,651.17	60,122.89	26,876.75
Property taxes; levied for special purposes	914,953.30			
Telecommunications taxes	20,795.69			
Federal aid not restricted to specific program:	1,171.00			
Federal payments in lieu of taxes	443,968.67		11,300.00	
State aid not restricted to specific program:	120,498.73	88.84	10,756.71	2,103.34
State aid distribution				
Earnings on investments and other revenue				

Total General Revenues

2,152,873.93      8,740.01      82,179.60      28,980.09

Change in Net Position

(609,675.31)      (1,818.04)      12,936.08      12,647.27

Net Position - January 1

1,785,618.93      46,234.38      129,299.06      143,711.68

Net Position - December 31

1,175,943.62      44,416.34      142,235.14      156,358.95

=====

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



MCINTOSH COUNTY  
Ashley, North Dakota

Statement of Activities  
For the Year Ended December 31, 2015

Net (Expense) Revenue and Changes in Net Position

	Program Revenues		Component Units			
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Health District	Job Development Authority
Expenses						
1,207,314.21	58,528.45		(1,148,785.76)			
266,539.84	75,665.32	11,285.42	(179,589.10)			
2,178,925.48	9,942.91	1,107,896.93	(1,061,085.64)			
297,313.46		35,205.85	(262,107.61)			
4,288.46			(4,288.46)			
148,659.60			(148,659.60)			
89,076.40			(89,076.40)			
3,220.05			(3,220.05)			
<b>4,195,337.50</b>	<b>144,136.68</b>	<b>1,154,388.20</b>	<b>(2,896,812.62)</b>			
=====						
Total Governmental Activities				(7,445.07)		
-----						
Component Units:						
Water Resource District					(69,826.52)	
Health District		62,800.67				
Job Development Authority						(30,099.94)
-----						

Functions/Programs

Primary Government:

Governmental Activities:

- General Government
- Public Safety
- Highways and Public Improve.
- Health and Welfare
- Culture and Recreation
- Conser. and Economic Dvlpmnt.
- Other
- Interest on Long-Term Debt

Total Governmental Activities

Component Units:

- Water Resource District
- Health District
- Job Development Authority

General Revenues:

Taxes:

Property taxes; levied for general purposes	192,524.22	8,391.81	59,750.84	24,376.64
Property taxes; levied for special purposes	1,445,405.21			
Homestead tax credit	6,485.82			
Disabled veterans tax credit	522.79			
Telecommunications taxes	20,795.69			
Federal aid not restricted to specific program:	1,147.00			
Federal payments in lieu of taxes			10,000.00	
State aid not restricted to specific program:	616,711.87	755.27	6,856.63	2,242.74
State aid distribution	132,193.26			
Earnings on investments and other revenue		9,147.08	76,607.47	26,619.38
Total General Revenues	2,415,785.86			
Change in Net Position	(481,026.76)	1,702.01	6,780.95	(3,480.56)
Net Position - January 1	2,927,056.69	44,532.37	122,518.11	147,192.24
Prior Period Adjustment, see Note 15	(660,411.00)			
Net Position - January 1, as restated	2,266,645.69	44,532.37	122,518.11	147,192.24
Net Position - December 31	1,785,618.93	46,234.38	129,299.06	143,711.68

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

McINTOSH COUNTY  
Ashley, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2016

Major Funds

	General	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Social Services	Emergency	Weld Contol	Other Governmental Funds	Total Governmental Funds
ASSETS:									
Cash and Investments	473,271.59	619.50	20,902.80	26,207.93	234,949.59	178,878.91	163,735.98	204,600.86	1,303,167.16
Accounts Receivable		4,881.64							4,881.64
Taxes Receivable	16,188.07		1,402.44	6,538.23	8,505.45	546.85	1,118.25	11,810.93	46,110.22
Total Assets	489,459.66	5,501.14	22,305.24	32,746.16	243,455.04	179,425.76	164,854.23	216,411.79	1,354,159.02
=====									
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Deferred Inflows Of Resources:									
Unavailable Revenue	74,794.02		17,683.69	30,277.50	31,690.94	3,983.00	5,935.21	38,769.73	203,133.89
Fund Balances:									
Restricted for:									
General Government								145.78	145.78
Public Safety								35,505.60	35,505.60
Highways and Public Improvement		5,501.14	4,621.55	2,468.86	211,764.10			1,595.88	14,187.43
Health and Welfare								15.39	211,764.10
Culture and Recreations								5,911.26	15.39
Conservation and Economic Development						175,442.76	158,919.02		164,830.28
Emergency Services								23,202.20	175,442.76
Motor Pool								34,785.17	23,202.20
Other								49,380.78	34,785.17
Assigned to:								12,100.00	49,380.78
Technology								15,000.00	12,100.00
Building Demolition									15,000.00
Sheriff Vehicle									
Unassigned	414,665.64								414,665.64
Total Fund Balances	414,665.64	5,501.14	4,621.55	2,468.86	211,764.10	175,442.76	158,919.02	177,642.06	1,151,025.13
Total Deferred Inflows of Resources and Fund Balances	489,459.66	5,501.14	22,305.24	32,746.16	243,455.04	179,425.76	164,854.23	216,411.79	1,354,159.02

=====

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

McINTOSH COUNTY  
Ashley, North Dakota

Balance Sheet  
Governmental Funds  
December 31, 2015

Major Funds

	General	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Social Services	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
ASSETS:									
Cash and Investments	839,418.24	10,228.90	1,109.27	41,617.55	177,389.50	157,758.30	204,986.36	287,752.68	1,720,260.80
Accounts Receivable		3,849.64							3,849.64
Taxes Receivable	2,802.98		3,417.29	3,123.04	4,840.31	394.38	878.31	11,428.59	26,884.90
Total Assets	842,221.22	14,078.54	4,526.56	44,740.59	182,229.81	158,152.68	205,864.67	299,181.27	1,750,995.34
=====									
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Deferred Inflows Of Resources:									
Unavailable Revenue	2,802.98		3,417.29	3,123.04	4,840.31	394.38	878.31	11,428.59	26,884.90
Fund Balances:									
Restricted for:									
General Government									14,844.62
Public Safety									122,632.50
Highways and Public Improvement		14,078.54	1,109.27	41,617.55	177,389.50				12,011.56
Health and Welfare									24.40
Culture and Recreations									215,930.94
Conservation and Economic Development						157,758.30			157,758.30
Emergency Services							204,986.36		20,572.35
Motor Pool									26,910.81
Other									9,977.13
Debt Service									57,734.73
Assigned to:									12,100.00
Technology									
Building Demolition									
Unassigned	839,418.24								839,418.24
Total Fund Balances	839,418.24	14,078.54	1,109.27	41,617.55	177,389.50	157,758.30	204,986.36	287,752.68	1,724,110.44
Total Deferred Inflows of Resources and Fund Balances	842,221.22	14,078.54	4,526.56	44,740.59	182,229.81	158,152.68	205,864.67	299,181.27	1,750,995.34
=====									

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

McINTOSH COUNTY  
Ashley, North Dakota

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

Total Fund Balances for Governmental Funds		1,151,025.13
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	1,965,769.00	
Less Accumulated Depreciation	(1,294,552.00)	
Net Capital Assets		671,217.00
<p>Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.</p>		
		46,110.22
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources	204,321.00	
Total Deferred Inflows of Resources	(158,737.00)	
Total Deferred Outflows/Inflows of Resources		45,584.00
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2016 are:</p>		
Capital Leases Payable	(34,546.55)	
Interest Payable	(303.18)	
Net Pension Liability	(703,143.00)	
Total Long-Term Liabilities		(737,992.73)
Total Net Position of Governmental Activities		1,175,943.62
		=====

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

McINTOSH COUNTY  
Ashley, North Dakota

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

Total Fund Balances for Governmental Funds		1,724,110.44
<p>Total net position reported for government activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Cost of Capital Assets	1,965,769.00	
Less Accumulated Depreciation	(1,184,839.00)	
Net Capital Assets		780,930.00
<p>Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.</p>		
		26,884.90
<p>The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.</p>		
Total Deferred Outflows of Resources	94,530.00	
Total Deferred Inflows of Resources	(122,899.00)	
Total Deferred Outflows/Inflows of Resources		(28,369.00)
<p>Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2015 are:</p>		
Capital Leases Payable	(87,486.67)	
Interest Payable	(857.74)	
Net Pension Liability	(629,593.00)	
Total Long-Term Liabilities		(717,937.41)
Total Net Position of Governmental Activities		1,785,618.93
		=====

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	Major Funds							Total Governmental Funds
	General	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Social Services	Emergency	Weed Control	
<b>Revenues:</b>								
Taxes	656,386.41		3,512.28	270,283.72	269,092.89	17,685.28	35,981.94	315,067.69
Licenses, Permits and Fees	345.00				80.00			36,194.24
Intergovernmental	456,170.47	1,274,778.20		241,737.76	35,285.16			2,007,971.59
Charges for Services	59,710.69	6,003.90						70,636.04
Miscellaneous	71,513.12	9,475.06		211.12	1,268.52		21,660.88	120,498.73
<b>Total Revenues</b>	<b>1,244,125.69</b>	<b>1,290,257.16</b>	<b>3,512.28</b>	<b>512,232.60</b>	<b>305,726.57</b>	<b>17,685.28</b>	<b>57,642.82</b>	<b>3,803,735.81</b>
<b>Expenditures:</b>								
Current:								
General Government	795,084.36							11,974.28
Public Safety	303,237.33							35,140.97
Highways and Public Improve.	414,317.55	1,317,582.83		706,381.29				187,194.05
Health and Welfare					271,351.97			4,449.70
Culture and Recreation	9,912.40						103,710.16	94,205.06
Conser. and Economic Dvlpmnt.	2,386.00					0.82		64,731.57
Other								
Debt Service:								
Principal	39,325.05	13,615.07						
Interest	1,584.00	636.66						
<b>Total Expenditures</b>	<b>1,565,846.69</b>	<b>1,331,834.56</b>		<b>706,381.29</b>	<b>271,351.97</b>	<b>0.82</b>	<b>103,710.16</b>	<b>397,695.63</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(321,721.00)</b>	<b>(41,577.40)</b>	<b>3,512.28</b>	<b>(194,148.69)</b>	<b>34,374.60</b>	<b>17,684.46</b>	<b>(46,067.34)</b>	<b>(25,142.22)</b>
								<b>(573,085.31)</b>

Other Financing Sources (Uses):									
Transfers In	114,468.40	33,000.00	155,000.00			29,500.00	331,968.40		
Transfers Out	(217,500.00)					(114,468.40)	(331,968.40)		
Total Other Financing Sources (Uses)	(103,031.60)	33,000.00	155,000.00			(84,968.40)			
Net Change in Fund Balances	(424,752.60)	(8,577.40)	3,512.28	(39,148.69)	34,374.60	17,684.46	(46,067.34)	(110,110.62)	(573,085.31)
Fund Balance - January 1	839,418.24	14,078.54	1,109.27	41,617.55	177,389.50	157,758.30	204,986.36	287,752.68	1,724,110.44
Fund Balance - December 31	414,665.64	5,501.14	4,621.55	2,468.86	211,764.10	175,442.76	158,919.02	177,642.06	1,151,025.13

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



McINTOSH COUNTY  
Ashley, North Dakota

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

Major Funds

	General	Highway Tax Distribution	Federal Aid Roads	Unorganized Road	Social Services	Emergency	Weed Control	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	211,415.64		194,336.57	260,302.73	279,923.69	17,310.86	51,843.15	650,382.83	1,665,515.47
Licenses, Permits and Fees	355.00				240.00			38,534.71	39,129.71
Intergovernmental	489,822.72	716,442.49	1,035.66	391,454.44	36,698.67	91.25	273.74	143,436.71	1,779,255.68
Charges for Services	87,088.66	9,702.91						8,215.40	105,006.97
Miscellaneous	58,035.04	22,427.20			3,185.84		12,379.91	36,165.27	132,193.26
<b>Total Revenues</b>	<b>846,717.06</b>	<b>748,572.60</b>	<b>195,372.23</b>	<b>651,757.17</b>	<b>320,048.20</b>	<b>17,402.11</b>	<b>64,496.80</b>	<b>876,734.92</b>	<b>3,721,101.09</b>
<b>Expenditures:</b>									
Current:									
General Government	558,704.56							641,075.65	1,199,780.21
Public Safety	185,500.74							69,202.10	254,702.84
Highways and Public Improve.		708,643.12	530,776.33	623,452.59	297,313.46			206,013.44	2,068,885.48
Health and Welfare								4,288.46	4,288.46
Culture and Recreation								83,831.37	148,659.60
Conser. and Economic Dvlpmnt.	5,231.00						59,597.23	88,278.49	89,076.40
Other	797.91								40,000.00
Capital Outlay		40,000.00							
Debt Service:									
Principal	9,574.82	13,186.51						38,216.44	60,977.77
Interest	574.50	1,065.22						2,692.61	4,332.33
<b>Total Expenditures</b>	<b>760,383.53</b>	<b>762,894.85</b>	<b>530,776.33</b>	<b>623,452.59</b>	<b>297,313.46</b>	<b>59,597.23</b>	<b>59,597.23</b>	<b>1,133,598.56</b>	<b>4,168,016.55</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>86,333.53</b>	<b>(14,322.25)</b>	<b>(335,404.10)</b>	<b>28,304.58</b>	<b>22,734.74</b>	<b>17,402.11</b>	<b>4,899.57</b>	<b>(256,863.64)</b>	<b>(446,915.46)</b>

Other Financing Sources (Uses):									
Transfers In		169,482.96						48,779.06	218,262.02
Transfers Out	(188,262.02)							(30,000.00)	(218,262.02)
Total Other Financing Sources (Uses)	(188,262.02)	169,482.96						18,779.06	
Net Change in Fund Balances	(101,928.49)	(14,322.25)	(165,921.14)	28,304.58	22,734.74	17,402.11	4,899.57	(238,084.58)	(446,915.46)
Fund Balance - January 1	941,346.73	28,400.79	167,030.41	13,312.97	154,654.76	140,356.19	200,086.79	525,837.26	2,171,025.90
Fund Balance - December 31	839,418.24	14,078.54	1,109.27	41,617.55	177,389.50	157,758.30	204,986.36	287,752.68	1,724,110.44

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

McINTOSH COUNTY  
Ashley, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds (573,085.31)

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	(109,713.00)	(109,713.00)

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	52,940.12	52,940.12

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

Net Decrease in Interest Payable	554.56	
Net Decrease to Pension Expense	403.00	957.56

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		19,225.32

Change in Net Position of Governmental Activities		(609,675.31)

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

McINTOSH COUNTY  
Ashley, North Dakota

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

Net Change in Fund Balances - Total Governmental Funds (446,915.46)

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	40,000.00	
Current Year Depreciation Expense	(131,860.00)	(91,860.00)

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	60,977.77	60,977.77

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

Net Decrease in Interest Payable	1,112.28	
Net Decrease to Pension Expense	2,449.00	3,561.28

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		(6,790.35)

Change in Net Position of Governmental Activities		(481,026.76)

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	228,376.88
	=====
<u>Liabilities:</u>	
Due to Other Governments	228,376.88
	=====

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	788,568.93 =====
<u>Liabilities:</u>	
Due to Other Governments	788,568.93 =====

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

McINTOSH COUNTY  
Ashley, North Dakota

Notes to the Financial Statements  
December 31, 2016 and 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

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

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

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

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

## B. Basis of Presentation

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

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

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

The county reports the following major governmental funds:

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

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

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

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

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

*Emergency.* This fund accounts for a special levy used for the purpose of funding emergency situations in the county.

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

The county reports the following fund type:

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



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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	75 to 100 years
Machinery and Vehicles	7 to 10 years

#### F. Compensated Absences

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

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

#### G. Long-Term Obligations

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

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

#### H. Pension

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

#### I. Fund Equity

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

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

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

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

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

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

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

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

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

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

#### J. Interfund Transactions

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

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

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

#### K. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2016 the county's carrying amount of deposits was \$1,530,234 and the bank balance was \$1,613,062. Of the bank balance, \$485,823 was covered by Federal Depository Insurance. The remaining balance of \$1,127,239 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 \$2,501,838 and the bank balance was \$2,595,507. Of the bank balance, \$484,505 was covered by Federal Depository Insurance. The remaining balance of \$2,111,002 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 \$470,799, which are all considered deposits.

At December 31, 2015 the county held certificates of deposit in the amount of \$468,505, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 TAXES RECEIVABLE

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

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

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

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

Note 4 ECONOMIC DEVELOPMENT LOANS RECEIVABLE

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

	<u>2016</u>	<u>2015</u>
Outlaw Construction		2,222.16
Ashley Medical Center		2,222.16
Wishek Collision		3,333.28
100X Retrievers	972.19	2,638.87
Stacy's Diner	1,944.42	3,472.21
Little d Fencing	2,020.00	3,020.00
Coffee Grind & More	3,611.06	7,222.20
Shed Cafe & Bar	3,472.21	4,027.77
Wishek Bowling Assn.	1,166.72	1,166.72
Beaver Valley Diesel	4,900.00	8,500.00
A & B Feedlot Services	5,555.52	8,888.88
Kim's ABC Store	5,555.52	8,888.88
Mini Mustangs Daycare	6,388.86	9,722.22
The Hayloft	9,166.66	
Jamies's Little Angels Daycare	9,444.44	
Salon Envy	8,055.54	
JB Ready Mix	8,611.10	
Total	<u>70,864.24</u>	<u>65,325.35</u>
	=====	=====

Note 5 CAPITAL ASSETS

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

	<u>2016</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
Capital assets being depreciated:				
Buildings	550,040			550,040
Machinery & Vehicles	1,415,729			1,415,729
Total	<u>1,965,769</u>			<u>1,965,769</u>
Less accumulated depreciation for:				
Buildings	280,223	6,824		287,047
Machinery & Vehicles	904,616	102,889		1,007,505
Total	<u>1,184,839</u>	<u>109,713</u>		<u>1,294,552</u>
Governmental Activities Capital Assets, Net	<u>780,930</u>	<u>(109,713)</u>	-0-	<u>671,217</u>

	<u>2015</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
Capital assets being depreciated:				
Buildings	550,040			550,040
Machinery & Vehicles	1,427,229	40,000	51,500	1,415,729
Total	<u>1,977,269</u>	<u>40,000</u>	<u>51,500</u>	<u>1,965,769</u>
Less accumulated depreciation for:				
Buildings	273,398	6,825		280,223
Machinery & Vehicles	831,081	125,035	51,500	904,616
Total	<u>1,104,479</u>	<u>131,860</u>	<u>51,500</u>	<u>1,184,839</u>
Governmental Activities Capital Assets, Net	<u>872,790</u>	<u>(91,860)</u>	-0-	<u>780,930</u>

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	10,642	9,983
Public Safety	11,837	11,837
Highways and Public Improve.	87,234	110,040
Total Depreciation Expense	<u>109,713</u>	<u>131,860</u>

Note 6 INTEREST PAYABLE

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

Note 7 UNAVAILABLE REVENUE

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

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

Note 8 OPERATING LEASES

The county entered into two (5) year rental agreements with Butler Machinery for four 160M2 motor graders. These agreements are considered, for accounting purposes, to be operating leases. Lease expenditures were \$98,707.09 for the years ending December 31, 2016 and 2015. The future lease payments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2017	98,707.09 =====

Note 9 CAPITAL LEASES PAYABLE

The county has entered into the following lease agreements.

Lease-purchase of Caterpillar 950K Wheel Loader due in final installment of \$14,251.73 on June 15, 2017, which includes interest at 2.75%.	14,057.55
Lease-purchase of a Case 580SN Backhoe due in final installment of \$20,930.00 on October 15, 2017, which includes interest at 2.15%.	20,489.00
Total Capital Leases	34,546.55

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the minimum lease payments at December 31, 2016;

<u>Year Ending December 31</u>	<u>Payments</u>
2017	35,181.73
Less: amount representing interest	(635.18)
Present value of future minimum lease payments	34,546.55

Note 10 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>		
Capital Leases Payable	87,486	-0-	52,939	34,547	34,547
	=====	=====	=====	=====	=====

	<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>		
Capital Leases Payable	148,464	-0-	60,978	87,486	52,940
	=====	=====	=====	=====	=====

Note 11 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>		
Highway Tax Distribution	33,000.00	
Unorganized Road	155,000.00	
County Agent	14,500.00	
General Fund		202,500.00
To subsidize expenditures.		
Sheriff Vehicle	15,000.00	
General Fund		15,000.00
To set-aside funds for sheriff vehicles.		
General Fund	114,468.40	
Social Security		6,509.91
Insurance Reserve		7,575.54
Jail		89,646.65
Health Insurance		759.17
County Loan		9,977.13
To partially close funds.		



December 31, 2015

Technology	30,000.00	
Social Security		30,000.00

To transfer unused technology funds.

Federal Aid Roads	169,482.96	
Health Insurance	18,535.06	
Records Preservation	244.00	
Social Security		188,262.02

To subsidize expenditures.

Note 12 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the McIntosh County Senior Citizens and McIntosh County Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2016 and 2015, the county remitted \$50,633.63 and \$47,665.61 to the Senior Citizens and \$4,449.70 and \$4,288.46 to the Historical Society, respectively.

Note 13 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDIRF for its general liability, automobile and public assets insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$1,910,525 for public assets.

The county also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the county with a blanket fidelity bond coverage in the amount of \$1,900,000 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

North Dakota Public Employees Retirement System (Main System)

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

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

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

**Pension Benefits**

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

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

**Death and Disability Benefits**

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

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

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

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

#### **Member and Employer Contributions**

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

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

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

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

At December 31, 2016, McIntosh County reported a liability of \$703,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on the county's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015 the county's proportion was .103406 percent, which was an increase of .004214 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016 the county recognized pension expense of \$72,447. At December 31, 2016 the county reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources -----	Deferred Inflows of Resources -----
Differences between expected and actual experience	20,399	
Changes in assumptions		62,647
Net difference between projected and actual earnings on pension plan investments	81,247	96,090
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,987	
County contributions subsequent to the measurement date (see below)	75,688	
Total	----- 204,321 -----	----- 158,737 -----

\$75,688 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

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

Year ended June 30: -----	
2017	(13,619)
2018	(13,619)
2019	(13,619)
2020	17,053
2021	(6,297)
Thereafter	0

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

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses.
Cost-of-living adjustments	None

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Equity Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

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

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

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
	-----	-----	-----
The county's proportionate share of the net pension liability	1,078,235	703,143	396,250

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

Note 15 PRIOR PERIOD ADJUSTMENT

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

McINTOSH COUNTY  
Ashley, 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)
<b>Revenues:</b>				
Taxes	649,143.99	649,143.99	656,386.41	7,242.42
Licenses, Permits and Fees	320.00	320.00	345.00	25.00
Intergovernmental	601,000.00	601,000.00	456,170.47	(144,829.53)
Charges for Services	77,036.00	77,036.00	59,710.69	(17,325.31)
Miscellaneous	25,688.00	25,688.00	71,513.12	45,825.12
<b>Total Revenues</b>	<b>1,353,187.99</b>	<b>1,353,187.99</b>	<b>1,244,125.69</b>	<b>(109,062.30)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	774,793.78	774,793.78	795,084.36	(20,290.58)
Public Safety	316,527.89	316,527.89	303,237.33	13,290.56
Highways and Public Improve.	531,491.39	531,491.39	414,317.55	117,173.84
Culture and Recreation	4,500.00	4,500.00		4,500.00
Conser. and Economic Dvlpmnt.	24,615.88	24,615.88	9,912.40	14,703.48
Other	89,350.00	89,350.00	2,386.00	86,964.00
<b>Debt Service:</b>				
Principal	39,495.66	39,495.66	39,325.05	170.61
Interest	1,413.39	1,413.39	1,584.00	(170.61)
<b>Total Expenditures</b>	<b>1,782,187.99</b>	<b>1,782,187.99</b>	<b>1,565,846.69</b>	<b>216,341.30</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(429,000.00)</b>	<b>(429,000.00)</b>	<b>(321,721.00)</b>	<b>107,279.00</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In			114,468.40	114,468.40
Transfers Out			(217,500.00)	(217,500.00)
<b>Total Other Financing Sources (Uses)</b>			<b>(103,031.60)</b>	<b>(103,031.60)</b>
<b>Net Change in Fund Balances</b>	<b>(429,000.00)</b>	<b>(429,000.00)</b>	<b>(424,752.60)</b>	<b>4,247.40</b>
<b>Fund Balance - January 1</b>	<b>839,418.24</b>	<b>839,418.24</b>	<b>839,418.24</b>	
<b>Fund Balance - December 31</b>	<b>410,418.24</b>	<b>410,418.24</b>	<b>414,665.64</b>	<b>4,247.40</b>

McINTOSH COUNTY  
Ashley, 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)
<b>Revenues:</b>				
Taxes	197,032.22	197,032.22	211,415.64	14,383.42
Licenses, Permits and Fees	310.00	310.00	355.00	45.00
Intergovernmental	401,100.00	401,100.00	489,822.72	88,722.72
Charges for Services	74,132.00	74,132.00	87,088.66	12,956.66
Miscellaneous	23,118.00	23,118.00	58,035.04	34,917.04
<b>Total Revenues</b>	<b>695,692.22</b>	<b>695,692.22</b>	<b>846,717.06</b>	<b>151,024.84</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	528,849.55	528,849.55	558,704.56	(29,855.01)
Public Safety	197,907.67	197,907.67	185,500.74	12,406.93
Conser. and Economic Dvlpmnt.	5,235.00	5,235.00	5,231.00	4.00
Other	500.00	500.00	797.91	(297.91)
<b>Debt Service:</b>				
Principal			9,574.82	(9,574.82)
Interest			574.50	(574.50)
<b>Total Expenditures</b>	<b>732,492.22</b>	<b>732,492.22</b>	<b>760,383.53</b>	<b>(27,891.31)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(36,800.00)</b>	<b>(36,800.00)</b>	<b>86,333.53</b>	<b>123,133.53</b>
<b>Other Financing (Uses):</b>				
Transfers Out			(188,262.02)	(188,262.02)
<b>Net Change in Fund Balances</b>	<b>(36,800.00)</b>	<b>(36,800.00)</b>	<b>(101,928.49)</b>	<b>(65,128.49)</b>
<b>Fund Balance - January 1</b>	<b>941,346.73</b>	<b>941,346.73</b>	<b>941,346.73</b>	
<b>Fund Balance - December 31</b>	<b>904,546.73</b>	<b>904,546.73</b>	<b>839,418.24</b>	<b>(65,128.49)</b>



McINTOSH COUNTY  
Ashley, 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	700,000.00	700,000.00	716,442.49	16,442.49
Charges for Services	5,000.00	5,000.00	9,702.91	4,702.91
Miscellaneous	12,000.00	12,000.00	22,427.20	10,427.20
<b>Total Revenues</b>	<b>717,000.00</b>	<b>717,000.00</b>	<b>748,572.60</b>	<b>31,572.60</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	577,000.00	577,000.00	708,643.12	(131,643.12)
Capital Outlay			40,000.00	(40,000.00)
Debt Service:				
Principal			13,186.51	(13,186.51)
Interest			1,065.22	(1,065.22)
<b>Total Expenditures</b>	<b>577,000.00</b>	<b>577,000.00</b>	<b>762,894.85</b>	<b>(185,894.85)</b>
<b>Net Change in Fund Balances</b>	<b>140,000.00</b>	<b>140,000.00</b>	<b>(14,322.25)</b>	<b>(154,322.25)</b>
<b>Fund Balance - January 1</b>	<b>28,400.79</b>	<b>28,400.79</b>	<b>28,400.79</b>	
<b>Fund Balance - December 31</b>	<b>168,400.79</b>	<b>168,400.79</b>	<b>14,078.54</b>	<b>(154,322.25)</b>

McINTOSH COUNTY  
Ashley, North Dakota

Budgetary Comparison Schedule  
Federal Aid Roads Fund  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	220,000.00	220,000.00	194,336.57	(25,663.43)
Intergovernmental			1,035.66	1,035.66
Total Revenues	220,000.00	220,000.00	195,372.23	(24,627.77)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	240,000.00	240,000.00	530,776.33	(290,776.33)
Excess (Deficiency) of Revenues Over Expenditures	(20,000.00)	(20,000.00)	(335,404.10)	(315,404.10)
<u>Other Financing Sources:</u>				
Transfers In			169,482.96	169,482.96
Net Change in Fund Balances	(20,000.00)	(20,000.00)	(165,921.14)	(145,921.14)
Fund Balance - January 1	167,030.41	167,030.41	167,030.41	
Fund Balance - December 31	147,030.41	147,030.41	1,109.27	(145,921.14)

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	326,376.58	326,376.58	270,283.72	(56,092.86)
Intergovernmental	300,000.00	300,000.00	241,737.76	(58,262.24)
Miscellaneous			211.12	211.12
<b>Total Revenues</b>	<b>626,376.58</b>	<b>626,376.58</b>	<b>512,232.60</b>	<b>(114,143.98)</b>
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	737,867.97	737,867.97	706,381.29	31,486.68
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(111,491.39)</b>	<b>(111,491.39)</b>	<b>(194,148.69)</b>	<b>(82,657.30)</b>
<u>Other Financing Sources:</u>				
Transfers In			155,000.00	155,000.00
<b>Net Change in Fund Balances</b>	<b>(111,491.39)</b>	<b>(111,491.39)</b>	<b>(39,148.69)</b>	<b>72,342.70</b>
<b>Fund Balance - January 1</b>	<b>41,617.55</b>	<b>41,617.55</b>	<b>41,617.55</b>	
<b>Fund Balance - December 31</b>	<b>(69,873.84)</b>	<b>(69,873.84)</b>	<b>2,468.86</b>	<b>72,342.70</b>

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	250,017.92	250,017.92	260,302.73	10,284.81
Intergovernmental	120,000.00	120,000.00	391,454.44	271,454.44
Total Revenues	370,017.92	370,017.92	651,757.17	281,739.25
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	427,489.92	427,489.92	623,452.59	(195,962.67)
Net Change in Fund Balances	(57,472.00)	(57,472.00)	28,304.58	85,776.58
Fund Balance - January 1	13,312.97	13,312.97	13,312.97	
Fund Balance - December 31	(44,159.03)	(44,159.03)	41,617.55	85,776.58

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	274,518.70	274,518.70	269,092.89	(5,425.81)
Licenses, Permits and Fees			80.00	80.00
Intergovernmental	27,715.00	27,715.00	35,285.16	7,570.16
Miscellaneous	7,000.00	7,000.00	1,268.52	(5,731.48)
<b>Total Revenues</b>	<b>309,233.70</b>	<b>309,233.70</b>	<b>305,726.57</b>	<b>(3,507.13)</b>
<u>Expenditures:</u>				
Current:				
Health and Welfare	309,233.70	309,233.70	271,351.97	37,881.73
<b>Net Change in Fund Balances</b>			<b>34,374.60</b>	<b>34,374.60</b>
<b>Fund Balance - January 1</b>	<b>177,389.50</b>	<b>177,389.50</b>	<b>177,389.50</b>	
<b>Fund Balance - December 31</b>	<b>177,389.50</b>	<b>177,389.50</b>	<b>211,764.10</b>	<b>34,374.60</b>

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	281,359.20	281,359.20	279,923.69	(1,435.51)
Licenses, Permits and Fees	2,250.00	2,250.00	240.00	(2,010.00)
Intergovernmental	36,005.00	36,005.00	36,698.67	693.67
Miscellaneous	1,000.00	1,000.00	3,185.84	2,185.84
<b>Total Revenues</b>	<b>320,614.20</b>	<b>320,614.20</b>	<b>320,048.20</b>	<b>(566.00)</b>
<b>Expenditures:</b>				
Current:				
Health and Welfare	320,614.20	320,614.20	297,313.46	23,300.74
<b>Net Change in Fund Balances</b>			<b>22,734.74</b>	<b>22,734.74</b>
<b>Fund Balance - January 1</b>	<b>154,654.76</b>	<b>154,654.76</b>	<b>154,654.76</b>	
<b>Fund Balance - December 31</b>	<b>154,654.76</b>	<b>154,654.76</b>	<b>177,389.50</b>	<b>22,734.74</b>

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	17,900.00	17,900.00	17,685.28	(214.72)
<u>Expenditures:</u>				
Current:				
Other	17,900.00	17,900.00	0.82	17,899.18
Net Change in Fund Balances			17,684.46	17,684.46
Fund Balance - January 1	157,758.30	157,758.30	157,758.30	
Fund Balance - December 31	157,758.30	157,758.30	175,442.76	17,684.46

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	17,127.55	17,127.55	17,310.86	183.31
Intergovernmental			91.25	91.25
Total Revenues	17,127.55	17,127.55	17,402.11	274.56
<u>Expenditures:</u>				
Current:				
Other	31,727.15	31,727.15		31,727.15
Excess (Deficiency) of Revenues Over Expenditures	(14,599.60)	(14,599.60)	17,402.11	32,001.71
Net Change in Fund Balances	(14,599.60)	(14,599.60)	17,402.11	32,001.71
Fund Balance - January 1	140,356.19	140,356.19	140,356.19	
Fund Balance - December 31	125,756.59	125,756.59	157,758.30	32,001.71



McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	36,278.00	36,278.00	35,981.94	(296.06)
Miscellaneous			21,660.88	21,660.88
Total Revenues	36,278.00	36,278.00	57,642.82	21,364.82
<u>Expenditures:</u>				
Current:				
Conser. and Economic Dvlpmnt.	87,750.00	87,750.00	103,710.16	(15,960.16)
Net Change in Fund Balances	(51,472.00)	(51,472.00)	(46,067.34)	5,404.66
Fund Balance - January 1	204,986.36	204,986.36	204,986.36	
Fund Balance - December 31	153,514.36	153,514.36	158,919.02	5,404.66

McINTOSH COUNTY  
Ashley, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	51,550.00	51,550.00	51,843.15	293.15
Intergovernmental			273.74	273.74
Miscellaneous	15,000.00	15,000.00	12,379.91	(2,620.09)
Total Revenues	66,550.00	66,550.00	64,496.80	(2,053.20)
<u>Expenditures:</u>				
Current:				
Conser. and Economic Dvlpmnt.	87,750.00	87,750.00	59,597.23	28,152.77
Net Change in Fund Balances	(21,200.00)	(21,200.00)	4,899.57	26,099.57
Fund Balance - January 1	200,086.79	200,086.79	200,086.79	
Fund Balance - December 31	178,886.79	178,886.79	204,986.36	26,099.57

McINTOSH COUNTY  
Ashley, 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:

	2016	2015
General Fund		27,891.31
<u>Special Revenue Funds</u>		
+ Highway Tax Distribution	1,331,835.00	185,894.85
Federal Aid Roads		290,776.33
Unorganized Road		195,962.67
Weed Control	15,960.16	
County Road and Bridge	8,194.05	
* Advertising		.06
* Technology	8,352.95	10,361.44
* County Agent Activity	2,616.59	6,127.56
County Agent		1,398.60
Jail		8,312.97
* Hazardous Chemicals	103.13	104.20
* Emergency 911	34,827.84	35,609.93
* McIntosh Co. Extension Serv.	1,505.06	1,241.53
* Records Preservation	2,339.45	14,114.19
Senior Citizens	12,633.63	12,665.61
* Building Demolition		15,000.00
* FEMA 2009		17,588.93
* FEMA 2010		36,608.78
* FEMA 2011		92,003.99
* Motor Pool	3,620.33	3,913.83
* Sobriety Expense	210.00	175.00

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

\* A budget was not prepared for these funds.

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

McINTOSH COUNTY  
Ashley, North Dakota

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

	2015	2016
	-----	-----
County's proportion of the net pension liability	0.099192%	0.103406%
County's proportionate share of the net pension liability	629,593	703,143
County's covered-employee payroll	891,735	1,002,241
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70.60%	70.16%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	77.15%

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

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

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

- For changes of assumptions, see Note 14 to the financial statements.

McINTOSH COUNTY  
Ashley, 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
<b>Major Governmental Funds:</b>						
General Fund	839,418.24	1,302,731.64	114,468.40	217,500.00	1,565,846.69	473,271.59
Highway Tax Distribution	10,228.90	1,289,225.16	33,000.00		1,331,834.56	619.50
Federal Aid Roads	1,109.27	19,793.53				20,902.80
Unorganized Road	41,617.55	535,971.67	155,000.00		706,381.29	26,207.93
Social Services	177,389.50	328,912.06			271,351.97	234,949.59
Emergency Fund	157,758.30	21,121.43			0.82	178,878.91
Weed Control	204,986.36	62,459.78			103,710.16	163,735.98
<b>Total Major Governmental Funds</b>	<b>1,432,508.12</b>	<b>3,560,215.27</b>	<b>302,468.40</b>	<b>217,500.00</b>	<b>3,979,125.49</b>	<b>1,098,566.30</b>
<b>Non-Major Governmental Funds:</b>						
County Road and Bridge	12,011.56	192,834.83			187,194.05	17,652.34
Social Security	6,509.91	95.55		6,509.91		95.55
Technology	57,734.73				8,353.95	49,380.78
County Agent Activity Fund	3,016.28	2,191.35			2,616.59	2,591.04
County Agent	3,924.77	78,281.82	14,500.00		90,083.41	6,623.18
Veteran's Service Officer	7,087.06	14,678.53			11,758.49	10,007.10
Insurance Reserve Fund	7,575.54	18.59		7,575.54		18.59
Jail	89,646.65	20.12		89,646.65		20.12
Hazardous Chemical	3,903.51	1,100.00			103.13	4,900.38
Health Insurance	759.17	31.64		759.17		31.64
Emergency 911	25,306.00	36,194.24			34,827.84	26,672.40
McIntosh County Extension Service	4,003.53	300.00			1,505.06	2,798.47
Records Preservation	15,413.53	8,531.45			2,339.45	21,605.53
Senior Citizens	195.37	53,771.67			50,633.63	3,333.41
Historical Society	24.40	4,842.09			4,449.70	416.79
County Loan	9,977.13			9,977.13		
Estate Tax	4,214.85	23.79				4,238.64
Building Demolition	12,100.00					12,100.00
Motor Pool	20,572.35	6,250.18			3,620.33	23,202.20
Sobriety Expense (24/7)	3,776.34	346.36			210.00	3,912.70
Sheriff Vehicle			15,000.00			15,000.00
<b>Total Non-Major Governmental Funds</b>	<b>287,752.68</b>	<b>399,512.21</b>	<b>29,500.00</b>	<b>114,468.40</b>	<b>397,695.63</b>	<b>204,600.86</b>
<b>Total Governmental Funds</b>	<b>1,720,260.80</b>	<b>3,959,727.48</b>	<b>331,968.40</b>	<b>331,968.40</b>	<b>4,376,821.12</b>	<b>1,303,167.16</b>
<b>Agency Funds:</b>						
State Tax	106.56	19,631.37			18,064.30	1,673.63
Game and Fish	1,302.14	30,495.21			30,750.00	1,047.35
Ambulance	587.72	134,007.88			122,933.98	11,661.62
Hospital District		95,958.53			87,639.52	8,319.01
Estimated Tax	7,368.64	8,007.30			7,368.64	8,007.30
Mobile Home Tax	6,127.36	6,455.91			5,146.81	7,436.46

(continued)

McINTOSH COUNTY  
Ashley, 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
<u>Agency Funds (cont.):</u>						
Job Development Authority	131.88	29,489.58			26,548.52	3,072.94
Marriage Licenses		244.00			244.00	
County Fair	24.40	1.58			24.40	1.58
Soil Conservation	260.93	47,894.81			44,137.34	4,018.40
Health District	345.24	64,327.88			59,329.86	5,343.26
Tax Proration	758,332.09	1,157.93			758,426.52	1,063.50
Water Resource District	47.92	9,475.93			8,723.17	800.68
County Airport	281.92	67,797.75			62,362.37	5,717.30
Total Cities	5,911.86	442,895.04			413,843.62	34,963.28
Total City Park Districts	1,045.33	83,121.57			75,846.98	8,319.92
Total School Districts	6,654.59	1,433,242.99			1,317,831.21	122,066.37
Total Townships		24,715.92			23,386.35	1,329.57
Total Rural Fire Districts	40.35	42,678.33			39,183.97	3,534.71
<b>Total Agency Funds</b>	<b>788,568.93</b>	<b>2,541,599.51</b>			<b>3,101,791.56</b>	<b>228,376.88</b>
<b>Total Primary Government</b>	<b>2,508,829.73</b>	<b>6,501,326.99</b>	<b>331,968.40</b>	<b>331,968.40</b>	<b>7,478,612.68</b>	<b>1,531,544.04</b>
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Resource District	46,085.94	8,619.10			10,558.05	44,146.99
Health District	128,244.62	193,289.47			181,149.19	140,384.90
Job Development Authority	77,930.12	63,111.67			56,332.82	84,708.97
<b>Total Discretely Presented Component Units</b>	<b>252,260.68</b>	<b>265,020.24</b>			<b>248,040.06</b>	<b>269,240.86</b>
<b>Total Reporting Entity</b>	<b>2,761,090.41</b>	<b>6,766,347.23</b>	<b>331,968.40</b>	<b>331,968.40</b>	<b>7,726,652.74</b>	<b>1,800,784.90</b>

McINTOSH COUNTY  
Ashley, 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
<b>Major Governmental Funds:</b>						
General Fund	941,346.73	846,717.06		188,262.02	760,383.53	839,418.24
Highway Tax Distribution	23,947.15	749,176.60			762,894.85	10,228.90
Federal Aid Roads	167,030.41	195,372.23	169,482.96		530,776.33	1,109.27
Unorganized Road	13,312.97	651,757.17			623,452.59	41,617.55
Social Services	154,654.76	320,048.20			297,313.46	177,389.50
Emergency Fund	140,356.19	17,402.11				157,758.30
Weed Control	200,086.79	64,496.80			59,597.23	204,986.36
<b>Total Major Governmental Funds</b>	<b>1,640,735.00</b>	<b>2,844,970.17</b>	<b>169,482.96</b>	<b>188,262.02</b>	<b>3,034,417.99</b>	<b>1,432,508.12</b>
<b>Non-Major Governmental Funds:</b>						
County Road and Bridge	1,754.38	70,068.92			59,811.74	12,011.56
Social Security	78,787.41	214,228.29		30,000.00	256,505.79	6,509.91
Advertising	0.06				0.06	
Technology	38,096.17		30,000.00		10,361.44	57,734.73
County Agent Activity Fund	2,587.26	6,556.58			6,127.56	3,016.28
County Agent	10,991.28	69,395.77			76,462.28	3,924.77
Veteran's Service Officer	5,324.19	13,261.56			11,498.69	7,087.06
Insurance Reserve Fund	18,027.65	51,898.84			62,350.95	7,575.54
Jail	98,081.37	24,878.25			33,312.97	89,646.65
Hazardous Chemical	2,982.71	1,025.00			104.20	3,903.51
Health Insurance	16,353.17	273,814.52	18,535.06		307,943.58	759.17
Emergency 911	21,391.75	39,524.18			35,609.93	25,306.00
McIntosh County Extension Service	4,420.06	825.00			1,241.53	4,003.53
Records Preservation	15,674.52	13,609.20	244.00		14,114.19	15,413.53
Senior Citizens	125.58	47,735.40			47,665.61	195.37
Historical Society	15.69	4,297.17			4,288.46	24.40
County Loan	17,986.89	32,899.29			40,909.05	9,977.13
Estate Tax	4,200.64	14.21				4,214.85
Building Demolition	27,100.00				15,000.00	12,100.00
FEMA - 2009	17,588.93				17,588.93	
FEMA - 2010	36,608.78				36,608.78	
FEMA - 2011	92,003.99				92,003.99	
Motor Pool	13,193.44	11,292.74			3,913.83	20,572.35
Sobriety Expense (24/7)	2,541.34	1,410.00			175.00	3,776.34
<b>Total Non-Major Governmental Funds</b>	<b>525,837.26</b>	<b>876,734.92</b>	<b>48,779.06</b>	<b>30,000.00</b>	<b>1,133,598.56</b>	<b>287,752.68</b>
<b>Total Governmental Funds</b>	<b>2,166,572.26</b>	<b>3,721,705.09</b>	<b>218,262.02</b>	<b>218,262.02</b>	<b>4,168,016.55</b>	<b>1,720,260.80</b>
<b>Agency Funds:</b>						
State Tax	71.86	17,459.35			17,424.65	106.56
Game and Fish	1,490.23	55,561.91			55,750.00	1,302.14
Ambulance	253.34	103,048.58			102,714.20	587.72

(continued)

McINTOSH COUNTY  
Ashley, 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 (cont.):</u>						
Estimated Tax	6,771.80	7,368.64			6,771.80	7,368.64
Mobile Home Tax	3,889.39	6,127.36			3,889.39	6,127.36
Job Development Authority	118.58	24,495.74			24,482.44	131.88
Marriage Licenses		280.00			280.00	
County Fair	15.69	7,743.33			7,734.62	24.40
Soil Conservation	179.95	43,161.89			43,080.91	260.93
Health District	256.24	60,089.00			60,000.00	345.24
Tax Proration	304,291.12	758,317.02			304,276.05	758,332.09
Water Resource District	36.26	8,439.36			8,427.70	47.92
County Airport	223.86	60,112.70			60,054.64	281.92
Total Cities	4,609.73	397,635.55			396,333.42	5,911.86
Total City Park Districts	454.84	65,957.16			65,366.67	1,045.33
Total School Districts	6,404.41	1,197,468.61			1,197,218.43	6,654.59
Total Townships	134.83	29,777.81			29,912.64	0.00
Total Rural Fire Districts	81.43	39,352.99			39,394.07	40.35
<b>Total Agency Funds</b>	<b>329,283.56</b>	<b>2,882,397.00</b>			<b>2,423,111.63</b>	<b>788,568.93</b>
<b>Total Primary Government</b>	<b>2,495,855.82</b>	<b>6,604,102.09</b>	<b>218,262.02</b>	<b>218,262.02</b>	<b>6,591,128.18</b>	<b>2,508,829.73</b>
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Resource District	44,348.04	9,182.97			7,445.07	46,085.94
Health District	121,214.51	156,539.34			149,509.23	128,244.62
Job Development Authority	78,590.06	69,440.00			70,099.94	77,930.12
<b>Total Discretely Presented Component Units</b>	<b>244,152.61</b>	<b>235,162.31</b>			<b>227,054.24</b>	<b>252,260.68</b>
<b>Total Reporting Entity</b>	<b>2,740,008.43</b>	<b>6,839,264.40</b>	<b>218,262.02</b>	<b>218,262.02</b>	<b>6,818,182.42</b>	<b>2,761,090.41</b>



# Rath & Mehrer, P.C.

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

INDEPENDENT AUDITOR'S REPORT

Governing Board  
McIntosh County  
Ashley, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units each major fund and the aggregate remaining fund information of McIntosh County, Ashley, North Dakota, as of and for the years ended December 31, 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 April 21, 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

April 21, 2017

McINTOSH COUNTY  
Ashley, 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
* Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance Material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**SECTION II - FINANCIAL STATEMENT FINDINGS:**

No matters were reported