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AUDIT REPORT

OLIVER COUNTY
Center, North Dakota

For the Years Ended December 31, 2016 and 2015

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

OLIVER COUNTY
Center, North Dakota

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

	<u>Page(s)</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-10
 BASIC FINANCIAL STATEMENTS	
Statement of Net Position	11,12
Statement of Activities	13,14
Balance Sheet - Governmental Funds	15,16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17,18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19,20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21,22
Statement of Fiduciary Assets and Liabilities - Agency Funds	23,24
Notes to the Financial Statements	25-40
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	41,42
Special Roads Fund	43,44
Unorganized Road Fund	45,46
Highway Tax Distribution Fund	47,48
Social Services Fund	49,50
Notes to the Budgetary Comparison Schedules	51
Schedule of Employer's Share of Net Pension Liability ND Public Employees Retirement System	52
 SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity Arising from Cash Transactions	53-56
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	57-58
Schedule of Findings and Responses	59

OLIVER COUNTY
Center, North Dakota

COUNTY OFFICIALS

Lee Husfloen	Commission Chairman
Darrell Berger	Commission Vice Chairman
Blake Wilkens	Commissioner
Judith Hintz	Auditor
Laura Huber	Treasurer
Kim Wilkens	County Recorder/Clerk of Court
David Hilliard	Sheriff
John Mahoney	States Attorney

Rath & Mehrer, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Oliver County
Center, 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 Oliver County, Center, 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 Oliver County, Center, 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 51 and the schedule of employer's share of net pension liability on page 52 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.

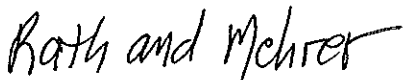
Other Information

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 June 16, 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, P.C.

Bismarck, North Dakota

June 16, 2017

OLIVER COUNTY

Management's Discussion and Analysis

December 31, 2016 and 2015

The Management's Discussion and Analysis (MD&A) of Oliver County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2016 and 2015. The intent of the MD&A is to look at the county's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2016 are as follows:

- * Net position of the county increased \$241,540 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$3,695,358.
- * Total revenues from all sources were \$5,203,510.
- * Total expenses were \$4,961,970.
- * The county's general fund had \$1,798,880 in total revenues and \$1,260,361 in total expenditures. There was a total of \$392,700 paid from other financing uses. Overall, the general fund balance increased by \$145,818 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 increased \$666,423 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$3,453,818.
- * Total revenues from all sources were \$3,912,518.
- * Total expenses were \$3,246,095.
- * The county's general fund had \$1,451,274 in total revenues and \$834,261 in total expenditures. There was a total of \$94,757 paid from other financing uses. Overall, the general fund balance increased by \$522,255 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, special roads fund, unorganized road fund, highway tax distribution fund and social services 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, special roads fund, unorganized road fund, highway tax distribution fund and social services fund are considered "major funds".

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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

As indicated in the financial highlights above, the county's net position increased by \$241,540 and \$666,423 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.

At December 31, 2016, the county's net position of \$3,695,358 is segregated into three separate categories. Net investment in capital assets totals \$676,616. It should be noted that these assets are not available for future spending. The restricted component of net position is \$1,286,559 of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$1,732,183 which includes (\$473,682) 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 \$2,205,865 is available to meet the county's ongoing obligations.

At December 31, 2015, the county's net position of \$3,453,818 is segregated into three separate categories. Net investment in capital assets totals \$751,106. It should be noted that these assets are not available for future spending. The restricted component of net position is \$1,108,330 of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position is \$1,594,382 which includes (\$467,604) 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 \$2,061,986 is available to meet the county's ongoing obligations.

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

	2016	2015	2014
Assets			
Current Assets	3,542,561	3,209,083	2,520,320
Capital Assets (net of accumulated depreciation)	676,616	751,106	766,057
Total Assets	4,219,177	3,960,189	3,286,377
Deferred Outflows of Resources	175,757	66,488	48,418
Liabilities			
Long-Term Liabilities	50,137	38,767	30,561
Net Pension Liability	527,782	446,863	516,838
Total Liabilities	577,919	485,630	547,399
Deferred Inflows of Resources	121,657	87,229	0
Net Position			
Net Investment in Capital Assets	676,616	751,106	766,057
Restricted	1,286,559	1,108,330	945,332
Unrestricted	1,732,183	1,594,382	1,076,006
Total Net Position	3,695,358	3,453,818	2,787,395

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

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

	2016	2015	2014
Revenues			
Program Revenues:			
Charges for Services	137,261	132,133	175,480
Operating Grants and Contributions	2,117,040	895,707	1,955,916
General Revenues:			
Property Taxes	1,761,479	1,482,237	1,328,258
Other Taxes	562,422	614,008	595,807
Federal Aid - Unrestricted	234,655	223,649	204,824
State Aid - Unrestricted	356,869	522,046	444,006
Interest Earnings and Other Revenue	33,785	42,739	154,100
Total Revenues	5,203,510	3,912,518	4,858,391
Expenses			
General Government	928,282	810,866	866,631
Public Safety	423,861	435,910	408,795
Highways and Public Improve.	3,106,953	1,570,463	3,237,888
Health and Welfare	189,542	186,199	178,807
Culture and Recreation	22,636	23,394	19,553
Conser. and Economic Dvlpmnt.	195,875	159,317	134,919
Other	94,822	59,946	50,633
Total Expenses	4,961,970	3,246,095	4,897,226
Net Change in Position	241,540	666,423	(38,835)

Property taxes constituted 34%, other taxes 11%, unrestricted state aid 7%, 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 19%, public safety 9%, highways and public improvement 63%, and health and welfare 4% of total expenses for governmental activities during the fiscal year ended December 31, 2016.

Property taxes constituted 38%, other taxes 16%, unrestricted state aid 13%, operating grants and contributions 23%, and charges for services made up 3% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2015.

General government constituted 25%, public safety 13%, highways and public improvement 48%, and health and welfare 6% of total expenses for governmental activities during the fiscal year ended December 31, 2015.

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

Table III

Total and Net Cost of Services
As of December 31, 2016

	Total Cost Year Ended December 31, 2016	Total Cost Year Ended December 31, 2016
General Government	928,282	844,512
Public Safety	423,861	281,304
Highways and Public Improvement	3,106,953	1,153,705
Health and Welfare	189,542	189,542
Culture and Recreation	22,636	22,636
Conservation and Economic Dvlpmnt.	195,875	141,968
Other	94,822	74,003
Total Expenses	4,961,970	2,707,670

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	810,866	735,945
Public Safety	435,910	272,524
Highways and Public Improvement	1,570,463	867,838
Health and Welfare	186,199	186,199
Culture and Recreation	23,394	23,394
Conservation and Economic Dvlpmnt.	159,317	128,299
Other	59,946	4,056
Total Expenses	3,246,095	2,218,255

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$5,209,143 and expenditures of \$4,870,032 for the year ended December 31, 2016. As of December 31, 2016, the unassigned fund balance of the county's general fund was \$2,184,974. The county's governmental funds had total revenue of \$3,898,445 and expenditures of \$3,223,755 for the year ended December 31, 2015. As of December 31, 2015, the unassigned fund balance of the county's general fund was \$2,039,156.

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 \$186,267 more than budgeted. This variance was due to the county underestimating collections for REA/utility taxes. Actual expenditures for the year ended December 31, 2016 were under budget by \$131,320.

Actual revenue for the year ended December 31, 2015 was \$324,201 more than budgeted. This variance was due to the county underestimating collections for mineral royalties and coal conversion taxes. Actual expenditures for the year ended December 31, 2015 were under budget by \$141,696. This variance was due to the county overestimating appropriations for general government purposes.

CAPITAL ASSETS

As of December 31, 2016 and 2015, the county had \$676,616 and \$751,106, 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, 2012)

	2016	2015	2014
Land	17,000	17,000	17,000
Buildings	424,463	436,168	447,872
Machinery and Vehicles	235,153	297,938	301,185
Total (net of depreciation)	676,616	751,106	766,057
	676,616	751,106	766,057

As of December 31, 2016, this total represents a decrease of \$74,490 in capital assets from January 1, 2016. As of December 31, 2015, this total represents a decrease of \$14,951 in capital assets from January 1, 2015. During the year ending December 31, 2015, the county purchased an expedition for the sheriff's department and a pickup for the road department.

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 4 to the audited financial statements which follow this analysis.

DEBT ADMINISTRATION

As of December 31, 2016, the county had \$50,137 in outstanding debt. As of December 31, 2015, the county had \$38,767 in outstanding debt. During fiscal years 2016 and 2015, the county did not issue any new long-term debt obligations.

For a detailed breakdown of the long-term debt, readers are referred to Note 7 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 Judith Hintz, County Auditor, Oliver County, Center, ND 58530.

OLIVER COUNTY
Center, North Dakota

Statement of Net Position
December 31, 2016

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Ambulance
<u>ASSETS:</u>			
Cash and Investments	3,507,862.11	299,836.40	413,257.18
Taxes Receivable	34,698.92	260.82	2,502.13
Capital Assets (net of accumulated depreciation):			
Land	17,000.00		
Buildings	424,463.00		318,060.00
Machinery and Vehicles	235,153.00		
Total Capital Assets	676,616.00		318,060.00
Total Assets	4,219,177.03	300,097.22	733,819.31
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Changes in Resources Related to Pensions	175,757.00		
<u>LIABILITIES:</u>			
Long-Term Liabilities:			
Due After One Year:			
Compensated Absences Payable	50,136.84		
Net Pension Liability	527,782.00		
Total Liabilities	577,918.84		
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Changes in Resources Related to Pensions	121,657.00		
<u>NET POSITION:</u>			
Net Investment in Capital Assets	676,616.00		318,060.00
Restricted for:			
Special Purposes	1,286,559.07		
Unrestricted	1,732,183.12	300,097.22	415,759.31
Total Net Position	3,695,358.19	300,097.22	733,819.31

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

OLIVER COUNTY
Center, North Dakota

Statement of Net Position
December 31, 2015

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	Ambulance
ASSETS:			
Cash and Investments	3,168,751.26	283,861.84	288,234.02
Taxes Receivable	40,331.98	512.47	3,899.56
Capital Assets (net of accumulated depreciation):			
Land	17,000.00		
Buildings	436,168.00		325,128.00
Machinery and Vehicles	297,938.00		
Total Capital Assets	751,106.00		325,128.00
Total Assets	3,960,189.24	284,374.31	617,261.58
DEFERRED OUTFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	66,488.00		
LIABILITIES:			
Long-Term Liabilities:			
Due After One Year:			
Compensated Absences Payable	38,766.81		
Net Pension Liability	446,863.00		
Total Liabilities	485,629.81		
DEFERRED INFLOWS OF RESOURCES:			
Changes in Resources Related to Pensions	87,229.00		
NET POSITION:			
Net Investment in Capital Assets	751,106.00		325,128.00
Restricted for:			
Special Purposes	1,108,330.04		
Unrestricted	1,594,382.39	284,374.31	292,133.58
Total Net Position	3,453,818.43	284,374.31	617,261.58

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

OLIVER COUNTY
Center, North Dakota

Statement of Activities
For the Year Ended December 31, 2016

	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Ambulance
Functions/Programs						
Primary Government:						
Governmental Activities:						
General Government	928,281.85	59,271.35	24,498.50	(844,512.00)		
Public Safety	423,860.74	48,378.88	94,178.20	(281,303.66)		
Highways and Public Improve.	3,106,953.12		1,953,248.40	(1,153,704.72)		
Health and Welfare	189,542.13			(189,542.13)		
Culture and Recreation	22,635.80			(22,635.80)		
Conser. and Economic Dvlpmnt.	195,874.51	19,712.50	34,193.67	(141,968.34)		
Other	94,822.33	9,898.00	10,920.88	(74,003.45)		
Total Governmental Activities	4,961,970.48	137,260.73	2,117,039.65	(2,707,670.10)		
=====						
Component Units:						
Water Resource District	5,190.28				(5,190.28)	
Ambulance	147,990.14	55,062.94	71,075.00			(21,852.20)
=====						
General Revenues:						
Taxes:						
Property taxes; levied for general purposes			783,493.97	20,445.41	109,131.12	
Property taxes; levied for special purposes			977,984.70			
Homestead tax credit			3,645.68			
Disabled veterans tax credit			3,782.43			
Telecommunications taxes			1,973.97			
Coal severance taxes			400,012.23			
Coal conversion taxes			153,007.89			
Federal aid not restricted to specific program:						
Federal mineral royalties			234,655.24			
State aid not restricted to specific program:						
State aid distribution			356,868.55			
Earnings on investments and other revenue			33,785.20	467.78	29,278.81	
Total General Revenues			2,949,209.86	20,913.19	138,409.93	
Change in Net Position			241,539.76	15,722.91	116,557.73	
Net Position - January 1			3,453,818.43	284,374.31	617,261.58	
Net Position - December 31			3,695,358.19	300,097.22	733,819.31	
=====						

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

OLIVER COUNTY
Center, North Dakota

Statement of Activities
For the Year Ended December 31, 2015

	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Gov't	Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Ambulance
<u>Functions/Programs</u>						
Primary Government:						
Governmental Activities:						
General Government	810,866.22	45,721.35	29,200.22	(735,944.65)		
Public Safety	435,910.06	51,868.83	111,516.81	(272,524.42)		
Highways and Public Improve.	1,570,463.28	9,241.05	693,384.27	(867,837.96)		
Health and Welfare	186,198.95			(186,198.95)		
Culture and Recreation	23,394.14			(23,394.14)		
Conser. and Economic Dvlpmnt.	159,316.53	14,718.28	16,299.36	(128,298.89)		
Other	59,945.70	10,583.25	45,306.08	(4,056.37)		
Total Governmental Activities	3,246,094.88	132,132.76	895,706.74	(2,218,255.38)		
=====						
Component Units:						
Water Resource District	15,477.88				(15,477.88)	
Ambulance	156,934.51	64,589.73	49,900.00			(42,444.78)
=====						
General Revenues:						
Taxes:						
Property taxes; levied for general purposes			222,668.95	18,648.12	89,274.10	
Property taxes; levied for special purposes			1,259,567.79			
Homestead tax credit			3,643.47			
Disabled veterans tax credit			3,851.66			
Telecommunications taxes			1,973.97			
Coal severance taxes			404,453.22			
Coal conversion taxes			200,085.40			
Federal aid not restricted to specific program:						
Federal mineral royalties			223,648.73			
State aid not restricted to specific program:						
State aid distribution			522,046.32			
Earnings on investments and other revenue			42,738.89	459.06	90,104.70	
Total General Revenues			2,884,678.40	19,107.18	179,378.80	
Change in Net Position			666,423.02	3,629.30	136,934.02	
Net Position - January 1			3,255,815.41	280,745.01	480,327.56	
Prior Period Adjustment, see Note 12			(468,420.00)			
Net Position - January 1, as restated			2,787,395.41			
Net Position - December 31			3,453,818.43	284,374.31	617,261.58	
=====						

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

OLIVER COUNTY
Center, North Dakota

Balance Sheet
Governmental Funds
December 31, 2016

Major Funds

	General	Special Roads	Unorganized Road	Highway Tax Distribution	Social Services	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments	2,184,974.43	147,026.65	227.70	445,808.29	373,363.26	356,461.78	3,507,862.11
Taxes Receivable	15,279.60	3,540.78	5,592.32		6,133.00	4,153.22	34,698.92
Total Assets	2,200,254.03	150,567.43	5,820.02	445,808.29	379,496.26	360,615.00	3,542,561.03
=====							
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Deferred Inflows of Resources:							
Unavailable Revenue	15,279.60	3,540.78	5,592.32		6,133.00	4,153.22	34,698.92
Fund Balances:							
Restricted for:							
Public Safety						140,387.65	140,387.65
Highways and Public Improvement		147,026.65	227.70	445,808.29		26,037.82	619,100.46
Health and Welfare					373,363.26		373,363.26
Culture and Recreation						12.07	12.07
Conservation and Economic Development						72,869.39	72,869.39
Emergency Services						55,862.86	55,862.86
Other Purposes						5,544.06	5,544.06
Assigned to:							
Other Purposes						55,747.93	55,747.93
Unassigned	2,184,974.43						2,184,974.43
Total Fund Balances	2,184,974.43	147,026.65	227.70	445,808.29	373,363.26	356,461.78	3,507,862.11
=====							
Total Deferred Inflows of Resources and Fund Balances	2,200,254.03	150,567.43	5,820.02	445,808.29	379,496.26	360,615.00	3,542,561.03
=====							

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

OLIVER COUNTY
Center, North Dakota

Balance Sheet
Governmental Funds
December 31, 2015

Major Funds

	General	Special Roads	Unorganized Road	Highway Tax Distribution	Social Services	Other Governmental Funds	Total Governmental Funds
Cash and Investments	2,039,155.94	72,508.88	2,003.77	424,071.39	254,852.14	376,159.14	3,168,751.26
Taxes Receivable	5,849.33	3,899.56	6,275.13		7,436.48	16,871.48	40,331.98
Total Assets	2,045,005.27	76,408.44	8,278.90	424,071.39	262,288.62	393,030.62	3,209,083.24

DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Deferred Inflows of Resources:
Unavailable Revenue

	5,849.33	3,899.56	6,275.13	7,436.48	16,871.48	40,331.98
--	----------	----------	----------	----------	-----------	-----------

Fund Balances:

Restricted for:
Public Safety
Highways and Public Improvement
Health and Welfare
Culture and Recreation
Conservation and Economic Development
Emergency Services
Other Purposes
Assigned to:
Other Purposes
Unassigned

	72,508.88	2,003.77	424,071.39	254,852.14	105,557.73	516,298.50
					17,714.46	254,852.14
					19.68	19.68
					121,460.72	121,460.72
					55,332.21	55,332.21
					20,326.41	20,326.41
					55,747.93	55,747.93
					2,039,155.94	2,039,155.94

Total Fund Balances

	2,039,155.94	72,508.88	2,003.77	424,071.39	254,852.14	376,159.14	3,168,751.26
--	--------------	-----------	----------	------------	------------	------------	--------------

Total Deferred Inflows of Resources and Fund Balances

	2,045,005.27	76,408.44	8,278.90	424,071.39	262,288.62	393,030.62	3,209,083.24
--	--------------	-----------	----------	------------	------------	------------	--------------

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

OLIVER COUNTY
Center, 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	3,507,862.11
--	--------------

Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	1,964,174.00	
Less Accumulated Depreciation	(1,287,558.00)	
Net Capital Assets		676,616.00

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

34,698.92

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.

Total Deferred Outflows of Resources	175,757.00	
Total Deferred Inflows of Resources	(121,657.00)	
Net Deferred Outflows/Inflows of Resources		54,100.00

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2016 are:

Compensated Absences Payable	(50,136.84)	
Net Pension Liability	(527,782.00)	
Total Long-Term Liabilities		(577,918.84)

Total Net Position of Governmental Activities	3,695,358.19
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The accompanying notes are an integral part of these financial statements.

OLIVER COUNTY
Center, 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	3,168,751.26
--	--------------

Total net position reported for government activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	1,964,174.00	
Less Accumulated Depreciation	(1,213,068.00)	
Net Capital Assets		751,106.00

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.	40,331.98
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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.

Total Deferred Outflows of Resources	66,488.00	
Total Deferred Inflows of Resources	(87,229.00)	
Net Deferred Outflows/Inflows of Resources		(20,741.00)

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2015 are:

Compensated Absences Payable	(38,766.81)	
Net Pension Liability	(446,863.00)	
Total Long-Term Liabilities		(485,629.81)

Total Net Position of Governmental Activities	3,453,818.43
	=====

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

<u>Other Financing Sources (Uses):</u>					
Transfers In	50,000.00	410,000.00	32,700.00	492,700.00	
Transfers Out	(442,700.00)		(50,000.00)	(492,700.00)	
Total Other Financing Sources (Uses)	(392,700.00)	410,000.00	(17,300.00)		
Net Change in Fund Balances	145,818.49	(1,776.07)	118,511.12	(19,697.36)	339,110.85
Fund Balance - January 1	2,039,155.94	72,508.88	2,003.77	376,159.14	3,168,751.26
Fund Balance - December 31	2,184,974.43	147,026.65	227.70	356,461.78	3,507,862.11

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

OLIVER COUNTY
Center, North Dakota

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

Major Funds

	General	Special Roads	Unorganized Road	Highway Tax Distribution	Social Services	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	221,947.11	141,500.12	233,035.76		268,649.85	605,005.39	1,470,138.23
Licenses, Permits and Fees	11,547.60						11,547.60
Intergovernmental	1,159,183.29	145,469.95	539,561.87	307,418.37	6,859.10	94,942.96	2,253,435.54
Charges for Services	40,736.50		9,241.05			70,607.61	120,585.16
Miscellaneous	17,859.34	11,515.00	4,387.01		450.04	8,527.50	42,738.89
Total Revenues	1,451,273.84	298,485.07	786,225.69	307,418.37	275,958.99	779,083.46	3,898,445.42
Expenditures:							
Current:							
General Government	465,506.30					328,103.55	793,609.85
Public Safety	318,657.33					92,299.73	410,957.06
Highways and Public Improve.		433,451.64	828,686.75	219,649.13		43,096.76	1,524,884.28
Health and Welfare	1,472.00				184,726.95		186,198.95
Culture and Recreation						23,394.14	23,394.14
Conser. and Economic Dvlpmnt.	15,530.50					143,786.03	159,316.53
Other						59,945.70	59,945.70
Capital Outlay	33,095.00		32,353.00				65,448.00
Total Expenditures	834,261.13	433,451.64	861,039.75	219,649.13	184,726.95	690,625.91	3,223,754.51
Excess (Deficiency) of Revenues Over Expenditures	617,012.71	(134,966.57)	(74,814.06)	87,769.24	91,232.04	88,457.55	674,690.91

<u>Other Financing Sources (Uses):</u>					
Transfers In	230,742.67	211,000.00	75,000.00	39,500.00	556,242.67
Transfers Out	(325,500.00)			(230,742.67)	(556,242.67)
Total Other Financing Sources (Uses)	(94,757.33)	211,000.00	75,000.00	(191,242.67)	
Net Change in Fund Balances	522,255.38	76,033.43	185.94	91,232.04	674,690.91
Fund Balance - January 1	1,516,900.56	(3,524.55)	1,817.83	163,620.10	2,494,060.35
Fund Balance - December 31	2,039,155.94	72,508.88	2,003.77	254,852.14	3,168,751.26

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

OLIVER COUNTY
Center, 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 339,110.85

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	(74,490.00)	(74,490.00)

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

Net Increase in Compensated Absences Payable	(11,370.03)	
Net Increase to Pension Expenses	(6,078.00)	(17,448.03)

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		(5,633.06)

Change in Net Position of Governmental Activities		241,539.76

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

OLIVER COUNTY
Center, 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		674,690.91
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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	65,448.00	
Current Year Depreciation Expense	(80,399.00)	(14,951.00)

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

Net Increase in Compensated Absences Payable	(8,205.37)	
Net Decrease to Pension Expenses	816.00	(7,389.37)

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		14,072.48

Change in Net Position of Governmental Activities		666,423.02

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

OLIVER COUNTY
Center, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	505,712.92
	=====
<u>Liabilities:</u>	
Due to Other Governments	505,712.92
	=====

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

OLIVER COUNTY
Center, North Dakota

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

	Agency Funds
<u>Assets:</u>	
Cash and Investments	423,227.46 =====
<u>Liabilities:</u>	
Due to Other Governments	423,227.46 =====

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

OLIVER COUNTY
Center, North Dakota

Notes to the Financial Statements
December 31, 2016 and 2015

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Oliver 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 Oliver County.

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

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

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

Oliver County Ambulance: The Oliver County Ambulance'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 ambulance budget. The ambulance has the authority to issue its own debt.

The financial statements of each of the two discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Oliver County Auditor, 315 West Main, Center, ND 58530.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Oliver 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.

Special Roads. This fund accounts for a special levy used for maintenance and repair of farm to market roads in the county.

Unorganized Road. This fund accounts for a special levy and state grants used for the maintenance and repair of township roads within the county.

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

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

The county reports the following fund type:

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

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

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	50 to 75 years
Machinery and Vehicles	5 to 10 years

F. Compensated Absences

Vested or accumulated vacation and sick leave is reported in the government-wide statement of net position. Compensation for unused sick leave will be granted to all full-time employees with at least 10 years of employment with the county. Upon termination of employment, employees will be paid 10% of accumulated sick leave and a maximum of 240 hours of accumulated vacation leave at the employees current hourly rate. Compensated absences represent the liability of the county for these employee benefits.

G. Long-Term Obligations

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

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

H. Pension

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

I. Fund Equity

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

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

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

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

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

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

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

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

- * Committed
- * Assigned
- * Unassigned

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

J. Interfund Transactions

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

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

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

K. Use of Estimates

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

Note 2 DEPOSITS AND INVESTMENTS

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

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

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

At December 31, 2016 the county's carrying amount of deposits was \$3,590,963 and the bank balance was \$3,859,284. Of the bank balance, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$3,359,284 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 \$4,012,012 and the bank balance was \$4,166,662. Of the bank balance, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$3,666,662 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 \$2,100,000, which are all considered deposits.

At December 31, 2015 the county held certificates of deposit in the amount of \$2,300,000, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 TAXES RECEIVABLE

Taxes receivable represents 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 CAPITAL ASSETS

The following is a summary of changes in capital assets for Oliver County for the years ended:

December 31, 2016

	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	17,000			17,000
<i>Capital assets being depreciated:</i>				
Buildings	877,830			877,830
Machinery & Vehicles	1,069,344			1,069,344
Total	1,947,174			1,947,174
<i>Less accumulated depreciation for:</i>				
Buildings	441,662	11,705		453,367
Machinery & Vehicles	771,406	62,785		834,191
Total	1,213,068	74,490		1,287,558
Total capital assets being depreciated, net	734,106	(74,490)		659,616
Governmental Activities Capital Assets, Net	751,106	(74,490)	-0-	676,616

December 31, 2015

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	17,000			17,000
<i>Capital assets being depreciated:</i>				
Buildings	877,830			877,830
Machinery & Vehicles	1,019,796	65,448	15,900	1,069,344
Total	<u>1,897,626</u>	<u>65,448</u>	<u>15,900</u>	<u>1,947,174</u>
<i>Less accumulated depreciation for:</i>				
Buildings	429,958	11,704		441,662
Machinery & Vehicles	718,611	68,695	15,900	771,406
Total	<u>1,148,569</u>	<u>80,399</u>	<u>15,900</u>	<u>1,213,068</u>
Total capital assets being depreciated, net	<u>749,057</u>	<u>(14,951)</u>		<u>734,106</u>
Governmental Activities Capital Assets, Net	<u>766,057</u>	<u>(14,951)</u>	<u>-0-</u>	<u>751,106</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	9,867	9,867
Public Safety	19,043	24,953
Highways and Public Improve.	45,580	45,579
Total Depreciation Expense	<u>74,490</u>	<u>80,399</u>

The following is a summary of changes in capital assets for the Oliver County Ambulance for the years ended:

December 31, 2016

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Governmental Activities:				
<i>Capital assets being depreciated:</i>				
Buildings	353,400			353,400
<i>Less accumulated depreciation for:</i>				
Buildings	28,272	7,068		35,340
Governmental Activities Capital Assets, Net	<u>325,128</u>	<u>(7,068)</u>	<u>-0-</u>	<u>318,060</u>

December 31, 2015

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	353,400			353,400
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	21,204	7,068		28,272
Governmental Activities				
Capital Assets, Net	332,196	(7,068)	-0-	325,128

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

	<u>2016</u>	<u>2015</u>
Ambulance	7,068	7,068

Note 5 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 includes taxes receivable.

Note 6 OPERATING LEASES

The county has entered into rental agreements for the use of (3) John Deere 772G motor graders, (2) Caterpillar motor graders and (2) Caterpillar wheel loaders. These agreements are considered, for accounting purposes, to be operating leases. Lease expenditures were \$135,282.15 and \$129,816.94 for the years ending December 31, 2016 and 2015, respectively. The future lease payments are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2017	135,282.15
2018	44,609.67
2019	44,609.67
2020	30,269.59
Total Payments	254,771.08

Note 7 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>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences *	38,767	-0-	11,370	50,137	-0-
	=====	=====	=====	=====	=====

	<u>2015</u>				
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences *	30,561	8,206	-0-	38,767	-0-
	=====	=====	=====	=====	=====

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

Component Unit Debt.

Changes in Long-Term Liabilities. During the year ended December 31, 2015, the following changes occurred in liabilities reported in the long-term liabilities - Component Unit:

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Bank Loan	10,908	-0-	10,908	-0-	-0-
	=====	=====	=====	=====	=====

Note 8 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2016</u>		
General Fund	50,000.00	
Weed Control		50,000.00
Unorganized Road	410,000.00	
Emergency 911	19,900.00	
County Agent	12,800.00	
General Fund		442,700.00

To subsidize expenditures.

December 31, 2015

Special Roads	211,000.00	
Unorganized Road	75,000.00	
Emergency 911	20,500.00	
County Agency	19,000.00	
General Fund		325,500.00

To subsidize expenditures.

General Fund	230,742.67	
County Loan		27,075.63
Health Insurance		20,313.20
County Park		14,751.72
Fair Board		78.82
Social Security		82,193.99
Insurance Reserve		85,217.75
Abandoned Cemeteries		1,111.56

To close funds.

Note 9 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Oliver County Senior Citizens, Historical Society and Fair Board. However, the county's accountability for these entities does not extend beyond levying the tax. In 2016 and 2015, the county remitted \$47,707.41 and \$37,939.31 to the Senior Citizens, \$4,635.80 and \$3,619.70 to the Historical Society. In 2015, the county remitted \$14,474.44 to the Fair Board.

Note 10 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDRIF for its general liability, automobile and public assets insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability; \$1,000,000 for automobile; and \$2,439,308 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 \$2,000,000 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 11 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, Oliver County reported a liability of \$527,782 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 .077617 percent, which was an increase of .007214 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016 the county recognized pension expense of \$58,711. 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	15,312	
Changes in assumptions		47,023
Net difference between projected and actual earnings on pension plan investments	60,984	72,126
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,340	2,508
County contributions subsequent to the measurement date (see below)	55,121	
Total	<u>175,757</u> =====	<u>121,657</u> =====

\$55,121 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	(5,890)
2018	(5,890)
2019	(5,890)
2020	17,132
2021	(495)
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 county's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
	-----	-----	-----
The county's proportionate share of the net pension liability	809,328	527,782	297,427

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 12 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.

OLIVER COUNTY
Center, 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)
Revenues:				
Taxes	615,091.16	615,091.16	775,589.59	160,498.43
Licenses, Permits and Fees	6,500.00	6,500.00	34,546.50	28,046.50
Intergovernmental	956,101.59	956,101.59	933,356.68	(22,744.91)
Charges for Services	20,600.00	20,600.00	28,649.85	8,049.85
Miscellaneous	14,320.00	14,320.00	26,737.36	12,417.36
Total Revenues	1,612,612.75	1,612,612.75	1,798,879.98	186,267.23
Expenditures:				
Current:				
General Government	989,342.87	989,342.87	900,966.82	88,376.05
Public Safety	363,472.92	363,472.92	325,394.09	38,078.83
Health and Welfare	1,200.00	1,200.00	1,104.00	96.00
Culture and Recreation	19,500.00	19,500.00	18,000.00	1,500.00
Conser. and Economic Dvlpmnt.	18,166.04	18,166.04	14,896.58	3,269.46
Total Expenditures	1,391,681.83	1,391,681.83	1,260,361.49	131,320.34
Excess (Deficiency) of Revenues Over Expenditures	220,930.92	220,930.92	538,518.49	317,587.57
Other Financing Sources (Uses):				
Transfers In			50,000.00	50,000.00
Transfers Out			(442,700.00)	(442,700.00)
Total Other Financing Sources (Uses)			(392,700.00)	(392,700.00)
Net Change in Fund Balances	220,930.92	220,930.92	145,818.49	(75,112.43)
Fund Balance - January 1	2,039,155.94	2,039,155.94	2,039,155.94	
Fund Balance - December 31	2,260,086.86	2,260,086.86	2,184,974.43	(75,112.43)

OLIVER COUNTY
Center, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	200,874.32	200,874.32	221,947.11	21,072.79
Licenses, Permits and Fees	6,000.00	6,000.00	11,547.60	5,547.60
Intergovernmental	887,878.08	887,878.08	1,159,183.29	271,305.21
Charges for Services	18,000.00	18,000.00	40,736.50	22,736.50
Miscellaneous	14,320.00	14,320.00	17,859.34	3,539.34
Total Revenues	1,127,072.40	1,127,072.40	1,451,273.84	324,201.44
Expenditures:				
Current:				
General Government	575,067.62	575,067.62	465,506.30	109,561.32
Public Safety	349,228.17	349,228.17	318,657.33	30,570.84
Health and Welfare	1,200.00	1,200.00	1,472.00	(272.00)
Conser. and Economic Dvlpmnt.	17,366.04	17,366.04	15,530.50	1,835.54
Capital Outlay	33,095.00	33,095.00	33,095.00	
Total Expenditures	975,956.83	975,956.83	834,261.13	141,695.70
Excess (Deficiency) of Revenues Over Expenditures	151,115.57	151,115.57	617,012.71	465,897.14
Other Financing Sources (Uses):				
Transfers In			230,742.67	230,742.67
Transfers Out			(325,500.00)	(325,500.00)
Total Other Financing Sources (Uses)			(94,757.33)	(94,757.33)
Net Change in Fund Balances	151,115.57	151,115.57	522,255.38	371,139.81
Fund Balance - January 1	1,516,900.56	1,516,900.56	1,516,900.56	
Fund Balance - December 31	1,668,016.13	1,668,016.13	2,039,155.94	371,139.81

OLIVER COUNTY
Center, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	133,543.81	133,543.81	181,573.30	48,029.49
Intergovernmental	2,557,457.93	2,557,457.93	1,507,367.90	(1,050,090.03)
Miscellaneous			1,630.35	1,630.35
Total Revenues	2,691,001.74	2,691,001.74	1,690,571.55	(1,000,430.19)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	2,625,000.00	2,625,000.00	1,616,053.78	1,008,946.22
Net Change in Fund Balances	66,001.74	66,001.74	74,517.77	8,516.03
Fund Balance - January 1	72,508.88	72,508.88	72,508.88	
Fund Balance - December 31	138,510.62	138,510.62	147,026.65	8,516.03

OLIVER COUNTY
Center, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	124,522.88	124,522.88	141,500.12	16,977.24
Intergovernmental	1,923,359.25	1,923,359.25	145,469.95	(1,777,889.30)
Miscellaneous			11,515.00	11,515.00
Total Revenues	2,047,882.13	2,047,882.13	298,485.07	(1,749,397.06)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	2,600,000.00	2,600,000.00	433,451.64	2,166,548.36
Excess (Deficiency) of Revenues Over Expenditures	(552,117.87)	(552,117.87)	(134,966.57)	417,151.30
<u>Other Financing Sources:</u>				
Transfers In			211,000.00	211,000.00
Net Change in Fund Balances	(552,117.87)	(552,117.87)	76,033.43	628,151.30
Fund Balance - January 1	(3,524.55)	(3,524.55)	(3,524.55)	
Fund Balance - December 31	(555,642.42)	(555,642.42)	72,508.88	628,151.30

OLIVER COUNTY
Center, 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	238,336.39	238,336.39	304,682.80	66,346.41
Intergovernmental	381,937.77	381,937.77	473,425.65	91,487.88
Miscellaneous			2,455.74	2,455.74
Total Revenues	620,274.16	620,274.16	780,564.19	160,290.03
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	1,332,000.00	1,332,000.00	1,192,340.26	139,659.74
Excess (Deficiency) of Revenues Over Expenditures	(711,725.84)	(711,725.84)	(411,776.07)	299,949.77
<u>Other Financing Sources:</u>				
Transfers In			410,000.00	410,000.00
Net Change in Fund Balances	(711,725.84)	(711,725.84)	(1,776.07)	709,949.77
Fund Balance - January 1	2,003.77	2,003.77	2,003.77	
Fund Balance - December 31	(709,722.07)	(709,722.07)	227.70	709,949.77

OLIVER COUNTY
Center, 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)
Revenues:				
Taxes	225,258.18	225,258.18	233,035.76	7,777.58
Intergovernmental	237,674.70	237,674.70	539,561.87	301,887.17
Charges for Services	10,000.00	10,000.00	9,241.05	(758.95)
Miscellaneous	400.00	400.00	4,387.01	3,987.01
Total Revenues	473,332.88	473,332.88	786,225.69	312,892.81
Expenditures:				
Current:				
Highways and Public Improve.	1,090,097.00	1,090,097.00	828,686.75	261,410.25
Capital Outlay	32,353.00	32,353.00	32,353.00	
Total Expenditures	1,122,450.00	1,122,450.00	861,039.75	261,410.25
Excess (Deficiency) of Revenues Over Expenditures	(649,117.12)	(649,117.12)	(74,814.06)	574,303.06
Other Financing Sources:				
Transfers In			75,000.00	75,000.00
Net Change in Fund Balances	(649,117.12)	(649,117.12)	185.94	649,303.06
Fund Balance - January 1	1,817.83	1,817.83	1,817.83	
Fund Balance - December 31	(647,299.29)	(647,299.29)	2,003.77	649,303.06

OLIVER COUNTY
Center, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	359,850.00	359,850.00	267,178.05	(92,671.95)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	420,000.00	420,000.00	245,441.15	174,558.85
Net Change in Fund Balances	(60,150.00)	(60,150.00)	21,736.90	81,886.90
Fund Balance - January 1	424,071.39	424,071.39	424,071.39	
Fund Balance - December 31	363,921.39	363,921.39	445,808.29	81,886.90

OLIVER COUNTY
Center, 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	321,074.00	321,074.00	307,418.37	(13,655.63)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	445,000.00	445,000.00	219,649.13	225,350.87
Net Change in Fund Balances	(123,926.00)	(123,926.00)	87,769.24	211,695.24
Fund Balance - January 1	336,302.15	336,302.15	336,302.15	
Fund Balance - December 31	212,376.15	212,376.15	424,071.39	211,695.24

OLIVER COUNTY
Center, 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	252,308.56	252,308.56	299,946.72	47,638.16
Intergovernmental	6,836.30	6,836.30	6,712.90	(123.40)
Miscellaneous			289.63	289.63
Total Revenues	259,144.86	259,144.86	306,949.25	47,804.39
<u>Expenditures:</u>				
Current:				
Health and Welfare	221,791.60	221,791.60	188,438.13	33,353.47
Net Change in Fund Balances	37,353.26	37,353.26	118,511.12	81,157.86
Fund Balance - January 1	254,852.14	254,852.14	254,852.14	
Fund Balance - December 31	292,205.40	292,205.40	373,363.26	81,157.86

OLIVER COUNTY
Center, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	241,942.49	241,942.49	268,649.85	26,707.36
Intergovernmental	6,779.02	6,779.02	6,859.10	80.08
Miscellaneous			450.04	450.04
Total Revenues	248,721.51	248,721.51	275,958.99	27,237.48
<u>Expenditures:</u>				
Current:				
Health and Welfare	236,899.60	236,899.60	184,726.95	52,172.65
Net Change in Fund Balances	11,821.91	11,821.91	91,232.04	79,410.13
Fund Balance - January 1	163,620.10	163,620.10	163,620.10	
Fund Balance - December 31	175,442.01	175,442.01	254,852.14	79,410.13

OLIVER COUNTY
Center, 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 and 2015:

	2016	2015
<u>Special Revenue Funds</u>		
Senior Citizens	7,707.41	1,939.31
Fair Board		1,974.44
Emergency 911	3,939.67	7,558.43
Veterans Service Officer	6,135.83	2,687.78
Weed Control	31,075.96	
* Document Preservation	24,679.09	2,718.61
* DES Grants		2,796.60

* A budget was not prepared for these funds.

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

OLIVER COUNTY
Center, 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	0.070403%	0.077617%
County's proportionate share of the net pension liability	446,863	527,782
County's covered-employee payroll	663,973	695,379
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.30%	75.90%
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	44,077	49,511
Contributions in relation to the statutorily required contribution	(44,077)	(49,511)
Contribution deficiency (excess)	0	0
County's covered-employee payroll	663,973	695,379
Contributions as a percentage of covered-employee payroll	6.64%	7.12%

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

- For changes of assumptions, see Note 11 to the financial statements.

OLIVER COUNTY
Center, North Dakota

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

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Major Governmental Funds:						
General Fund	2,039,155.94	1,798,879.98	50,000.00	442,700.00	1,260,361.49	2,184,974.43
Special Roads	72,508.88	1,690,571.55			1,616,053.78	147,026.65
Unorganized Road	2,003.77	780,564.19	410,000.00		1,192,340.26	227.70
Highway Tax Distribution	424,071.39	267,178.05			245,441.15	445,808.29
Social Services	254,852.14	306,949.25			188,438.13	373,363.26
Total Major Governmental Funds	2,792,592.12	4,844,143.02	460,000.00	442,700.00	4,502,634.81	3,151,400.33
Non-Major Governmental Funds:						
County Road and Bridge	17,714.46	15,861.29			7,537.93	26,037.82
Historical Society	19.68	4,628.19			4,635.80	12.07
Senior Citizens	133.13	47,670.89			47,707.41	96.61
Emergency 911	156.83	44,453.88	19,900.00		64,463.67	47.04
Capital Projects	101,110.98	49,314.75			14,959.98	135,465.75
Emergency	55,332.21	530.65				55,862.86
Veteran Services	22.76	22,471.09			22,435.83	58.02
County Agent	672.28	58,326.96	12,800.00		71,756.97	42.27
Weed Control	120,788.44	111,259.64		50,000.00	109,220.96	72,827.12
State Aid Distribution	55,747.93					55,747.93
Hazardous Chemicals	2,978.60	584.94				3,563.54
Document Preservation	20,170.52	9,898.00			24,679.09	5,389.43
DES Grants	1,311.32					1,311.32
Total Non-Major Governmental Funds	376,159.14	365,000.28	32,700.00	50,000.00	367,397.64	356,461.78
Total Governmental Funds	3,168,751.26	5,209,143.30	492,700.00	492,700.00	4,870,032.45	3,507,862.11
Agency Funds:						
Custer Health District	307.41	81,802.44			81,895.98	213.87
Ambulance	665.67	184,031.58			184,214.23	483.02
Soil Conservation District	117.58	30,987.08			31,023.87	80.79
Water Resource District	87.45	20,663.64			20,697.06	54.03
City of Center	336.68	79,079.73			79,337.59	78.82
Center Park	30.30	2,240.42			2,266.33	4.39
School Districts	4,534.29	1,194,343.50			1,195,788.59	3,089.20
Ft. Clark Irrigation		1,946.10			1,946.10	
Southwest Water Authority	66.57	18,233.19			18,251.46	48.30
Rural Fire Districts	319.78	74,074.29			74,133.90	260.17
State Medical	66.57	18,179.91			18,198.18	48.30
Game and Fish	46.00	2,858.00			2,904.00	
Advance Payment	341.99	1,891.80				2,233.79
Random	8,477.16	37,059.10			38,391.74	7,144.52
Marriage and Divorce	243.00	135.00			378.00	
State's Attorney-NSF Payments	0.48	1,092.87			1,092.87	0.48

(continued)

OLIVER COUNTY
Center, 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 (continued):</u>						
Victim Witness Program	485.00	5,496.00			5,056.00	925.00
State Tax	2,562.81	9,072.83			11,635.64	0.00
Extension	2,938.31	3,453.33			3,015.86	3,375.78
MPC Bridge Trust	14,427.86					14,427.86
E-911 Trust	2,000.20	14,123.75			14,762.23	1,361.72
Unapportioned Taxes	385,172.35	471,882.88			385,172.35	471,882.88
Total Agency Funds	423,227.46	2,252,647.44			2,170,161.98	505,712.92
Total Primary Government	3,591,978.72	7,461,790.74	492,700.00	492,700.00	7,040,194.43	4,013,575.03
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Resource District	283,861.84	21,164.84			5,190.28	299,836.40
Ambulance	288,234.02	265,945.30			140,922.14	413,257.18
Total Discretely Presented	572,095.86	287,110.14			146,112.42	713,093.58
Total Reporting Entity	4,164,074.58	7,748,900.88	492,700.00	492,700.00	7,186,306.85	4,726,668.61

OLIVER COUNTY
Center, North Dakota

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

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
Major Governmental Funds:						
General Fund	1,516,900.56	1,451,273.84	230,742.67	325,500.00	834,261.13	2,039,155.94
Special Roads	(3,524.55)	298,485.07	211,000.00		433,451.64	72,508.88
Unorganized Road	1,817.83	786,225.69	75,000.00		861,039.75	2,003.77
Highway Tax Distribution	336,302.15	307,418.37			219,649.13	424,071.39
Social Services	163,620.10	275,958.99			184,726.95	254,852.14
Total Major Governmental Funds	2,015,116.09	3,119,361.96	516,742.67	325,500.00	2,533,128.60	2,792,592.12
Non-Major Governmental Funds:						
County Road and Bridge	6,952.18	14,830.22			4,067.94	17,714.46
County Loan	23,409.67	42,694.78		27,075.63	39,028.82	
Health Insurance	40,868.50	135,977.47		20,313.20	156,532.77	
Historical Society	14.94	3,624.44			3,619.70	19.68
Senior Citizens	119.74	37,952.70			37,939.31	133.13
County Park	11,197.76	8,853.96		14,751.72	5,300.00	
Fair Board	60.38	14,492.88		78.82	14,474.44	
Emergency 911	2,612.18	45,306.08	20,500.00		68,261.43	156.83
Capital Projects	81,429.05	40,923.63			21,241.70	101,110.98
Emergency	54,801.56	530.65				55,332.21
Veteran Services	74.59	19,235.95			19,287.78	22.76
Social Security	5,030.44	222,800.52		82,193.99	145,636.97	
Insurance Reserve	64,671.98	46,479.58		85,217.75	25,933.81	
County Agent	792.86	49,855.60	19,000.00		68,976.18	672.28
Weed Control	111,243.96	84,354.33			74,809.85	120,788.44
State Aid Distribution	55,747.93					55,747.93
Hazardous Chemicals	2,641.10	337.50				2,978.60
Document Preservation	12,305.88	10,583.25			2,718.61	20,170.52
Abandoned Cemeteries	1,111.56			1,111.56		
DES Grants	3,858.00	249.92			2,796.60	1,311.32
Total Non-Major Governmental Funds	478,944.26	779,083.46	39,500.00	230,742.67	690,625.91	376,159.14
Total Governmental Funds	2,494,060.35	3,898,445.42	556,242.67	556,242.67	3,223,754.51	3,168,751.26
Agency Funds:						
Custer Health District	289.73	66,188.56			66,170.88	307.41
Ambulance	598.68	143,921.35			143,854.36	665.67
Soil Conservation District	117.01	24,776.12			24,775.55	117.58
Water Resource District	88.07	18,468.99			18,469.61	87.45
City of Center	327.81	62,681.95			62,673.08	336.68
Center Park	41.85	5,644.96			5,656.51	30.30
School Districts	4,406.90	919,260.08			919,132.69	4,534.29
Ft. Clark Irrigation		1,946.10			1,946.10	
Southwest Water Authority	59.86	14,128.50			14,121.79	66.57

(continued)

OLIVER COUNTY
Center, North Dakota

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

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<u>Agency Funds (continued):</u>						
Rural Fire Districts	287.07	64,330.11			64,297.40	319.78
State Medical	96.05	14,075.23			14,104.71	66.57
Game and Fish	113.00	7,024.00			7,091.00	46.00
Advance Payment	1,187.65	2,280.98			3,126.64	341.99
Aeronautics	141.94				141.94	
Random	10,451.56	19,606.62			21,581.02	8,477.16
Marriage and Divorce		245.00			2.00	243.00
State's Attorney-NSF Payments	0.48	688.37			688.37	0.48
Termination	1,256.23				1,256.23	
Victim Witness Program	540.00	4,830.00			4,885.00	485.00
Bonds	3,830.00				3,830.00	
State Tax	3,077.06	9,989.48			10,503.73	2,562.81
Extension	2,451.64	1,138.95			652.28	2,938.31
MPC Bridge Trust	14,427.86					14,427.86
E-911 Trust	1,709.09	14,148.65			13,857.54	2,000.20
Unapportioned Taxes	411,262.08	385,172.35			411,262.08	385,172.35
Total Agency Funds	456,761.62	1,780,546.35			1,814,080.51	423,227.46
Total Primary Government	2,950,821.97	5,678,991.77	556,242.67	556,242.67	5,037,835.02	3,591,978.72
<u>Discretely Presented</u>						
<u>Component Units:</u>						
Water Resource District	280,411.05	18,928.67			15,477.88	283,861.84
Ambulance	157,233.69	291,774.50			160,774.17	288,234.02
Total Discretely Presented Component Units	437,644.74	310,703.17			176,252.05	572,095.86
Total Reporting Entity	3,388,466.71	5,989,694.94	556,242.67	556,242.67	5,214,087.07	4,164,074.58

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
Oliver County
Center, 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 Oliver County, Center, 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 June 16, 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

June 16, 2017

OLIVER COUNTY
Center, 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