



Stutsman County
Jamestown, North Dakota

Audit Report

For the Year Ended December 31, 2016

JOSHUA C. GALLION
STATE AUDITOR

Office of the State Auditor
Division of Local Government

STUTSMAN COUNTY
Jamestown, North Dakota

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STUTSMAN COUNTY
Jamestown, North Dakota

COUNTY OFFICIALS

At December 31, 2016

Mark T. Klose
Dennis Ova
David Schwartz
Dale Marks
Craig Neys

Commissioner - Chairman
Commissioner - Vice Chairman
Commissioner
Commissioner
Commissioner

Casey Bradley
Jessica Alonge
Chad Kaiser
Linda Chadduck
Fritz Fremgen
Barb Hill

Auditor
Treasurer
Sheriff
Recorder
State's Attorney
Clerk of Court

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Stutsman County
Jamestown, 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 Stutsman County, Jamestown, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the James River Valley Library System, which represent 95 percent, 98 percent, and 83 percent, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the James River Valley Library System, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, based on our audit and the report of other auditors, 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 Stutsman County, Jamestown, North Dakota, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information, pension schedules, and the notes to the required supplementary information* on pages 34-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stutsman County's basic financial statements. The *schedule of fund activity and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements.

The *schedule of fund activity and schedule of expenditures of federal awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of fund activity and the schedule of expenditures of federal awards* 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 July 31, 2017 on our consideration of Stutsman 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 Stutsman County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
July 31, 2017

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF NET POSITION
December 31, 2016

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	James River Valley Library System
ASSETS:			
Cash and Investments	\$ 18,685,405	\$ 123,268	\$ 259,065
Intergovernmental Receivables	738,612	-	-
Accounts Receivable	238,711	-	-
Taxes Receivable	111,850	-	-
Road Receivables	735,347	-	-
Loans Receivable - Other	5,326	-	-
Job Development Loans Receivable	346,077	-	-
Due from Other Govt. Agencies	-	-	570,785
Prepaid Expenses	-	-	235,064
Restricted Assets:			
Hodge Fund	-	-	85,577
Capital Campaign	-	-	153,602
Capital Assets (not being depreciated):			
Land	596,200	-	6,000
Prepaid Building Costs	6,174,462	-	440,153
Capital Assets (net of accumulated depreciation):			
Infrastructure	39,026,100	-	-
Buildings	5,769,854	-	125,303
Furniture and Equipment	3,355,042	-	20,897
Books, Periodicals, and Audio Visual Material	-	-	572,141
Total Capital Assets	<u>\$ 54,921,658</u>	<u>\$ -</u>	<u>\$ 1,164,494</u>
Total Assets	<u>\$ 75,782,986</u>	<u>\$ 123,268</u>	<u>\$ 2,468,587</u>
Deferred Outflows of Resources			
Pensions	<u>\$ 2,164,659</u>	<u>\$ -</u>	<u>\$ 137,628</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 77,947,645</u>	<u>\$ 123,268</u>	<u>\$ 2,606,215</u>
LIABILITIES:			
Accounts Payable	\$ 184,059	\$ 71,552	\$ 17,726
Salaries Payable	101,285	-	-
Interest Payable	29,994	-	-
Retainages Payable	254,950	-	-
Long-Term Liabilities:			
Due Within One Year:			
General Obligation Bonds Payable	200,000	-	-
Special Assessments Payable	282	-	-
Compensated Absences Payable	250,106	-	-
Due After One Year:			
General Obligation Bonds Payable	6,700,000	-	-
Special Assessments Payable	1,086	-	-
Compensated Absences Payable	375,159	-	7,855
Net Pension Liability	6,185,673	-	320,954
Total Liabilities	<u>\$ 14,282,594</u>	<u>\$ 71,552</u>	<u>\$ 346,535</u>
Deferred Inflows of Resources			
Pensions	<u>\$ 430,173</u>	<u>\$ -</u>	<u>\$ 18,917</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 14,712,767</u>	<u>\$ 71,552</u>	<u>\$ 365,452</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 48,021,658	\$ -	\$ 1,164,494
Restricted For:			
Capital Projects	1,020,561	-	-
Highways and Bridges	7,329,329	-	-
Health and Welfare	742,870	-	-
Emergencies	535,963	-	-
Conservation of Natural Resources	442,760	-	-
Culture and Recreation	144,490	-	-
Economic Development	1,209,167	-	-
Hodge Fund	-	-	85,577
Capital Campaign	-	-	153,602
Unrestricted	<u>3,788,080</u>	<u>51,716</u>	<u>837,090</u>
Total Net Position	<u>\$ 63,234,878</u>	<u>\$ 51,716</u>	<u>\$ 2,240,763</u>

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	James River Valley Library System
<u>Primary Government:</u>							
<u>Governmental Activities:</u>							
General Government	\$ 3,297,501	\$ 32,037	\$ 12,347	\$ -	\$ (3,253,117)	\$ -	\$ -
Public Safety	5,115,337	2,052,579	351,020	-	(2,711,738)	-	-
Highways	7,594,762	1,293,977	1,181,681	5,832,909	713,805	-	-
Flood Repair	384,190	-	260,290	-	(123,900)	-	-
Health and Welfare	2,792,831	17,435	788,480	-	(1,986,916)	-	-
Culture and Recreation	407,218	66,649	36,007	-	(304,562)	-	-
Conserv. of Natural Resources	569,257	305,065	976	-	(263,216)	-	-
Economic Development	120,591	-	67,871	-	(52,720)	-	-
Interest on Long-Term Debt	264,381	-	-	-	(264,381)	-	-
Total Primary Government	\$ 20,546,068	\$ 3,767,742	\$ 2,722,458	\$ 5,832,909	\$ (8,222,959)	\$ -	\$ -
<u>Component Units:</u>							
Water Resource District	\$ 299,820	\$ -	\$ 190,000	\$ -	\$ (109,820)	\$ -	\$ -
James River Valley Library System	768,796	12,672	185,629	-	-	-	(570,495)
Total Component Units	\$ 1,068,616	\$ 12,672	\$ 375,629	\$ -	\$ (109,820)	\$ (570,495)	
<u>General Revenues:</u>							
<u>Taxes:</u>							
Property taxes; levied for general purposes					\$ 3,839,725	\$ 31,459	\$ 851,200
Property taxes; levied for special purposes					3,721,572	-	-
Property taxes; levied for debt service					468,213	-	-
Non restricted grants and contributions					2,426,513	-	-
Restricted Investment Earnings					-	-	195
Earnings on Investments					59,769	137	1,372
Loss on Disposition of Asset					-	-	(156)
Miscellaneous Revenue					588,254	641	-
Total General Revenues					\$ 11,104,046	\$ 32,237	\$ 852,611
Change in Net Position					\$ 2,881,087	\$ (77,583)	\$ 282,116
Net Position - January 1					\$ 59,614,291	\$ 129,299	\$ 1,958,647
Prior Period Adjustment					739,500	-	-
Net Position - January 1, as restated					\$ 60,353,791	\$ 129,299	\$ 1,958,647
Net Position - December 31					\$ 63,234,878	\$ 51,716	\$ 2,240,763

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, North Dakota

GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2016

	General	County Road & Bridge	Social Services	Highway Tax	FEMA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 5,544,152	\$ 2,430,688	\$ 1,689,321	\$ 5,045,013	\$ -	\$ 3,976,231	\$ 18,685,405
Intergovernmental Receivables	352,939	-	167,500	162,173	-	56,000	738,612
Accounts Receivable	217,880	-	-	-	-	20,831	238,711
Taxes Receivable	61,013	14,100	27,198	-	-	9,539	111,850
Road Receivable	-	735,347	-	-	-	-	735,347
Due from Other Funds	45,784	-	-	-	-	-	45,784
Loans Receivable - Other	5,326	-	-	-	-	-	5,326
JSDC Loans Receivable	-	-	-	-	-	346,077	346,077
Total Assets	\$ 6,227,094	\$ 3,180,135	\$ 1,884,019	\$ 5,207,186	\$ -	\$ 4,408,678	\$ 20,907,112
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
<u>Liabilities:</u>							
Accounts Payable	\$ 32,017	\$ 60,606	\$ 7,203	\$ -	\$ -	\$ 84,233	\$ 184,059
Salaries Payable	49,353	40,118	-	-	-	11,814	101,285
Due to Other Funds	-	-	-	-	41,985	3,799	45,784
Total Liabilities	\$ 81,370	\$ 100,724	\$ 7,203	\$ -	\$ 41,985	\$ 99,846	\$ 331,128
<u>Deferred Inflows of Resources:</u>							
Taxes Receivable	\$ 61,013	\$ 14,100	\$ 27,198	\$ -	\$ -	\$ 9,539	\$ 111,850
Road Receivables	-	735,347	-	-	-	-	735,347
Total Deferred Inflows of Resources	\$ 61,013	\$ 749,447	\$ 27,198	\$ -	\$ -	\$ 9,539	\$ 847,197
Total Liabilities and Deferred Inflows of Resources	\$ 142,383	\$ 850,171	\$ 34,401	\$ -	\$ 41,985	\$ 109,385	\$ 1,178,325
<u>Fund Balances:</u>							
Non-Spendable							
Loans Receivable	\$ 5,326	\$ -	\$ -	\$ -	\$ -	\$ 346,077	\$ 351,403
Restricted for:							
Capital Project Funds	-	-	-	-	-	1,020,561	1,020,561
General Government	-	-	-	-	-	45,114	45,114
Public Safety	-	-	-	-	-	550,014	550,014
Highways and Bridges	-	2,329,964	-	5,207,186	-	100,179	7,637,329
Health and Welfare	-	-	1,849,618	-	-	42,420	1,892,038
Emergencies	-	-	-	-	-	531,150	531,150
Conservation of Natural Resources	-	-	-	-	-	527,065	527,065
Culture and Recreation	-	-	-	-	-	277,422	277,422
Economic Development	-	-	-	-	-	863,090	863,090
Assigned for:							
General Government	1,766,493	-	-	-	-	-	1,766,493
Unassigned:							
General Fund	4,312,892	-	-	-	-	-	4,312,892
Negative Fund Balances	-	-	-	-	(41,985)	(3,799)	(45,784)
Total Fund Balances	\$ 6,084,711	\$ 2,329,964	\$ 1,849,618	\$ 5,207,186	\$ (41,985)	\$ 4,299,293	\$ 19,728,787
Total Liabilities and Fund Balances	\$ 6,227,094	\$ 3,180,135	\$ 1,884,019	\$ 5,207,186	\$ -	\$ 4,408,678	\$ 20,907,112

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2016

Total *Fund Balances* for Governmental Funds \$ 19,728,787

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	\$ 88,622,362	
Less Accumulated Depreciation	<u>(33,700,704)</u>	54,921,658

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 111,850

Road receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 735,347

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 2,164,659	
Deferred Inflows Related to Pensions	<u>(430,173)</u>	1,734,486

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net position. Balances at December 31, 2016 are:

Bonds Payable	\$ (6,900,000)	
Special Assessments Payable	(1,368)	
Accrued Interest Payable on Debt	(29,994)	
Retainages Payable	(254,950)	
Net Pension Liability	(6,185,673)	
Compensated Absences	<u>(625,265)</u>	<u>(13,997,250)</u>

Total Net Position of Governmental Activities \$ 63,234,878

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	County Road & Bridge	Social Services	Highway Tax	FEMA Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes and Special Assessments	\$ 3,826,139	\$ 872,281	\$ 1,731,294	\$ -	\$ -	\$ 1,575,302	\$ 8,005,016
Intergovernmental	2,016,196	3,788,272	1,066,388	1,671,964	200,286	560,928	9,304,034
Charges for Services	1,798,564	1,113,397	230	-	-	661,906	3,574,097
Licenses, Permits and Fees	8,855	34,820	4,210	-	-	-	47,885
Interest Income	18,902	6,886	6,193	19,206	-	8,582	59,769
Miscellaneous	175,061	43,165	9,079	-	-	360,949	588,254
Total Revenues	\$ 7,843,717	\$ 5,858,821	\$ 2,817,394	\$ 1,691,170	\$ 200,286	\$ 3,167,667	\$ 21,579,055
Expenditures:							
Current:							
General Government	\$ 2,684,177	\$ -	\$ -	\$ -	\$ -	\$ 395,955	\$ 3,080,132
Public Safety	4,668,721	-	-	-	-	285,167	4,953,888
Highways and Bridges	-	8,901,323	-	-	-	1,361,040	10,262,363
Flood Repair	-	-	-	-	384,190	-	384,190
Health and Welfare	113,174	-	2,692,125	-	-	17,415	2,822,714
Culture and Recreation	-	-	-	-	-	348,887	348,887
Conserv. of Natural Resources	-	-	-	-	-	595,254	595,254
Economic Development	-	-	-	-	-	120,591	120,591
Debt Service:							
Principal	287	35	-	-	-	500,000	500,322
Interest and Fees	40	5	-	-	-	264,950	264,995
Total Expenditures	\$ 7,466,399	\$ 8,901,363	\$ 2,692,125	\$ -	\$ 384,190	\$ 3,889,259	\$ 23,333,336
Excess (Deficiency) of Revenues Over Expenditures	\$ 377,318	\$ (3,042,542)	\$ 125,269	\$ 1,691,170	\$ (183,904)	\$ (721,592)	\$ (1,754,281)
Other Financing Sources (Uses):							
Transfers In	\$ 159,225	\$ 3,887,314	\$ -	\$ -	\$ 61,408	\$ 1,557,276	\$ 5,665,223
Transfers Out	(740,801)	(776,500)	-	(3,887,314)	-	(260,608)	(5,665,223)
Total Other Financing Sources and Uses	\$ (581,576)	\$ 3,110,814	\$ -	\$ (3,887,314)	\$ 61,408	\$ 1,296,668	\$ -
Net Changes in Fund Balance	\$ (204,258)	\$ 68,272	\$ 125,269	\$ (2,196,144)	\$ (122,496)	\$ 575,076	\$ (1,754,281)
Fund Balance - January 1	\$ 6,288,969	\$ 2,261,692	\$ 1,724,349	\$ 7,403,330	\$ 80,511	\$ 3,563,342	\$ 21,322,193
Prior Period Adjustments	-	-	-	-	-	160,875	160,875
Fund Balance - Jan. 1, as restated	\$ 6,288,969	\$ 2,261,692	\$ 1,724,349	\$ 7,403,330	\$ 80,511	\$ 3,724,217	\$ 21,483,068
Fund Balance - December 31	\$ 6,084,711	\$ 2,329,964	\$ 1,849,618	\$ 5,207,186	\$ (41,985)	\$ 4,299,293	\$ 19,728,787

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, 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 \$ (1,754,281)

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 capital outlay and capital contributions exceeded depreciation in the current year.

Current Year Capital Outlay	\$ 3,802,723	
Capital Contributions	5,832,909	
Current Year Depreciation Expense	<u>(2,154,781)</u>	7,480,851

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the loss on the capital assets sold. (2,947,610)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt repayment.

Repayment of Debt - Bonds	\$ 500,000	
Repayment of Debt - Special Assessments	<u>322</u>	500,322

The Net Pension Liability, and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension Liability	\$ (1,801,524)	
Net Change in Deferred Outflows of Resources	1,280,923	
Net Change in Deferred Inflows of Resources	<u>54,193</u>	(466,408)

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 Change in Compensated Absences	\$ 16,866	
Net Change in Retainages Payable	(119,521)	
Net Change in Interest Payable	<u>614</u>	(102,041)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the changes in taxes and road receivables.

Net Change in Taxes Receivable	\$ 24,494	
Net Change in Road Receivables	<u>145,760</u>	<u>170,254</u>

Change in Net Position of Governmental Activities \$ 2,881,087

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
AGENCY FUNDS
December 31, 2016

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and Investments	<u>\$ 6,469,040</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>\$ 6,469,040</u>

The notes to the financial statements are an integral part of this statement.

STUTSMAN COUNTY
Jamestown, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Discretely Presented Component Units: The component units' columns in the government wide 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.

James River Valley Library System - The County's governing board appoints a voting majority of the members of the James River Valley Library System's governing board. Although the county does not have the authority to approve or modify the library board operational and capital budgets, the tax levy established by the library board must be approved by the county's governing board. The library has the authority to issue bonded debt. Schauer & Associates conducted the audit for the James River Valley Library System for the year ended December 31, 2016.

Complete financial statements of the James River Valley Library System are included in these financial statements. Additional information may be obtained from the Stutsman County Auditor; 511 2nd Avenue SE; Jamestown, ND 58401-4298.

Stutsman County Water Resource District - The County's governing board appoints a voting majority of the members of the Water Resource Districts Board. The county has the authority to approve or modify the water resource district operational and capital budgets. The county also must approve the tax levy established by the water resource district.

Complete financial statements of Stutsman County Water Resource District are included in these financial statements. Additional information may be obtained from the Stutsman County Auditor; 511 2nd Avenue SE; Jamestown, ND 58401-4298.

B. Government-wide and fund financial statements

Government-wide statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements: The fund financial statements provide information about the county's funds including its fiduciary funds and blended component unit. 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.

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar item are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the county.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

The County reports the following major governmental funds:

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

County Road and Bridge Fund. This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

Social Services Fund. 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 major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

Highway Tax Fund. This is the County's clearing account for State Highway Tax revenue. It accounts for State Highway Tax distribution. These funds are transferred to the Road and Bridge Fund. The major sources of revenues are restricted State/Federal grants/reimbursements.

FEMA Fund. This is the County's FEMA fund. It accounts for the expenses and revenues related to presidentially declared disasters. The major sources of revenues are restricted State/Federal grants/reimbursements.

Additionally, county reports the following fund type:

Agency Funds. These fund accounts for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency funds are used to account for property taxes collected on behalf of other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, money market accounts and certificates of deposit with a maturity date of 90 days or less.

Investments consist of certificates of deposit, with a maturity date in excess of 90 days, stated at cost.

E. Capital Assets

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

Assets	Years
Land	Indefinite
Buildings	50 Years
Machinery & Equipment	8-10 Years
Infrastructure	50 Years
Vehicles	7-10 Years
Office Equipment	5-20 Years

Capital assets of the James River Valley Library System are depreciated using the straight line method over the following useful lives:

Assets	Years
Buildings & Improve.	25 Years
Bookmobile	20 Years
Books, Periodicals, AV	10 Years
Equipment & Furniture	5-10 Years

F. Compensated Absences

Vacation leave is earned at the rate of one to two days per month depending on years of service. Up to 240 hours of vacation leave may be carried over at year end. Upon termination of employment, employees will be paid for all vacation accrued up to the last day of work with the County and 10% of unused sick leave benefits that if the individual leaves the County's employment in good standing and have 10 years or more of continuous employment. A liability for the vested portion of compensated absences is reported in the governmental-wide statements.

G. Long-Term Obligations

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

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

H. Fund Balances / Net Position

GASB Statement No. 54 requires reporting fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

Fund Balance Spending Policy:

It is the policy of Stutsman County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Minimum Fund Balance Policy:

The Stutsman County budget committee established a 15-20% general fund carryover balance target to help with financial stability. The 15-20% fund balance range is a part of the budget recommendation adopted by the county each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the district. Unassigned general fund balance of \$4,312,892 at December 31, 2016 represented 57.8% of annual 2016 expenditures.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Replenishing deficiencies – when fund balance falls below the minimum 15% range, the County will replenish shortages/deficiencies using the budget strategies and time frames described below.

The following budgetary strategies shall be utilized by the County to replenish funding fund balance deficiencies:

- The County will reduce recurring expenditures to eliminate any structural deficit or;
- The County will increase revenues or pursue other funding sources, or;
- Some combination of the two options above;

Minimum fund balance deficiencies shall be replenished within the following time frames:

- Deficiency resulting in a minimum fund balance between 12.5 percent and 15 percent shall be replenished over a period not to exceed one year;
- Deficiency resulting in a minimum fund balance between 10 percent and 12.5 percent shall be replenished over a period not to exceed three years;
- Deficiency resulting in a minimum fund balance of less than 10 percent shall be replenished over a period not to exceed five years;

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (county road & bridge, social services, highway tax, and FEMA fund) are disclosed in more detail in Note 1C.

Fund Balance Reporting and Governmental Fund Type Definitions

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

CLASSIFICATION	DEFINITION	EXAMPLES
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the governing board. Formal action is required to be taken to establish, modify or rescind a fund balance commitment.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the business manager.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance; (b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes;	Available for any remaining general fund expenditure.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Stutsman County only has non-spendable, restricted and unassigned fund balances at December 31, 2016.

Restricted Fund Balances – consist of the following items at December 31, 2016:

Restricted fund balances are shown by primary function on the balance sheet for general government, public safety, highways and bridges, flood repair, health and welfare, culture and recreation, conservation of resources, economic development, emergencies, debt service, and capital projects. Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted Fund Balances:

(a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements:

- Restricted tax levies – includes fund balances for various tax levies other than the general fund.
- Restricted grants/reimbursements – primarily includes FEMA funds, other grant funds, and highway tax distribution.

Assigned Fund Balance – General Fund:

Amounts reported as assigned fund balance in the general fund are for general government purposes based on a management determined formula as a percentage of cash flows (20% of total expenditures and transfers out), and compensated absences and accounts payable.

Net Position:

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

Net position is calculated into the 3 primary categories as outlined in further detail below.

Net investment in capital assets is reported for capital assets less accumulated depreciation, and less any related debt to purchase/finance the construction of those capital assets. These assets are not available for future spending.

Restrictions of net position shown in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Restrictions of net position in the statement of net position is shown by primary function, and are restricted for highways and bridges, public safety, flood repair, health and welfare, culture and recreation, conservation of natural resources, emergencies, economic development, debt service, capital projects, and general government purposes (health insurance, insurance reserve, veteran's service officer, and social security).

Unrestricted net position is primarily unrestricted amounts related to the general fund, as well as amounts shown for negative funds (correctional center, victim witness advocate, data processing, and homeland security grant). The unrestricted net position is available to meet the district's ongoing obligations.

I. Pensions

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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.

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

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

At December 31, 2016, the county's carrying amount of deposits was \$23,601,335 and the bank balances were \$24,126,227. Of the bank balances, \$1,500,000 was covered by Federal Depository Insurance. The remaining balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2016, the Stutsman County Water Resource District, a discretely presented component unit of Stutsman County, had a carrying amount of deposits of \$123,269 and the bank balances were \$124,803, all of which was covered by Federal Depository Insurance.

At December 31, 2016, the James River Valley Library System, a discretely presented component unit of Stutsman County, had a carrying amount of cash and investments of \$497,846 with bank balances totaling \$610,494 entirely covered by Federal Depository Insurance or collateralized with securities held by the Library.

Credit Risk:

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

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

Notes to the Financial Statements – Continued

As of December 31, 2016, the county held certificates of deposit in the amount of \$1,325,500. Stutsman County Water Resource District, a discretely presented component unit of Stutsman County, held certificates of deposit in the amount of \$, which are all considered deposits. James River Valley Library System, a discretely presented component unit of Stutsman County, held certificates of deposit in the amount of \$, of which \$, are considered deposits, and \$, are considered investments.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

Taxes receivable represent the past four years of delinquent uncollected taxes and special assessments. 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 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 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 are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes in a single payment on or before February 15 and receive the 5% discount on the property taxes.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consists of money due the county at December 31, 2016 in the E-911 fund, and amounts in the general fund for charges for services/fees. No allowance has been established for estimated uncollectible accounts receivable.

NOTE 5: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of various social service programs, highway tax distribution, state aid and other state and federal grants.

NOTE 6: ROAD RECEIVABLE

Road receivable consists of amounts due for roadwork for individuals, townships, and cities reported in the county road and bridge fund.

NOTE 7: LOANS RECEIVABLE

Stutsman County had entered into transactions as of December 31, 2011 that involved loans to townships that would enable various townships to fix roads that were damaged during the spring 2008, 2009, and 2011 floods that FEMA did not allow reimbursements for the repairs. The loans outstanding are owed to the General Fund. The total balance of these loans outstanding at December 31, 2016 was \$5,326. Payments of \$10,274 were received in 2016.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 8: JOB DEVELOPMENT LOANS RECEIVABLE

The county provides loans to businesses for either startup costs or expansion costs. The Job Service Development Corporation (JSDC) receives applications from various businesses. The Job Service Development Corporation screens the applications then brings the applications to the governing board that either approves or denies the application. The JSDC sets up a payment schedule with interest for the loans to be repaid. The county has the following loan activity during the year ended December 31, 2016.

	Beginning Balance	New Loans	Payments	Ending Balance
Buffalo City Diesel	\$ 8,600	\$ -	\$ -	\$ 8,600
Champ	403	-	403	-
Custon Contracting 2010	3,020	-	-	3,020
Custon Contracting 2011	12,671	-	-	12,671
D&B Portables	2,809	-	-	2,809
DSA LLC	32,934	-	3,367	29,567
Food Quick Lane	10,643	-	-	10,643
Four Guys	32,000	-	-	32,000
Chamber of Commerce II	1,125	-	357	768
Super 8 PACE	5,533	-	5,533	-
Ben Pesek Prop	8,600	-	-	8,600
Dakota Brands	5,171	-	5,171	-
Cherry Berry #1	855	-	855	-
Cherry Berry #2	1,552	-	1,552	-
SEPA	78,500	-	-	78,500
Dunwoodie Developments	30,427	-	4,301	26,126
FAARMS	-	8,030	-	8,030
Rowhomes	-	22,895	-	22,895
Eldermark (NJT)	14,275	-	1,964	12,311
Jamestown Airport 1535-1	8,330	-	-	8,330
Jamestown Airport 1553	8,600	-	-	8,600
Jamestown Chamber	676	-	676	-
One Hour Martinizing	6,233	-	-	6,233
Reister Meats	3,699	-	-	3,699
Two Rivers Printing	3,425	-	-	3,425
Buchanon Ag	8,800	-	-	8,800
Wits End	8,679	-	-	8,679
Marvel Homes	34,255	-	-	34,255
Infinty/PCSA Land	524	-	524	-
Precision Results (NJT)	1,738	-	1,738	-
RTS Shearing (NJT)	9,870	-	2,523	7,347
Goodrich	8,922	-	8,922	-
ToMarket	617	-	448	169
Total Loans Receivable	\$ 353,486	\$ 30,925	\$ 38,334	\$ 346,077

NOTE 9: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions consisting of the differences between expected and actual experience, the changes in proportion and differences between employer contributions and proportionate share of contributions, and contributions made past the plan measurement date.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 10: DUE TO / FROM OTHER FUNDS

The due to/due from other funds reported on the balance sheet represents the amount of negative cash in the FEMA fund (\$41,985) and other governmental funds (\$3,799) at year-end that was covered by the general fund (\$45,784).

NOTE 11: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016 (beginning balances restated):

Governmental Activities (County):	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 606,200	\$ -	\$ 10,000	\$ -	\$ 596,200
Construction in Progress	5,651,217	8,243,887	-	(7,720,642)	6,174,462
Total Capital Assets, Not Being Depreciated	\$ 6,257,417	\$ 8,243,887	\$ 10,000	\$ (7,720,642)	\$ 6,770,662
<i>Capital assets being depreciated:</i>					
Infrastructure	\$ 58,568,521	\$ 25,355	\$ 2,934,141	\$ 7,474,547	\$ 63,134,282
Buildings	11,164,617	367,411	-	246,095	11,778,123
Vehicles & Equipment	6,413,395	998,975	473,075	-	6,939,295
Total Capital Assets, Being Depreciated	\$ 76,146,533	\$ 1,391,741	\$ 3,407,216	\$ 7,720,642	\$ 81,851,700
<i>Less Accumulated Depreciation for:</i>					
Infrastructure	\$ 22,698,762	\$ 1,414,310	\$ 4,890	\$ -	\$ 24,108,182
Buildings	5,799,416	208,853	-	-	6,008,269
Vehicles & Equipment	3,517,352	531,618	464,717	-	3,584,253
Total Accumulated Depreciation	\$ 32,015,530	\$ 2,154,781	\$ 469,607	\$ -	\$ 33,700,704
Total Capital Assets Being Depreciated, Net	\$ 44,131,003	\$ (763,040)	\$ 2,937,609	\$ 7,720,642	\$ 48,150,996
Governmental Activities Capital Assets, Net	\$ 50,388,420	\$ 7,480,847	\$ 2,947,609	\$ -	\$ 54,921,658

Adjustments to beginning capital assets to properly restate the balance on January 1, 2016 totaling a \$578,629 increase were noted as follows:

- Construction in progress - cost increase - \$3,995
- Buildings – cost increase - \$3,795
- Vehicles & Equipment – cost increase – \$61,156
- Buildings – accumulated depreciation decrease – \$21,820
- Vehicles & Equipment – accumulated depreciation decrease – \$487,863

Total net beginning adjustments to capital assets increased the beginning net capital assets by \$578,629 from \$49,809,791 to \$50,388,420.

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

Governmental Activities:	Total
General Government	\$ 183,905
Public Safety	139,840
Highways and Bridges	1,748,435
Health and Welfare	10,801
Conservation of Natural Resources	19,212
Culture and Recreation	52,588
Total Depreciation Expense	\$ 2,154,781

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Discretely Presented Component Unit – James River Valley Library System:

Governmental Activities (Library):	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Prepaid Building Costs	341,182	98,971	-	-	440,153
Total Capital Assets, Not Being Depreciated	\$ 347,182	\$ 98,971	\$ -	\$ -	\$ 446,153
<i>Capital assets being depreciated:</i>					
Buildings	\$ 365,321	\$ 69,726	\$ 3,900	\$ -	\$ 431,147
Bookmobile	93,290	-	-	-	93,290
Equipment	155,749	11,535	-	-	167,284
Books & periodicals	1,360,582	123,513	65,775	-	1,418,320
Total Capital Assets, Being Depreciated	\$ 1,974,942	\$ 204,774	\$ 69,675	\$ -	\$ 2,110,041
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 301,155	\$ 8,432	\$ 3,743	\$ -	\$ 305,844
Bookmobile	93,290	-	-	-	93,290
Equipment	134,973	11,414	-	-	146,387
Books & Periodicals	780,409	131,545	65,775	-	846,179
Total Accumulated Depreciation	\$ 1,309,827	\$ 151,391	\$ 69,518	\$ -	\$ 1,391,700
Total Capital Assets Being Depreciated, Net	\$ 665,115	\$ 53,383	\$ 157	\$ -	\$ 718,341
Governmental Activities Capital Assets, Net	\$ 1,012,297	\$ 152,354	\$ 157	\$ -	\$ 1,164,494

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

Governmental Activities:	Amounts
Buildings and Grounds	\$ 142,959
Materials and Supplies	8,432
Total Depreciation Expense – Library	\$ 151,391

NOTE 12: PREPAID EXPENSES

Prepaid expenses represent an amount shown for the James River Valley Library System in the net position statement for prepaid building costs.

NOTE 13: ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2016 and chargeable to the appropriations for the years then ended, but paid for subsequent to that date. Salaries payable consists of payments owed employees.

NOTE 14: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities - During the year ended December 31, 2016, the following changes occurred in liabilities reported in long-term liabilities:

Primary Government (County):

Govt. Activities (County):	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable	\$ 7,400,000	\$ -	\$ 500,000	\$ 6,900,000	\$ 200,000
Special Assmts. Payable	1,690	-	322	1,368	282
Comp. Absences *	642,131	-	16,866	625,265	250,106
Net Pension Liability *	4,384,149	1,801,524	-	6,185,673	-
Total Governmental Activities	\$12,427,970	\$ 1,801,524	\$ 517,188	\$13,712,306	\$ 450,388

* - The change to compensated absences and net pension liability are the net changes for the year.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Bonds Payable:

\$7,095,000 Revenue Refunding Bonds Series 2014 for the Central Valley Health Unit Building, payable in annual installments of \$25,000 to \$35,000 with interest rates at 3.05% through 2025.

\$ 6,900,000

Special Assessments Payable:

\$4,335 Specials were issued on various parcels that are the property of Stutsman County.

\$ 1,368

The annual debt service requirements for long-term debt (excluding compensated absences and net pension liability) outstanding as of December 31, 2016, are as follows:

GOVERNMENTAL ACTIVITIES				
Year Ending Dec. 31	Bonds Payable		Special Assmts.	
	Principal	Interest	Principal	Interest
2017	\$ 200,000	\$ 228,563	\$ 282	\$ 41
2018	205,000	224,562	272	29
2019	210,000	220,463	272	22
2020	215,000	216,262	271	15
2021	220,000	211,962	271	7
2022-2026	1,215,000	935,513	-	-
2027-2031	2,755,000	641,938	-	-
2032-2035	1,880,000	147,562	-	-
Totals	\$ 6,900,000	\$ 2,826,825	\$ 1,368	\$ 114

Component Unit – James River Valley Library System:

Govt. Activities (Library):	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Comp. Absences *	\$ 6,768	\$ 1,087		\$ 7,855	\$ -
Net Pension Obligation	193,744	127,210	-	320,954	-
Total Governmental Activities	\$ 200,512	\$ 128,297	\$ -	\$ 328,809	\$ -

Operating Lease Commitments – James River Valley Library System:

The library leases its copier under a sixty month lease and a postage meter under a sixty-three month lease. Lease expense for the year ended December 31, 2016 was \$2,739.

Future minimum lease commitments under the lease agreements are as follows:

Year Ending Dec. 31	Amounts
2017	\$ 2,652
2018	1,860
2019	1,788
2020	298
Total	\$ 6,598

NOTE 15: DEFERRED INFLOWS

Deferred inflows of resources in the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met consisting of taxes receivable and road receivables. Under the modified accrual basis of accounting, such amounts are measurable but not available.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Deferred inflows of resources in the government wide financial statements consist of amounts related to pensions consisting of the change in proportion and differences between employer contributions and proportionate share of contributions, the net difference between projected and actual investment earnings on pension plan investments, and the changes in assumptions of the pension plan.

NOTE 16: RISK MANAGEMENT

Stutsman County is exposed to various risks of loss related 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 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 inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability, one million for automobile and \$6,020,117 for public assets/mobile equipment and portable property. The County also has the Steam Boiler insured with The Hartford Steam Boiler Inspection and Insurance Company with an equipment breakdown limit of \$26,000,000.

Stutsman 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 one million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides the county with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Stutsman County has worker's compensation with the North Dakota Workforce Safety and Insurance. The County does pay a portion of health insurance premiums for full-time, permanent employees. The health insurance coverage is provided through NDPERS.

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

NOTE 17: CONDUIT DEBT OBLIGATIONS

From time to time, Stutsman County has issued Community Development Block Grant Loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the acquired facilities transfers to the private-sector entity served by the loan issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements.

As of December 31, 2016, there were three Community Development Block Grant Loans outstanding with an aggregate principal amount payable of \$686,289.

From time to time, Stutsman County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

As of December 31, 2016, there are two series of Industrial Revenue Bonds with a principal amount outstanding of \$8,625,000. The county is in no way liable to repay the Industrial Revenue Bonds.

During the audit period of the year ending December 31, 2010, Stutsman County had become involved in a program that issues Recovery Zone Facility Bonds. Recovery Zone Facility Bonds are a new type of tax-exempt private activity bond created by the American Recovery and Reinvestment Act, passed by Congress in February 2009. They may be used to finance certain kinds of business development activities in areas of significant economic distress.

Under this program, counties and large municipalities with greater than 100,000 in population (Originally Awarded Localities) are eligible for allocations of tax-exempt private activity bond issuing authority called “Recovery Zone Facility Bonds” to finance certain kinds of business facilities in Recovery Zones. Because Exempt Facility Bonds are considered private activities (i.e. they benefit businesses or individuals), they are not tax-exempt unless they are issued under the traditional state Bond Cap Allocation Program, or under this RZ-FB program.

A Recovery Zone is defined as an area having significant poverty, unemployment, home foreclosures, or general distress; or an area that has already been federally designated as an Empowerment Zone or Renewal Community. In addition to the federally designated areas, the county or municipality may designate areas within their jurisdiction as Recovery Zones.

RZ-FBs may be used by taxpayers engaged in certain types of businesses to finance the purchase of depreciable business property within a Recovery Zone, provided the taxpayer acquires the property after the area has received the Recovery Zone designation. Some kinds of property specifically do not qualify under this program; including land, rental property, and property used for certain kinds of activities such as golf courses, country clubs, and several others listed in federal tax regulations.

As of December 31, 2016, there are two Recovery Zone Facility issuances which involved IRET Properties for the amount of \$2,200,000 and Allied Agronomy LLC for the amount of \$4,700,000.

During the audit period of the year ending December 31, 2016, Stutsman County had become involved in a program that issues tax-exempt bonds that state and local governments issue through housing finance agencies (HFAs) to help fund below-market-interest-rate mortgages for first-time qualifying homebuyers. Eligible borrowers are first-time homebuyers with low to moderate incomes below 115 percent of median family income.

As of December 31, 2016, there is one issuance which involved LSS Housing Jamestown, LCC for the amount of \$3,600,000 and a Taxable portion for \$900,000.

NOTE 18: PENSION PLAN

General Information about the 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 plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

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 after January 1, 2016 the Rule of 85 will be replaced with a 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 salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

Member and Employer Contributions

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

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

At December 31, 2016, the Employer reported a liability of \$6,185,673 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer’s proportion of the net pension liability was based on the Employer’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, 2016, the Employer’s proportion was .634690 percent, which was a decrease of .010054 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016 the Employer recognized pension expense of \$859,547. At December 31, 2016, the Employer 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	\$ 92,922	\$ 57,274
Changes of Assumptions	570,240	307,304
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	862,991	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	207,279	65,595
District Contributions Subsequent to the Measurement Date	431,227	-
Total	\$ 2,164,659	\$ 430,173

\$431,227 is reported as deferred outflows of resources related to pensions resulting from Employer 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:

2017	\$	209,308
2018		209,308
2019		397,567
2020		254,898
Thereafter		90,494

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Actuarial assumptions. The total pension liability in the July 1, 2016 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 Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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, 2016, 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 of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	.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.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$ 8,774,257	\$ 6,185,673	\$ 4,004,656

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 19: TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2016:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 159,225	\$ 740,801
County Road & Bridge	3,887,314	776,500
Highway Aid	-	3,887,314
Nonmajor Funds		
E-911 Emergency Telephone	-	134,600
County Agent	-	10,000
FEMA	61,408	-
Drug Program	-	54,600
Park	201,176	-
Emergency	-	61,408
Courthouse Building	175,000	-
Law Enforcement Construction	104,000	-
Road & Bridge Building	113,300	-
County Sheriff Capital Fund	776,500	-
Weed Boar Cap. Improve.	187,300	-
Total Transfers	\$ 5,665,223	\$ 5,665,223

Transfers are used to move unrestricted general revenue to finance programs that the county accounts for in other funds in accordance with budget authority and to subsidize other programs.

NOTE 20: PRIOR PERIOD ADJUSTMENT

There were prior period adjustments for the period ending December 31, 2016 for Governmental Activities involving various cost items and accumulated depreciation items related to capital assets, and for various adjustments to beginning loans receivable. The result of the capital assets was an increase to beginning net position on January 1, 2016 totaling \$739,500.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Government Wide Adjustments:

Governmental Activities (County):	Amounts
Beginning Net Position, as previously reported	\$ 59,614,291
Capital assets cost - CIP	3,995
Loans Receivable - beginning balance adjustments	160,875
Capital assets cost - Buildings	3,795
Capital assets cost - Equipment	61,152
Capital assets depreciation - Buildings	21,820
Capital assets depreciation - Vehicles and Equipment	487,863
Net Position January 1, as restated	\$ 60,353,791

NOTE 21: JOINT VENTURES

Under authorization of state statutes, Stutsman County and the City of Jamestown established and jointly operate a Job Development Authority, known as the Jamestown/Stutsman Development Corporation (JSDC). The agreement was established for the mutual advantage of the governments. Each government appoints two members of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity can be determined as to the location of the separate loan applicants.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2016, which is the most current audited information available:

2016	
Total Assets and Deferred Outflows	\$ 17,431,625
Total Liabilities and Deferred Inflows	8,267,812
Total Net Assets	<u>\$ 9,163,813</u>
Revenues	\$ 1,597,014
Expenses	2,202,390
Change in Net Position	<u>\$ (605,376)</u>

Complete financial statements for the Jamestown/Stutsman Development Corporation can be obtained from the Stutsman County Auditor's Office at 511 2nd Ave SE Jamestown, ND 58401-4210.

Under authorization of state statutes, Stutsman County, Logan County, and the City of Jamestown established and jointly operate a Health District, known as the Central Valley Health District. The agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity can be determined as to the location of the separate loan applicants.

The following is a summary of financial information on the joint venture as of and for the year ended June 30, 2016, which is the most current audited information available:

2016	
Total Assets & deferred outflows	\$ 1,968,520
Total Liabilities & deferred inflows	1,003,093
Total Net Position	<u>\$ 965,427</u>
Revenues	\$ 2,530,963
Expenses	2,350,614
Change in Net Position	<u>\$ 180,349</u>

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Complete financial statements for the Central Valley Health District can be obtained from the Stutsman County Auditor's Office at 511 2nd Ave SE Jamestown, ND 58401-4210.

NOTE 22: CONSTRUCTION COMMITMENTS

Stutsman County had several open construction commitments as of December 31, 2016 as follows:

Project	Total Contract	Total Completed	Retainage	Remaining Balance
CNOB-CNOC-4736(055) Paving Co. Rd. 38	\$ 701,303	\$ 674,819	\$ 35,065	\$ 61,549
CNOB-CNOC-4742(062) Overlay Co. 37	1,187,187	1,121,379	59,359	125,167
CNOC-4745(063) Overlay Co. 40	305,586	286,722	15,279	34,143
CP-4728(016) Cement Co 40	843,123	810,479	42,156	74,800
CP-4742(016) Co. 37 Grinding	8,779	8,779	439	439
CNOB-CNOC-4717(093) CR 67	1,440,732	1,390,863	72,037	121,906
CP-4742-4706-4725(016) Chip Seal	468,446	460,969	23,422	30,899
CP-4745(016) Co. 62 Overlay	143,851	137,177	7,193	13,867
Total	\$ 5,099,007	\$ 4,891,187	\$ 254,950	\$ 462,770

NOTE 23: TAX ABATEMENTS

Stutsman County and political subdivisions within the county can negotiate property tax abatement agreements with individuals and various commercial entities/businesses. Stutsman County and the political subdivisions within have the following types of tax abatement agreements with various individuals and commercial entities at December 31, 2016.

Stutsman County will state individually the parties whom received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

New and Expanding Business:

Businesses that are primarily industrial, commercial, retail or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40-57.1-03) and the guidelines stated below. The following criteria are only guidelines.

General criteria — In evaluation applications for property tax exemption, the Stutsman County Commission will consider the following factors:

- Economic impact through increased construction activity, equipment purchases, additional product purchases, additional work activity, immediate and projected increases in property values, and impact on future tax collections
- Number of jobs created and employee benefits (types of jobs — professional, managerial, technical, skilled, unskilled with emphasis on full-time positions)
- Diversification of economic base
- Growth potential of company and industry and potential spin-off benefits
- Impact on city/county services: Can the company be accommodated within existing service levels, or will additional capacity be needed? Is the company locating where better use of existing services will take place or further the development plans of the City/County?
- Utilization of local resources: Will the company be an exporter from our region? Will it provide support services to existing companies? Use of raw materials and services developed in the area

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Exemption Criteria:

Amount of exemption is per the following schedule: Year 1 — 100%, Year 2 — 80%, Year 3 — 60%, Year 4 — 40%, Year 5 — 20%.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$19,905

New and Expanding Business – Leased Govt. Building:

Businesses that are primarily industrial, commercial, retail or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40.57.1-04.1) and the guidelines stated below. The following criteria are only guidelines.

General criteria — In evaluation applications for property tax exemption, the Board of Directors will consider the following factors:

- Economic impact through increased construction activity, equipment purchases, additional product purchases, additional work activity, immediate and projected increases in property values, and impact on future tax collections
- Number of jobs created and employee benefits (types of jobs — professional, managerial, technical, skilled, unskilled with emphasis on full-time positions)
- Diversification of economic base
- Growth potential of company and industry and potential spin-off benefits
- Impact on county services: Can the company be accommodated within existing service levels, or will additional capacity be needed? Is the company locating where better use of existing services will take place or further the development plans of the County?
- Utilization of local resources: Will the company be an exporter from our region? Will it provide support services to existing companies? Use of raw materials and services developed in the area
- Notwithstanding any other provision of this chapter, a project operator who otherwise qualifies under this chapter may, upon application consistent with the provisions of this chapter, receive a partial or complete exemption from ad valorem taxation on any existing structure used in or necessary to the operation of the project for a period not exceeding five years from the date of commencement of project operations in the structure. For taxable years beginning after December 31, 1988, the governing body of a municipality may grant additional exemptions of property under this section during a period not exceeding ten years from the date of commencement of project operations in the structure if the structure is owned by the United States, the state, or a political subdivision of the state and leased to the project operator. The project operator shall apply to the governing body of the municipality annually for the exemption and the governing body of the municipality may grant the exemption for only one year at a time.

Exemption Criteria:

Amount of exemption is per the following schedule: Year 1 — 100%, Year 2 — 80%, Year 3 — 60%, Year 4 — 40%, Year 5 — 20%.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$1,325

Public Charity Exemption:

Public Charities are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(8)) and the guidelines stated below. The following criteria are only guidelines.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

All buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner.

Exemption Criteria:

Property exempt if the qualified facility is used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$206,327

Single Family Residence:

Single Family property owners are eligible for property tax incentives for the specified property that meet state requirements (NDCC 57-02-08(35)).

General Criteria -- Up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time if all of the following conditions are met:

- a. The governing body of the city/county, for property within city/county limits, or the governing body of the county, for property outside city/county limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.
- b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

2016 Reduction in Taxes:

Total Program Reduction in County Only Taxes – \$10,363

Childhood Services Exemption

Childhood Services (also adult daycare) are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(36)) and the guidelines stated below. The following criteria are only guidelines.

The governing body of the city, for property within city limits, or of the county, for property outside city limits, may grant a property tax exemption for the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under chapter 50-11.1 or used primarily as an adult day care center. However, this exemption is not available for property used as a residence

2016 Reduction in Taxes – Other Entities:

Total Program Reduction in taxes – \$1,818

Commercial and Residential:

Commercial and Residential property are eligible for property tax incentives if they meet state requirements (NDCC 57-05.2-03) and the guidelines stated below. The following criteria are only guidelines.

Under NDCC 57-02.2-03 improvements to commercial and residential buildings and structures as defined in this chapter may be exempt from assessment and taxation for up to five years from the date of commencement of making the improvements, if the exemption is approved by the governing body of the city and county, for property within city limits and by the county, for property outside city limits. The governing body of the city or county may limit or impose conditions upon exemptions under this section, including limitations on the time during which an exemption is allowed. A resolution adopted by the governing body of the city and county under this section may be rescinded or amended at any time. The exemption provided by this chapter shall apply only to that part of the valuation resulting from the improvements which is over and above the assessed valuation, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. Any person, corporation, limited liability company, association, or organization owning real property and seeking an exemption under this chapter shall file with the assessor a certificate setting out the facts upon which the claim for exemption is based. The assessor shall determine whether the improvements qualify for the exemption based on the resolution of the governing body of the city and county, and if the assessor determines that the exemption should apply, upon approval of the governing body, the exemption is valid for the prescribed period and shall not terminate upon the sale or exchange of the property but shall be transferable to subsequent owners. If the certificate is not filed as herein provided, the assessor shall regard the improvements as nonexempt and shall assess them as such.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$2,853

NOTE 24: SUBSEQUENT EVENT**James River Valley Library System**

Included in prepaid expenses of the James River Valley Library System as of December 31, 2016 is a deposit of \$226,199 for the purchase of the new bookmobile which was delivered and placed into service January 31, 2017.

NOTE 25: CONTINGENT LIABILITIES

The County is a defendant in several lawsuits incident to its operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the condition of the County.

STUTSMAN COUNTY
Jamestown, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 3,799,114	\$ 3,818,614	\$ 3,826,139	\$ 7,525
Intergovernmental	1,324,469	2,054,769	2,016,196	(38,573)
Charges for Services	1,759,412	1,915,412	1,798,564	(116,848)
Licenses, Permits and Fees	7,300	7,300	8,855	1,555
Interest Income	30,000	30,000	18,902	(11,098)
Miscellaneous	110,000	175,000	175,061	61
Total Revenues	\$ 7,030,295	\$ 8,001,095	\$ 7,843,717	\$ (157,378)
<u>Expenditures:</u>				
Current:				
General Government	\$ 2,869,750	\$ 2,889,150	\$ 2,684,177	\$ 204,973
Public Safety	4,701,048	4,891,298	4,668,721	222,577
Health and Welfare	106,000	118,000	113,174	4,826
Debt Service:				
Principal	596	596	287	309
Interest	-	-	40	(40)
Total Expenditures	\$ 7,677,394	\$ 7,899,044	\$ 7,466,399	\$ 432,645
Excess (Deficiency) of Revenues Over Expenditures	\$ (647,099)	\$ 102,051	\$ 377,318	\$ 275,267
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 134,600	\$ 134,600	\$ 159,225	\$ 24,625
Transfers Out	(956,126)	(956,126)	(740,801)	215,325
Total Other Financing Sources and Uses	\$ (821,526)	\$ (821,526)	\$ (581,576)	\$ 239,950
Net Change in Fund Balances	\$ (1,468,625)	\$ (719,475)	\$ (204,258)	\$ 515,217
Fund Balance - January 1	\$ 6,288,969	\$ 6,288,969	\$ 6,288,969	\$ -
Fund Balance - December 31	\$ 4,820,344	\$ 5,569,494	\$ 6,084,711	\$ 515,217

The accompanying required supplementary information notes are an integral part of this schedule.

STUTSMAN COUNTY
Jamestown, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD AND BRIDGE FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 857,618	\$ 857,618	\$ 872,281	\$ 14,663
Intergovernmental	3,887,901	3,887,901	3,788,272	(99,629)
Charges for Services	1,311,000	1,311,000	1,113,397	(197,603)
Licenses, Permits and Fees	35,000	35,000	34,820	(180)
Interest Income	12,000	12,000	6,886	(5,114)
Miscellaneous	32,500	32,500	43,165	10,665
Total Revenues	\$ 6,136,019	\$ 6,136,019	\$ 5,858,821	\$ (277,198)
<u>Expenditures</u>				
Current:				
Highways and Bridges	\$ 7,864,240	\$ 9,730,599	\$ 8,901,323	\$ 829,276
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,728,221)	\$ (3,594,580)	\$ (3,042,542)	\$ 552,038
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 2,377,264	\$ 3,887,314	\$ 3,887,314	\$ -
Transfers Out	(717,500)	(776,500)	(776,500)	-
Total Other Financing Sources and Uses	\$ 1,659,764	\$ 3,110,814	\$ 3,110,814	\$ -
Net Change in Fund Balances	\$ (68,457)	\$ (483,766)	\$ 68,272	\$ 552,038
Fund Balance - January 1	\$ 2,261,692	\$ 2,261,692	\$ 2,261,692	\$ -
Fund Balance - December 31	\$ 2,193,235	\$ 1,777,926	\$ 2,329,964	\$ 552,038

The accompanying required supplementary information notes are an integral part of this schedule.

STUTSMAN COUNTY
Jamestown, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,715,536	\$ 1,715,536	\$ 1,731,294	\$ 15,758
Intergovernmental	808,371	808,371	1,066,388	258,017
Charges for Services	300	300	230	(70)
Licenses, Permits and Fees	2,800	2,800	4,210	1,410
Interest Income	14,000	14,000	6,193	(7,807)
Miscellaneous	3,275	3,275	9,079	5,804
Total Revenues	\$ 2,544,282	\$ 2,544,282	\$ 2,817,394	\$ 273,112
<u>Expenditures</u>				
Current:				
Health and Welfare	\$ 2,969,639	\$ 2,969,639	\$ 2,692,125	\$ 277,514
Excess (Deficiency) of Revenues Over Expenditures	\$ (425,357)	\$ (425,357)	\$ 125,269	\$ 550,626
Fund Balance - January 1	\$ 1,724,349	\$ 1,724,349	\$ 1,724,349	\$ -
Fund Balance - December 31	\$ 1,298,992	\$ 1,298,992	\$ 1,849,618	\$ 550,626

The accompanying required supplementary information notes are an integral part of this schedule.

STUTSMAN COUNTY
Jamestown, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 2,137,314	\$ 1,718,152	\$ 1,671,964	\$ (46,188)
Interest Income	20,000	20,000	19,206	(794)
Total Revenues	<u>\$ 2,157,314</u>	<u>\$ 1,738,152</u>	<u>\$ 1,691,170</u>	<u>\$ (46,982)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (2,137,314)	\$ (3,887,314)	\$ (3,887,314)	\$ -
Net Change in Fund Balances	<u>\$ 20,000</u>	<u>\$ (2,149,162)</u>	<u>\$ (2,196,144)</u>	<u>\$ (46,982)</u>
Fund Balance - January 1	<u>\$ 7,403,330</u>	<u>\$ 7,403,330</u>	<u>\$ 7,403,330</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 7,423,330</u>	<u>\$ 5,254,168</u>	<u>\$ 5,207,186</u>	<u>\$ (46,982)</u>

The accompanying required supplementary information notes are an integral part of this schedule.

STUTSMAN COUNTY
Jamestown, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FUND
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 100,000	\$ 306,000	\$ 200,286	\$ (105,714)
<u>Expenditures</u>				
<u>Current:</u>				
Highways and bridges	\$ 100,000	\$ 384,253	\$ 384,190	\$ 63
Excess (Deficiency) of Revenues Over Expenditures	\$ (384,253)	\$ (384,253)	\$ (183,904)	\$ 200,349
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ 61,408	\$ 61,408	\$ -
Net Change in Fund Balances	\$ (384,253)	\$ (322,845)	\$ (122,496)	\$ 200,349
Fund Balance - January 1	\$ 80,511	\$ 80,511	\$ 80,511	\$ -
Fund Balance - December 31	\$ (303,742)	\$ (242,334)	\$ (41,985)	\$ 200,349

The accompanying required supplementary information notes are an integral part of this schedule.

STUTSMAN COUNTY
Jamestown, North Dakota

PENSION SCHEDULES
For the Year Ended December 31, 2016

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

	2016	2015	2014
District's proportion of the net pension liability (asset)	0.634690%	0.644744%	0.602349%
District's proportionate share of the net pension liability (asset)	\$ 6,185,673	\$ 4,384,149	\$ 3,823,238
District's covered-employee payroll	\$ 6,396,175	\$ 5,743,887	\$ 5,074,056
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	77.15%	77.15%	77.70%

*Complete data for this schedule is not available prior to 2014.

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

	2016	2015	2014
Statutorily required contribution	\$ 455,408	\$ 408,965	\$ 361,273
Contributions in relation to the statutorily required contribution	\$ (455,408)	\$ (408,965)	\$ (361,273)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,396,175	\$ 5,743,887	\$ 5,074,056
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%

*Complete data for this schedule is not available prior to 2014.

STUTSMAN COUNTY
Jamestown, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The county commission adopts an “appropriated budget” on the modified accrual basis of accounting.
- The county auditor prepares an annual budget for the general fund, each special revenue fund, and each debt service fund of the county. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them.
- The county commission holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed expenditures or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The board of county commissioners, on or before the October meeting required by section 11-11-05 shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the county auditor at the revenue and expenditure function/object level. No county expenditure may be made or liability incurred, nor may a bill be paid for any purpose, in excess of the appropriation, except as provided in section 11-23-07. NDCC 11-23-06
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

NOTE 2: PENSIONS - CHANGES OF ASSUMPTIONS

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

NOTE 3: OVERSPENT FUND BUDGETS

The following funds were overspent for the year ended December 31, 2016:

Overspent SR Funds:	Budget	Actual	Overspent
Non-Major Funds			
Unorganized Road Fund	\$ 24,000	\$ 30,212	\$ (6,212)
County Agent	189,955	191,390	(1,435)
Weed Board Capital	-	12,748	(12,748)

STUTSMAN COUNTY

Notes to the Required Supplementary Information – Continued

NOTE 4: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The board of county commissioners amended the county budget for 2016 as follows:

	REVENUES/TRANSFERS IN		
	Original Budget	Budget Amendment	Amended Budget
Major Funds:			
General Fund	\$ 8,555,895	\$ (554,800)	\$ 8,001,095
Road & Bridge (Transfers)	2,377,264	1,510,050	3,887,314
Highway Tax	2,137,314	(419,162)	1,718,152
FEMA	100,000	206,000	306,000
Nonmajor Funds			
<u>Special Revenue Funds:</u>			
Regional Child Support	-	12,400	12,400
Emergency Fund	338,433	25,220	363,653
Camping Fee	-	38,000	38,000
<u>Debt Service Funds:</u>			
CVH Bond Issue	470,163	281,000	751,163
<u>Capital Project Funds:</u>			
Courthouse Building	9,600	62,000	71,600
Information Tech Capital Project (Transfer)	86,000	27,300	113,300
Road and Bridge Building	717,500	59,000	776,500

	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Budget Amendment	Amended Budget
Major Funds:			
General Fund	\$ 7,677,394	\$ 221,650	\$ 7,899,044
Road & Bridge (Expenditures)	7,864,240	1,866,359	9,730,599
Road & Bridge (Transfers)	717,500	59,000	776,500
Highway Tax (Transfers)	2,137,314	1,750,000	3,887,314
FEMA (Expenditures)	100,000	284,253	384,253
FEMA (Transfer Out)	-	61,408	61,408
Nonmajor Funds:			
<u>Special Revenue Funds:</u>			
Regional Child Support	-	17,415	17,415
Emergency Fund (Expenditures)	-	60,940	60,940
Emergency Fund (Transfers)	-	61,408	61,408
Weed Control	323,621	37,000	360,621
County Agent	188,705	1,250	189,955
Camping Fee	-	38,000	38,000
Drug Program (Transfers)	-	54,600	54,600
<u>Debt Service Funds:</u>			
CVH Bond Issue	467,463	306,225	773,688
<u>Capital Project Funds:</u>			
Courthouse Building	127,500	44,052	171,552
Capital Project Fund	-	385,585	385,585
Information Tech Capital Project (Transfers)	86,000	14,230	100,230
Road and Bridge Building	815,000	70,000	885,000

STUTSMAN COUNTY
Jamestown, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT BASIS
For the Year Ended December 31, 2016

	Balance 1-1-16	Revenues	Transfers In	Transfers Out	Expenditures	Balance 12-31-16
Major Funds:						
10 General Fund	\$ 5,004,426.45	\$ 7,784,587.50	\$ 134,600.00	\$ 740,801.00	\$ 7,346,866.79	\$ 4,835,946.16
52 General Fund Sub Account	777,457.01	14,842.46	24,625.00	-	65,000.00	751,924.47
Total General Fund	\$ 5,781,883.46	\$ 7,799,429.96	\$ 159,225.00	\$ 740,801.00	\$ 7,411,866.79	\$ 5,587,870.63
15 Road & Bridge	\$ 2,496,654.74	\$ 5,858,822.83	\$3,887,314.00	\$ 776,500.00	\$ 9,035,603.18	\$ 2,430,688.39
18 Social Services	1,663,170.74	2,711,072.82	-	-	2,692,125.39	1,682,118.17
32 Highway Aid	7,194,968.02	1,737,358.60	-	3,887,314.00	-	5,045,012.62
100 FEMA Funds	74,920.92	205,876.17	61,407.50	-	384,190.10	(41,985.51)
Total Major Funds	\$ 17,211,597.88	\$ 18,312,560.38	\$ 4,107,946.50	\$ 5,404,615.00	\$ 19,523,785.46	\$ 14,703,704.30
Special Revenue Funds:						
13 Restorative Justice	\$ 16,468.77	\$ 8,533.84	\$ -	\$ -	\$ 6,934.91	\$ 18,067.70
14 9-1-1 Emerg. Telephone	231,039.26	248,946.60	-	134,600.00	100,610.83	244,775.03
16 Unorg. Dist. Roads	102,498.95	27,891.69	-	-	30,211.53	100,179.11
17 Reg. Child Support	13,733.00	12,347.00	-	-	17,415.00	8,665.00
21 Park	140,433.17	284,699.25	201,176.00	-	337,073.22	289,235.20
22 Emergency Fund	281,368.91	372,092.25	-	61,407.50	60,903.46	531,150.20
24 Weed Control	235,599.86	378,561.05	-	-	353,747.08	260,413.83
26 Veteran's	16,411.64	104,208.00	-	-	86,864.52	33,755.12
27 County Agent	86,112.89	211,307.03	-	10,000.00	191,389.90	96,030.02
31 Camping Fee Fund	-	37,792.79	-	-	37,369.22	423.57
37 Correctional Cntr. Commissary	58,141.54	23,506.80	-	-	17,599.23	64,049.11
38 Drug Program	173,501.48	116,343.97	-	54,600.00	32,911.40	202,334.05
44 Document Preservation	122,355.40	23,542.50	-	-	1,200.47	144,697.43
47 Chase Lake	25,500.00	-	-	-	-	25,500.00
48 Hazardous Chem. Levy	8,438.23	3,955.91	-	-	1,136.83	11,257.31
55 Cancelled-Lost Warrant Fund	67.25	108.47	-	-	67.25	108.47
56 Bond Forfeiture	44,839.21	165.80	-	-	-	45,005.01
77 Job Incentive	549,860.17	464,745.62	-	-	151,515.51	863,090.28
Off Book Activity- CDBG	1.00	-	-	-	-	1.00
Total Special Revenue Funds	\$ 2,106,370.73	\$ 2,318,748.57	\$ 201,176.00	\$ 260,607.50	\$ 1,426,950.36	\$ 2,938,737.44
Debt Service Funds:						
69 CVH Bond Issue	\$ 11,692.77	\$ 749,457.43	\$ -	\$ -	\$ 764,949.62	\$ (3,799.42)
Capital Projects Funds:						
40 Courthouse Building	\$ 366,926.54	\$ 72,144.68	\$ 175,000.00	\$ -	\$ 131,571.48	\$ 482,499.74
41 Law Enforc. Construction	127,014.54	20,484.30	104,000.00	-	28,182.18	223,316.66
42 Capital Project Fund	385,506.17	376.92	-	-	385,583.37	299.72
43 Information Tech. Cap. Proj.	45,000.00	-	113,300.00	-	100,229.31	58,070.69
45 Road & Bridge Building	111,793.33	282.74	776,500.00	-	884,342.06	4,234.01
46 County Sheriff Capital Fund	2,404.00	23,441.00	187,300.00	-	121,104.64	92,040.36
49 Weed Board Cap. Imp.	189,301.00	479.79	-	-	12,748.00	177,032.79
Total Capital Projects Funds	\$ 1,227,945.58	\$ 117,209.43	\$ 1,356,100.00	\$ -	\$ 1,663,761.04	\$ 1,037,493.97
Total Nonmajor Funds	\$ 3,346,009.08	\$ 3,185,415.43	\$ 1,557,276.00	\$ 260,607.50	\$ 3,855,661.02	\$ 3,972,431.99
Total Governmental Funds	\$20,557,606.96	\$21,497,975.81	\$5,665,222.50	\$5,665,222.50	\$23,379,446.48	\$18,676,136.29
Agency Funds:						
19 Central Valley Health	\$ 1,376.40	\$ 394,645.10	\$ -	\$ -	\$ 395,422.55	\$ 598.95
20 Airport	196.55	46,090.77	-	-	46,192.91	94.41
25 Historical Society	7,736.97	15,171.65	-	-	14,237.95	8,670.67
35 Library - General	787.76	215,611.22	-	-	216,085.89	313.09
73 Senior Citizens	345.76	188,274.28	-	-	188,469.67	150.37
76 Game & Fish	32,037.43	-	-	-	-	32,037.43
85 Water Resource District	98.19	31,404.27	-	-	31,459.27	43.19
Total Agency Funds	\$ 42,579.06	\$ 891,197.29	\$ -	\$ -	\$ 891,868.24	\$ 41,908.11
Total Primary Government	\$20,600,186.02	\$22,389,173.10	\$5,665,222.50	\$5,665,222.50	\$24,271,314.72	\$18,718,044.40
Component Unit:						
Water Resource District	\$ 130,962.89	\$ 222,236.48	\$ -	\$ -	\$ 229,931.03	\$ 123,268.34
Total Reporting Entity	\$20,731,148.91	\$22,611,409.58	\$5,665,222.50	\$5,665,222.50	\$24,501,245.75	\$18,841,312.74

STUTSMAN COUNTY
Jamestown, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
<u>Passed through the State Attorney General's Office:</u>			
Edward Bryne Memorial Justice Assistance Grant Program	16.738	None	\$ 54,600
<u>Passed through the North Dakota Association of Counties:</u>			
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	None	11,208
Total U.S. Department of Justice			<u>\$ 65,808</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Passed through the State Department of Human Services:</u>			
Promoting Safe and Stable Families	93.556	None	\$ 9,439
Temporary Assistance for Needy Families	93.558	None	143,529
Child Support Enforcement	93.563	None	145
Child Care and Development Block Grant	93.575	None	308
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	None	17,862
Children's Justice Grants to States	93.643	None	643
Stephanie Tubbs Jones Child Welfare Services Program	93.645	None	3,983
Foster Care - Title IV-E (Recovery)	93.658	None	133,014
Adoption Assistance (Recovery)	93.659	None	2,683
Medical Assistance Program	93.778	None	30,481
Maternal and Child Health Services Block Grant to the States	93.994	None	2,443
Total U.S. Department of Health and Human Services			<u>\$ 344,530</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
<u>Passed through the State Department of Transportation:</u>			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	None	\$ 1,500
National Priority Safety Programs	20.616	None	8,820
Total U.S. Department of Transportation			<u>\$ 10,320</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Passed through the State Department of Emergency Management:</u>			
Disaster Assistance - Public Assistance (Presidentially Declared Disasters)	97.036	**	\$ 338,990
Hazard Mitigation Grant	97.039	None	27,750
Emergency Management Performance Grants	97.042	None	79,439
Homeland Security Grant Programs	97.067	None	20,283
Total U.S. Department of Homeland Security			<u>\$ 466,462</u>
Total Expenditures of Federal Awards			<u>\$ 887,120</u>

** - Major program tested

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stutsman County under programs of the federal government for the year ended December 31, 2016. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portions of the operations of Stutsman County, it is not intended to be and does not present the financial position or changes in net position of Stutsman County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

**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

Board of County Commissioners
Stutsman County
Jamestown, 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 Stutsman County, Jamestown, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Stutsman County's basic financial statements, and have issued our report thereon dated July 31, 2017. Our report includes a reference to other auditors who audited the financial statements of the James River Valley Library System, as described in our report on Stutsman County's financial statements. This report does not include the results of the other auditors' testing on internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stutsman 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 Stutsman County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stutsman County's internal control.

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

Our consideration of internal control over financial reporting 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

STUTSMAN COUNTY

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* - Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stutsman 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
July 31, 2017

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



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STATE OF NORTH DAKOTA
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STATE CAPITOL
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BISMARCK, NORTH DAKOTA 58505

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

Report on Compliance for Each Major Federal Programs

We have audited Stutsman County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Stutsman County's major federal program for the year ended December 31, 2016. Stutsman County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Stutsman County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stutsman County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Stutsman County's compliance.

Opinion on Each Major Federal Programs

In our opinion, Stutsman County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

STUTSMAN COUNTY

Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance - Continued

Report on Internal Control Over Compliance

Management of Stutsman County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stutsman County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stutsman County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Stutsman County as of and for the year ended December 31, 2016, and have issued our report thereon dated July 31, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
July 31, 2017

STUTSMAN COUNTY
Jamestown, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?	
Governmental Activities	Unmodified
Aggregate discretely presented component units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> None noted
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None noted
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> None noted

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> None noted
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None noted
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with CFR §200.516?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

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