



Dickey County
Ellendale, 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

DICKEY COUNTY
Ellendale, North Dakota

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DICKEY COUNTY
Ellendale, North Dakota

COUNTY OFFICIALS

At December 31, 2016

Thor Sand	Commissioner - Chairman
Joel Hamar	Commissioner - Vice Chairman
John Hokana	Commissioner
Dean Simek	Commissioner
Marke Roberts	Commissioner
Wanda Sheppard	Auditor
Gail Veland	Treasurer
Chris Estes	Sheriff
Deb Anderson	Recorder
Gary Neuharth	State's Attorney



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
Dickey County
Ellendale, 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 Dickey County, Ellendale, 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 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, 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 Dickey County, Ellendale, 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.

DICKEY COUNTY

Independent Auditor's Report - Continued

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 40-51 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 Dickey County's basic financial statements. The *schedule of fund activity arising from cash transactions* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of fund activity arising from cash transactions* 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 arising from cash transactions* is 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 December 1, 2017 on our consideration of Dickey 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 Dickey County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
December 1, 2017

DICKEY COUNTY
Ellendale, North Dakota
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government Governmental Activities	Component Units
ASSETS:		
Cash and Investments	\$ 4,641,814	\$ 2,054,944
Intergovernmental Receivable	245,853	536,181
Road Receivables	21,457	-
Loans Receivable	-	8,840
Taxes Receivable	49,412	2,618
Certified Specials Receivable	-	7,600
Uncertified Specials Receivable	-	3,773,292
Capital Assets Not Being Depreciated:		
Land	40,398	388,408
Construction in Progress	4,242,647	4,604,702
Intangibles	-	46,401
Capital Assets Net Of Accumulated Depreciation:		
Buildings	990,634	105,108
Equipment	748,714	-
Vehicles	276,148	-
Infrastructure	7,712,610	-
Total Capital Assets	<u>\$ 14,011,151</u>	<u>\$ 5,144,619</u>
Total Assets	<u>\$ 18,969,687</u>	<u>\$ 11,528,094</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Items	<u>\$ 522,300</u>	<u>\$ 40,679</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 19,491,987</u>	<u>\$ 11,568,773</u>
LIABILITIES:		
Accounts Payable	\$ -	\$ 2,176
Salary and Benefits Payable	11,421	-
Grants Received in Advance	257,063	-
Retainages Payable	228,101	-
Interest Payable	5,613	27,084
Long-Term Liabilities:		
Due Within One Year:		
Capital Leases Payable	227,634	-
Loan / CI's Payable	4,388	7,465
Bonds Payable	-	210,000
Compensated Absences Payable	7,164	716
Due After One Year:		
Capital Leases Payable	242,545	-
Loan / CI's Payable	-	15,143
Bonds Payable	-	4,835,000
Compensated Absences Payable	64,473	6,448
Net Pension Liability	1,715,691	140,615
Total Liabilities	<u>\$ 2,764,093</u>	<u>\$ 5,244,647</u>
DEFERRED INFLOWS OF RESOURCES:		
Taxes Received in Advance	\$ 883,811	\$ 119,931
Pension Items	152,378	19,780
Total Deferred Inflows of Resources	<u>\$ 1,036,189</u>	<u>\$ 139,711</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 3,800,282</u>	<u>\$ 5,384,358</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 13,536,584	\$ 5,144,619
Restricted for:		
Debt Service	94,489	-
Highways and Bridges	895,546	-
Health and Welfare	-	50,695
Culture and Recreation	-	10,353
Conservation of Natural Resources	74,715	775,929
Emergencies	459,331	-
Economic Development	-	222,599
Unrestricted	<u>631,040</u>	<u>-</u>
Total Net Position	<u>\$ 15,691,705</u>	<u>\$ 6,204,195</u>

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	\$ 1,485,521	\$ 199,325	\$ 5,793	\$ -	\$ (1,280,403)	\$ -
Public Safety	540,838	97,405	57,821	-	(385,612)	-
Highways and Bridges	6,001,074	268,417	4,627,148	4,182,289	3,076,780	-
Flood Repair	59,547	-	3,413	-	(56,134)	-
Health and Welfare	836,325	3,430	236,109	-	(596,786)	-
Culture and Recreation	102,100	-	-	-	(102,100)	-
Conserv. of Natural Resources	254,581	30,708	22,336	-	(201,537)	-
Interest on Long-Term Debt	16,958	-	-	-	(16,958)	-
Total Primary Government	\$ 9,296,944	\$ 599,285	\$ 4,952,620	\$ 4,182,289	\$ 437,250	\$ -
Component Units	\$ 804,941	\$ 400,756	\$ 1,468,401	\$ 19,309		\$ 1,083,525
<u>General Revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 1,945,349	\$ 349,261
Property taxes; levied for special purposes					826,600	-
Property taxes; levied for debt service					532,732	-
Non restricted grants and contributions					552,694	2,653
Earnings on investments					15,681	9,066
Miscellaneous revenue					10,582	45,540
Total General Revenues					\$ 3,883,638	\$ 406,520
Change in Net Position					\$ 4,320,888	\$ 1,490,045
Net Position - January 1					\$11,287,229	\$ 4,781,736
Prior Period Adjustments					83,588	(87,366)
Net Position - January 1 - As Restated					\$11,370,817	\$ 4,694,370
Net Position - December 31					\$15,691,705	\$ 6,184,415

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

DICKEY COUNTY
Ellendale, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2016

	Major Funds						
	General	Farm to Market Roads	State Funded Road Proj. 2112	State Funded Road Proj. 2113	County Road and Bridge	Social Services	Oasis and Social Security
ASSETS							
Cash and Investments	\$ 1,723,885	\$ -	\$ 33,077	\$ 84,449	\$ 1,223,451	\$ 326,961	\$ -
Taxes Receivable	29,199	-	-	-	7,936	790	-
Intergovernmental Receivable	74,545	-	-	56,013	74,923	29,204	-
Road Receivables	-	-	-	-	21,457	-	-
Total Assets	\$ 1,827,629	\$ -	\$ 33,077	\$ 140,462	\$ 1,327,767	\$ 356,955	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Salaries and Benefits Payable	\$ 6,305	\$ -	\$ -	\$ -	\$ 844	\$ 3,855	\$ -
Grants Received in Advance	-	-	-	-	-	-	-
Total Liabilities	\$ 6,305	\$ -	\$ -	\$ -	\$ 844	\$ 3,855	\$ -
Deferred Inflows of Resources:							
Taxes Receivable	\$ 29,199	\$ -	\$ -	\$ -	\$ 7,936	\$ 790	\$ -
Road Receivables	-	-	-	-	21,457	-	-
Taxes Received in Advance	437,133	-	-	-	205,226	124,163	-
Total Deferred Inflows of Resources	\$ 466,332	\$ -	\$ -	\$ -	\$ 234,619	\$ 124,953	\$ -
Total Liabilities & Deferred Inflows	\$ 472,637	\$ -	\$ -	\$ -	\$ 235,463	\$ 128,808	\$ -
Fund Balances:							
Committed For:							
County Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted For:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Highways and Bridges	-	-	33,077	140,462	1,092,304	-	-
Health and Welfare	-	-	-	-	-	228,147	-
Conservation of Natural Resources	-	-	-	-	-	-	-
Emergencies	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Unassigned	1,354,992	-	-	-	-	-	-
Total Fund Balances	\$ 1,354,992	\$ -	\$ 33,077	\$ 140,462	\$ 1,092,304	\$ 228,147	\$ -
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,827,629	\$ -	\$ 33,077	\$ 140,462	\$ 1,327,767	\$ 356,955	\$ -

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

FEMA Funds	County Bond 2011	Other Governmental Funds	Total Governmental Funds
\$ 257,063	\$ 90,487	\$ 902,441	\$ 4,641,814
-	8,378	3,109	49,412
-	-	11,168	245,853
-	-	-	21,457
<u>\$ 257,063</u>	<u>\$ 98,865</u>	<u>\$ 916,718</u>	<u>\$ 4,958,536</u>
\$ -	\$ -	\$ 417	\$ 11,421
257,063	-	-	257,063
<u>\$ 257,063</u>	<u>\$ -</u>	<u>\$ 417</u>	<u>\$ 268,484</u>
\$ -	\$ 8,378	\$ 3,109	\$ 49,412
-	-	-	21,457
-	-	117,289	883,811
<u>\$ -</u>	<u>\$ 8,378</u>	<u>\$ 120,398</u>	<u>\$ 954,680</u>
<u>\$ 257,063</u>	<u>\$ 8,378</u>	<u>\$ 120,815</u>	<u>\$ 1,223,164</u>
\$ -	\$ -	\$ 11,456	\$ 11,456
-	-	540	540
-	-	43,567	43,567
-	-	146,477	1,412,320
-	-	28,813	256,960
-	-	104,761	104,761
-	-	459,148	459,148
-	90,487	1,141	91,628
-	-	-	1,354,992
<u>\$ -</u>	<u>\$ 90,487</u>	<u>\$ 795,903</u>	<u>\$ 3,735,372</u>
<u>\$ 257,063</u>	<u>\$ 98,865</u>	<u>\$ 916,718</u>	<u>\$ 4,958,536</u>

DICKEY COUNTY
Ellendale, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2016

Total <i>Fund Balances</i> for Governmental Funds		\$ 3,735,372
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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	\$ 17,571,226	
Less Accumulated Depreciation	<u>(3,560,075)</u>	14,011,151

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.		49,412
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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.		21,457
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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	\$ 522,300	
Deferred Inflows Related to Pensions	<u>(152,378)</u>	369,922

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:

Capital Leases Payable	\$ (470,179)	
Loans / CI's Payable	(4,388)	
Interest Payable	(5,613)	
Retainages Payable	(228,101)	
Compensated Absences Payable	(71,637)	
Net Pension Liability	<u>(1,715,691)</u>	
Total Long-Term Liabilities		<u>(2,495,609)</u>

Total Net Position of Governmental Activities		<u>\$ 15,691,705</u>
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The notes to the financial statements are an integral part of this statement.

DICKEY COUNTY
Ellendale, North Dakota

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

	Major Funds						
	General	Farm to Market Roads	State Funded Road Proj. 2112	State Funded Road Proj. 2113	County Road and Bridge	Social Services	Oasis and Social Security
Revenues:							
Taxes	\$ 1,933,553	\$ -	\$ -	\$ -	\$ 501,857	\$ 3,555	\$ -
Licenses, Permits and Fees	48,134	-	-	-	-	365	-
Intergovernmental	344,477	-	-	4,037,965	672,492	269,122	-
Charges for Services	151,191	-	-	-	267,860	-	-
Interest Income	15,628	-	53	-	-	-	-
Miscellaneous	-	-	-	-	3,539	506	-
Total Revenues	\$ 2,492,983	\$ -	\$ 53	\$ 4,037,965	\$ 1,445,748	\$ 273,548	\$ -
Expenditures:							
Current:							
General Government	\$ 1,423,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	414,963	-	-	-	-	-	-
Highways	-	-	-	4,028,497	1,562,699	-	-
Flood Repair	-	-	-	-	-	-	-
Health and Welfare	400	-	-	-	-	674,997	-
Culture and Recreation	98,556	-	-	-	-	-	-
Conserv. of Natural Resources	-	-	-	-	-	-	-
Debt Service:							
Principal	4,388	-	-	-	155,134	-	-
Interest and Fees	335	-	-	-	15,778	-	-
Total Expenditures	\$ 1,942,617	\$ -	\$ -	\$ 4,028,497	\$ 1,733,611	\$ 674,997	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 550,366	\$ -	\$ 53	\$ 9,468	\$ (287,863)	\$ (401,449)	\$ -
Other Financing Sources (Uses):							
Transfers In	\$ 314,371	\$ -	\$ -	\$ 131,000	\$ 235,643	\$ 140,893	\$ -
Transfers Out	(7,740)	(227,903)	-	-	(131,000)	(53,560)	(143,318)
Total Other Financing Sources and Uses	\$ 306,631	\$ (227,903)	\$ -	\$ 131,000	\$ 104,643	\$ 87,333	\$ (143,318)
Net Change in Fund Balances	\$ 856,997	\$ (227,903)	\$ 53	\$ 140,468	\$ (183,220)	\$ (314,116)	\$ (143,318)
Fund Balance - January 1	\$ 497,995	\$ 227,903	\$ 33,024	\$ (6)	\$ 1,275,524	\$ 542,263	\$ 143,318
Prior Period Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance - Jan. 1, As Restated	\$ 497,995	\$ 227,903	\$ 33,024	\$ (6)	\$ 1,275,524	\$ 542,263	\$ 143,318
Fund Balance - December 31	\$ 1,354,992	\$ -	\$ 33,077	\$ 140,462	\$ 1,092,304	\$ 228,147	\$ -

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

FEMA Funds	County Bond 2011	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 532,732	\$ 326,004	\$ 3,297,701
-	-	-	48,499
3,413	4,160	173,685	5,505,314
-	-	131,178	550,229
-	-	-	15,681
-	-	6,537	10,582
<u>\$ 3,413</u>	<u>\$ 536,892</u>	<u>\$ 637,404</u>	<u>\$ 9,428,006</u>
\$ -	\$ -	\$ 15,490	\$ 1,439,465
-	-	127,996	542,959
-	-	-	5,591,196
57,959	-	-	57,959
-	-	130,527	805,924
-	-	-	98,556
-	-	313,656	313,656
-	462,416	-	621,938
-	2,718	-	18,831
<u>\$ 57,959</u>	<u>\$ 465,134</u>	<u>\$ 587,669</u>	<u>\$ 9,490,484</u>
<u>\$ (54,546)</u>	<u>\$ 71,758</u>	<u>\$ 49,735</u>	<u>\$ (62,478)</u>
\$ -	\$ -	\$ 79,076	\$ 900,983
(3,413)	-	(334,049)	(900,983)
<u>\$ (3,413)</u>	<u>\$ -</u>	<u>\$ (254,973)</u>	<u>\$ -</u>
<u>\$ (57,959)</u>	<u>\$ 71,758</u>	<u>\$ (205,238)</u>	<u>\$ (62,478)</u>
<u>\$ 57,959</u>	<u>18,729</u>	<u>\$ 967,590</u>	<u>\$ 3,764,299</u>
\$ -	\$ -	\$ 33,551	\$ 33,551
<u>\$ 57,959</u>	<u>\$ 18,729</u>	<u>\$ 1,001,141</u>	<u>\$ 3,797,850</u>
<u>\$ -</u>	<u>\$ 90,487</u>	<u>\$ 795,903</u>	<u>\$ 3,735,372</u>

DICKEY COUNTY
Elendale, 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 \$ (62,478)

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 contributions and capital outlay exceeded depreciation in the current year.

Current Year Capital Outlay	\$ 296,511	
Capital Contribution	4,182,289	
Current Year Depreciation Expense	<u>(491,511)</u>	3,987,289

In the Statement of Activities, the loss or gain on sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Loss on Disposals of Capital Assets		(14,243)
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The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is amount of debt repayment.

Repayment of Debt		621,938
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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 Pension Liability	\$ (531,637)	
Net Change in Deferred Inflows of Resources Related to Pensions	406,351	
Net Change in Deferred Outflows of Resources Related to Pensions	<u>46,435</u>	(78,851)

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	\$ (9,150)	
Net Change in Retainages Payable	(133,027)	
Net Change in Interest Payable	<u>1,873</u>	(140,304)

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 increase in taxes receivable.

Net Change in Taxes Receivable	\$ 6,981	
Net Change in Road Receivables	<u>557</u>	<u>7,537</u>

Change in Net Position of Governmental Activities		<u>\$ 4,320,888</u>
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The notes to the financial statements are an integral part of this statement.

DICKEY COUNTY
Elendale, North Dakota

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

<u>Assets:</u>	
Cash and Investments	\$ 1,546,291
Other Asset	<u>12,383</u>
Total Assets	<u><u>\$ 1,558,674</u></u>
<u>Liabilities:</u>	
Due to Other Governments	\$ 1,500,450
Taxes Received in Advance	<u>58,224</u>
Total Liabilities	<u><u>\$ 1,558,674</u></u>

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF NET POSITION
COMPONENT UNITS
December 31, 2016

	Water Resource District	Dickey-Sargent Joint Water Resource District	Health District	County Park	County Fair	JDA	Total Component Units
ASSETS:							
Cash and Investments	\$ 340,985	\$ 1,290,846	\$ 159,306	\$ -	\$ 33,617	\$ 230,190	\$ 2,054,944
Intergovernmental Receivable	3,444	506,640	26,097	-	-	-	536,181
Loans Receivable	-	-	-	-	-	8,840	8,840
Taxes Receivable	852	-	1,573	-	103	90	2,618
Certified Specials Receivable	63	7,537	-	-	-	-	7,600
Uncertified Specials Receivable	-	3,773,292	-	-	-	-	3,773,292
Capital Assets Not Being Depreciated:							
Land	-	388,408	-	-	-	-	388,408
Construction in Progress	157,075	4,447,627	-	-	-	-	4,604,702
Intangible	-	46,401	-	-	-	-	46,401
Capital Assets Net Of Accumulated Depreciation:							
Buildings	-	-	105,108	-	-	-	105,108
Total Capital Assets	\$ 157,075	\$ 4,882,436	\$ 105,108	\$ -	\$ -	\$ -	\$ 5,144,619
Total Assets	\$ 502,419	\$ 10,460,751	\$ 292,084	\$ -	\$ 33,720	\$ 239,120	\$ 11,528,094
DEFERRED OUTFLOWS OF RESOURCES:							
Pension Items	\$ -	\$ -	\$ 40,679	\$ -	\$ -	\$ -	\$ 40,679
Total Assets & Deferred Outflows of Resources	\$ 502,419	\$ 10,460,751	\$ 332,763	\$ -	\$ 33,720	\$ 239,120	\$ 11,568,773
LIABILITIES:							
Accounts Payable	\$ 1,214	\$ -	\$ 962	\$ -	\$ -	\$ -	\$ 2,176
Interest Payable	-	26,325	-	-	759	-	27,084
Long-Term Liabilities:							
Due Within One Year:							
Loan Payable	-	-	-	-	7,465	-	7,465
Bonds Payable	-	210,000	-	-	-	-	210,000
Compensated Absences	-	-	716	-	-	-	716
Due After One Year:							
Loan Payable	-	-	-	-	15,143	-	15,143
Bonds Payable	-	4,835,000	-	-	-	-	4,835,000
Compensated Absences	-	-	6,448	-	-	-	6,448
Net Pension Liability	-	-	140,615	-	-	-	140,615
Total Liabilities	\$ 1,214	\$ 5,071,325	\$ 148,741	\$ -	\$ 23,367	\$ -	\$ 5,244,647
DEFERRED INFLOWS:							
Taxes Received in Advance	\$ 26,696	\$ 48,495	\$ 28,219	\$ -	\$ -	\$ 16,521	\$ 119,931
Pension Items	-	-	19,780	-	-	-	19,780
Total Liabilities & Deferred Inflows	\$ 27,910	\$ 5,119,820	\$ 176,960	\$ -	\$ 23,367	\$ 16,521	\$ 5,364,578
NET POSITION:							
Net Investment in Capital Assets	\$ 157,075	\$ 4,882,436	\$ 105,108	\$ -	\$ -	\$ -	\$ 5,144,619
Restricted For:							
Health and Welfare	-	-	50,695	-	-	-	50,695
Culture and Recreation	-	-	-	-	10,353	-	10,353
Economic Development	-	-	-	-	-	222,599	222,599
Conservation of Natural Resources	317,434	458,495	-	-	-	-	775,929
Total Net Position	\$ 474,509	\$ 5,340,931	\$ 155,803	\$ -	\$ 10,353	\$ 222,599	\$ 6,204,195

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF ACTIVITIES
COMPONENT UNITS
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	Water Resource District	Dickey- Sargent Joint Water Res. District	Health District	County Park	County Fair
<u>Component Units:</u>									
Dickey County Water Resource Dist.	\$ 47,582	\$ -	\$ 5,898	\$ 63	\$ (41,621)	\$ -	\$ -	\$ -	\$ -
Dickey-Sargent Joint Water Res. Dist.	99,170	-	1,419,730	19,246	-	1,339,806	-	-	-
Dickey County Health District	448,247	305,032	42,773	-	-	-	(100,442)	-	-
Dickey County Park	-	-	-	-	-	-	-	-	-
Dickey County Fair	92,468	16,486	-	-	-	-	-	-	(75,982)
Dickey Job Development Authority	117,474	79,238	-	-	-	-	-	-	-
Total Component Units	\$ 804,941	\$ 400,756	\$ 1,468,401	\$ 19,309	\$ (41,621)	\$ 1,339,806	\$ (100,442)	\$ -	\$ (75,982)
<u>General Revenues:</u>									
Taxes:									
Property taxes					\$ 73,141	\$ 128,686	\$ 99,053	\$ -	\$ 48,381
Non restricted grants and contributions					-	-	642	-	2,000
Earnings on investments					-	9,057	-	-	9
Miscellaneous revenue					16,722	-	-	-	28,818
Total General Revenues					\$ 89,863	\$ 137,743	\$ 99,695	\$ -	\$ 79,208
Change in Net Position					\$ 48,242	\$ 1,477,549	\$ (747)	\$ -	\$ 3,226
Net Position - January 1					\$ 393,587	\$ 3,949,839	\$ 136,770	\$ 33,589	\$ 7,127
Prior Period Adjustment					32,680	(86,457)	-	(33,589)	-
Net Position - January 1, As Restated					\$ 426,267	\$ 3,863,382	\$ 136,770	\$ -	\$ 7,127
Net Position - December 31					\$ 474,509	\$ 5,340,931	\$ 136,023	\$ -	\$ 10,353

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

JDA	Totals
\$ -	\$ (41,621)
-	1,339,806
-	(100,442)
-	-
-	(75,982)
<u>(38,236)</u>	<u>(38,236)</u>
\$ (38,236)	\$ 1,083,525

\$ -	\$ 349,261
11	2,653
-	9,066
-	45,540

\$ 11 \$ 406,520

\$ (38,225) \$ 1,490,045

\$ 260,824	4,781,736
-	(87,366)

\$ 260,824 \$ 4,694,370

\$ 222,599 \$ 6,184,415

DICKEY COUNTY
Ellendale, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Dickey County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. 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 county's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of Dickey 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 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 Dickey 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 Dickey County.

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

Component Units

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

Aggregate Discretely Presented Component Units: The component unit columns in the basic financial statements include the financial data of the county's six component units. Combining component unit statements also exist to separately show each component unit.

Dickey County Job Development Authority - The County's governing board appoints a voting majority of the members of the Dickey County Job Development Authority. The county has the authority to approve or modify the Job Development Authority's operational and capital budgets. The county's governing board must approve the tax levy established by the Job Development Authority. The Job Development Authority has the authority to issue bonded debt.

Dickey County Water Resource District - The County's governing board appoints a voting majority of the members of the Dickey County Water Resource District 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.

Dickey-Sargent Joint Water Resource District – The Dickey-Sargent Joint Water Resource District was formed by the Sargent County Water Resource District and the Dickey County Water Resource District under the provisions of North Dakota Century Code section 61-16.1-11. Each county's water district board appoints 3 members to the joint board. Administration and record keeping for the joint board are maintained at the Dickey County Water Resource District office.

DICKEY COUNTY

Notes to the Financial Statements – Continued

Dickey County Fair Association - The County’s governing board appoints a voting majority of the members of the Dickey County Fair Association. The county has the authority to approve or modify the Fair Association’s operational and capital budgets. The county’s governing board must approve the tax levy established by the Fair Association.

Dickey County Health District - The County’s governing board appoints a voting majority of the members of the Dickey County Health District. The county has the authority to approve or modify the Health District’s operational and capital budgets. The county’s governing board must approve the tax levy established by Health District.

Blended Component Unit: Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government.

Based on these criteria, there is one component unit to be blended within Dickey County as a reporting entity.

Dickey County Park Board - The County’s governing board appoints a voting majority of the members of the Dickey County Park Board. The county has the authority to approve or modify the Park Board’s operational and capital budgets. The county’s governing board must approve the tax levy established by the Park Board.

Component Unit Financial Statements: The financial statements of the aggregate discretely presented component units are presented in the County’s basic financial statements. Complete financial statements of the component units can be obtained from the Dickey County Auditor/Treasurer Dickey County, PO Box 215, Ellendale, ND 58436-0215.

Related Organizations - The County is accountable for the following legally separate entities because it appoints a voting majority to their governing boards. Although the County is not financially accountable for these entities, as defined by GASB statement 14, the County did provide operating grants to them as follows:

	2016
Historical Society	\$6,339
Senior Citizens	68,897

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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 program. 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. 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.

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.

Farm-to-Market Roads Fund. This fund accounts for repair and improvement of highways and bridges that are legally restricted from taxes levied. The major primary sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

State Funded Road Projects (2112 & 2113). These funds account for all financial resources related to highway project CNOA-1114(067) and other state funded projects. The major primary sources of revenue is restricted project reimbursement from the state.

County Road & Bridge Fund. This fund accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. The major primary sources of revenues are a restricted tax levy and restricted highway tax distribution from the state.

Social Services Fund. This fund accounts for the costs of providing social service benefits and programs to needy residents of the county. The major primary sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

Oasis and Social Security Fund. This fund accounts for amounts levied and legally restricted to meet the County's share of social security payments on wages and salaries paid to employees. The major primary sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

DICKEY COUNTY

Notes to the Financial Statements – Continued

FEMA Funds. This fund accounts for state and federal grants for flood disaster repairs and the related disbursements. The major primary source of revenue is restricted Federal and State grants/reimbursements for flood related repairs.

County Bond 2011 Fund. This fund accounts for debt service payments made on the 2011 highway bonds issued. The major primary source of revenue is a restricted tax levy.

The 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. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. 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 includes amounts in demand deposits, money market accounts, and certificates of deposit with a maturity of 3 months or less. Investments consist of certificates of deposit with a maturity of more than 3 months.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Assets	Years
Buildings & Infrastructure	30 - 75
Vehicles & Equipment	3 - 7

F. Compensated Absences

Vacation leave is earned at the rate of 10 to 15 days per year depending on years of service. Vacation leave may be carried over from one year to the next, but it must be used within that next year or forfeited. Upon termination vacation benefits that have accrued through the last day of work will be paid. Employees accrue sick leave benefits at the rate of 10 days per year. Unused sick leave benefits will be allowed to accumulate to a limit of 30 days. Vacation and sick leave may not be used until a six- month probationary period is completed. Once an employee has reached their maximum accrued sick leave level, they are eligible to trade any additional sick leave awarded that year, at a rate of one day of vacation for three days of sick leave. This trade must occur within the calendar year in which the sick leave is earned.

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. 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.

I. Fund Balances / Net Position**Fund Balances**

GASB Statement No. 54 requires 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 Dickey 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:

Dickey County established a \$300,000 general fund carryover balance target to help with financial stability. The fund balance range is a part of the county's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county. Unassigned general fund balance was \$1,354,992 at December 31, 2016.

DICKEY COUNTY

Notes to the Financial Statements – Continued

Replenishing Deficiencies

When fund balances fall below the minimum 15% range, the County will replenish shortages/deficiencies using the budget strategies and time frames described as follows:

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

Minimum fund balance deficiencies will be replenished within the following timeframes:

- Deficiency resulting in a minimum fund balance between 12.5% and 15% shall be replenished over a period not to exceed one year
- Deficiency resulting in a minimum fund balance between 10% and 12.5% shall be replenished over a period not to exceed three years
- Deficiency resulting in a minimum fund balance of less than 10% 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 (farm to market roads, state funded road projects 2112 and 2113, county road and bridge, social services, oasis/social security, and FEMA) are disclosed in more detail in Note 1B.

Fund Balance Reporting and Governmental Fund Type Definitions

Fund balance amounts are 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 county auditor.	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.

Dickey County reports committed, restricted, and unassigned fund balances at December 31, 2016.

DICKEY COUNTY

Notes to the Financial Statements – Continued

Committed Fund Balance:

Committed fund balance of \$11,456 is reported in the land rental and sale fund (total non-major funds) for county improvements. This fund balance was committed by the governing board to be used for county improvements.

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

Restricted fund balances totaling \$2,368,924 are shown by applicable function on the balance sheet for general government, public safety, highways and bridges, health and welfare, culture and recreation, conservation of resources, emergencies, and debt service. 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 & Committed 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.

Unassigned fund balances:

Unassigned fund balances at year-end 2016 consist of an amount in the general fund totaling \$1,354,992.

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.

Unrestricted net position is primarily unrestricted amounts related to general fund governmental activities, and is the portion of net position that is not restricted or reported as net investment in capital assets. The unrestricted net position is available to meet the district's ongoing obligations.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt used to purchase or finance capital assets. The resources needed to repay this related debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

Restrictions of net position shown in the net position statement are due to restricted tax levies and restricted Federal & State grants/reimbursements. Restricted net position is also shown by primary function and is restricted for public safety, highways and bridges, health & welfare, culture & recreation, conservation of natural resources, emergencies, and general government (health insurance, insurance reserve, veteran's service officer, and social security).

J. Pension

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.

K. Special Assessments

Special assessments of the Dickey-Sargent Water Resource District are certified to Dickey County each year for collection in the following year.

Special assessments are levied to landowners who own property on that area that a project is taking place. Special assessments are recognized as revenue in the government wide financial statements in the year that the special assessment begins.

Special Assessments may be collected for existing drains that require the entity to perform yearly inspections and maintenance.

L. 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

In accordance with North Dakota Statutes, Dickey 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 any other state of the United States or such other securities approved by the banking board.

At year ended December 31, 2016, the county's carrying amount of deposits was \$8,203,701 and the bank balances totaled \$8,029,484. Of the bank balances, \$1,150,033 was covered by Federal Depository. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2016, the fair board's carrying amount of deposits was \$33,617 and the bank balances totaled \$33,925, all of which was covered by Federal Depository Insurance.

DICKEY COUNTY

Notes to the Financial Statements – Continued

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.

As of December 31, 2016, the County had certificates of deposit totaling \$1,298,014, all of which were considered deposits.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

The taxes receivable represents the past three years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable because any defaults will be covered by enforcement of the liens.

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 the month.

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

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

NOTE 4: ROAD ACCOUNTS RECEIVABLE

Road accounts receivable consist of amounts due for road work for townships, cities and private citizens.

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: JOB DEVELOPMENT LOANS RECEIVABLE

The Job Development Authority, a discretely presented component unit of Dickey County, provides loans to businesses for either startup costs or expansion costs. The Authority receives applications from various businesses within the community and either approves or denies the applications based on majority board decision.

DICKEY COUNTY

Notes to the Financial Statements – Continued

The Authority had the following activity in loans outstanding for the year ended December 31, 2016:

Name/Business	Balance January 1	New Loans/ Additions	Principal Payments	Balance December 31
Serentia	\$ 7,315	\$ -	\$ 1,475	\$ 5,840
Donna's Café	4,000	-	1,000	3,000
Total	\$ 11,315	\$ -	\$ 2,475	\$ 8,840

Collateral on Loans Outstanding:

The Job Development Authority, one of the aggregate discretely presented component units of Dickey County, has provided collateral of CD's to cover loans made to various businesses during the year ended December 31, 2016. The County reports the cash in the CD's, while the bank reports the loans receivable. Starion Financial, First State Bank, Choice Financial, and First Community Credit Union is responsible for collecting loan payments, and are ultimately responsible for uncollectible loans. The amount of the balances outstanding totaled \$103,445 at December 31, 2016.

NOTE 7: CAPITAL ASSETS

PRIMARY GOVERNMENT:

The following is a summary of changes in capital assets for the year ended December 31, 2016:

Primary Government:	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 40,398	\$ -	\$ -	\$ -	\$ 40,398
Construction in Progress	3,251,847	4,255,912	-	(3,265,112)	4,242,647
Total Capital Assets, Not Being Depreciated	\$ 3,292,245	\$ 4,255,912	\$ -	\$ (3,265,112)	\$ 4,283,045
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 1,696,166	\$ -	\$ -	\$ -	\$ 1,696,166
Equipment	2,479,513	135,442	41,200	-	2,573,755
Vehicles	886,651	87,446	28,167	-	945,930
Infrastructure	4,807,218	-	-	3,265,112	8,072,330
Total Capital Assets, Being Depreciated	\$ 9,869,548	\$ 222,888	\$ 69,367	\$ 3,265,112	\$ 13,288,181
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 667,545	\$ 37,987	\$ -	\$ -	\$ 705,532
Equipment	1,602,481	261,589	39,029	-	1,825,041
Vehicles	601,573	84,305	16,096	-	669,782
Infrastructure	252,089	107,631	-	-	359,720
Total Accumulated Depreciation	\$ 3,123,688	\$ 491,512	\$ 55,125	\$ -	\$ 3,560,075
Total Capital Assets Being Depreciated, Net	\$ 6,745,860	\$ (268,624)	\$ 14,242	\$ 3,265,112	\$ 9,728,106
Primary Government - Capital Assets, Net	\$ 10,038,105	\$ 3,987,288	\$ 14,242	\$ -	\$ 14,011,151

Depreciation expense was charged to functions/programs of the county as follows for the year ended December 31, 2016:

Primary Government:	2016
General Government	\$ 29,122
Public Safety	27,541
Highways	410,191
Culture and Recreation	3,584
Conservation of Natural Resources	21,074
Total Depreciation Expense - Primary Government	\$ 491,512

DICKEY COUNTY

Notes to the Financial Statements – Continued

DISCRETELY PRESENTED COMPONENT UNITS:Dickey County Water Resource District:

The Dickey County Water Resource District had the following changes in capital assets for the year ended December 31, 2016.

Dickey County WRD:	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Construction in Progress	\$ 111,989	\$ 45,086	\$ -	\$ 157,075

Dickey – Sargent Joint Water Resource District:

The Joint Water Resource District had the following changes in capital assets for the year ended December 31, 2016.

Dickey-Sargent Joint WRD:	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	\$ -	\$ 388,408	\$ -	\$ 388,408
Construction in Progress	1,163,084	3,284,543		4,447,627
Intangible	-	46,401	-	46,401
Total Capital Assets, Not Being Depreciated	\$ 1,163,084	\$ 3,719,352	\$ -	\$ 4,882,436

Dickey County Health District:

The Health District had the following changes in capital assets for the year ended December 31, 2016.

Dickey County Health District	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets, being depreciated:</i>				
Buildings	\$ -	\$ 108,732	\$ -	\$ 108,732
<i>Less accumulated depreciation for:</i>				
Buildings	-	3,624	-	3,624
Total Capital Assets Being Depreciated, Net	\$ -	\$ 105,108	\$ -	\$ 105,108

NOTE 8: UNCOLLECTED SPECIAL ASSESSMENTS

Special assessments receivable consists of special assessments due the Dickey-Sargent Joint Water Resource District (DSJWRD), and uncertified special assessments receivable, which represents a long-term receivable due the DSJWRD for the Jackson Township drain project.

NOTE 9: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions for differences between actual and expected experience, changes in proportion, differences between employer contributions and proportionate share of contributions, and for contributions made to the plan for the period of July 1, 2016 through December 31, 2016.

NOTE 10: ACCOUNTS PAYABLE

Accounts payable consists of a liability account reflecting amounts on open accounts owing to private persons or organizations for goods and services received prior to December 31, 2016.

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 11: SALARIES/BENEFITS PAYABLE

Salaries and benefits payable consists of a liability account related to payroll withholdings related to various payroll deductions withheld but not yet paid at year end.

NOTE 12: GRANTS RECEIVED IN ADVANCE

Grants received in advance is a liability consisting of funds received in the FEMA fund where the cash has been received but the eligibility requirements have not been met at December 31, 2016.

NOTE 13: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long term debt outstanding at December 31, 2016.

NOTE 14: RETAINAGES PAYABLE

Retainages payable consists of amounts retained until project completion for road projects CNOB-1112(066) and CNOB-1112(070) totaling \$228,101 at December 31, 2016. See additional information in Note 23 for commitments.

NOTE 15: LONG TERM LIABILITIES**PRIMARY GOVERNMENT:**

Changes in Long-Term Liabilities - During the year ended December 31, 2016, the following changes occurred in governmental activities long-term liabilities for the primary government:

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Leases Payable	\$ 625,312	\$ -	\$ 155,133	\$ 470,179	\$ 227,634
Disaster Drawdown	462,416	-	462,416	-	-
Loans Payable	8,776	-	4,388	4,388	4,338
Compensated Absences *	62,487	9,150	-	71,637	7,164
Net Pension Liability *	1,184,054	531,637	-	1,715,691	-
Total Governmental Activities	\$ 2,343,045	\$ 540,787	\$ 621,937	\$ 2,261,895	\$ 239,136

* The change in compensated absences and net pension liability are shown as net changes because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Outstanding debt (excluding compensated absences, and net pension liability) at December 31, 2016 consists of the following issues:

Capital Leases

\$268,727 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$30,167 through Sept. 2018, interest at 2.3%. \$195,284

\$113,219 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$29,683 through April 2017 with interest at 2.3%. 29,010

\$105,000 – Capital Lease for a John Deere 410L Backhoe due in annual installments of \$18,920 to \$40,000 through October 1, 2020 with interest at 2.95%. 89,178

Continued on next page...

DICKEY COUNTY

Notes to the Financial Statements – Continued

Capital Leases: Continued

\$260,719 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$31,174 through April 2017 with interest at 2.3%. \$156,707

Total Primary Government Capital Leases Payable \$470,179

Loans/Certificate of Indebtedness

\$30,718 – Certificate of Indebtedness for a County Boiler due in annual installments of \$4,587 to \$5,392 through March 2017 with interest at 3.75%. \$ 4,388

Total Primary Government Long-Term Liabilities
(Excluding Compensated Absences & Net Pension Liability) \$474,567

The annual requirements to amortize the outstanding debt, excluding disaster loan drawdown (no set payment schedule), compensated absences, and net pension liability are as follows:

PRIMARY GOVERNMENT				
Year Ending December 31	Capital Leases		Loans/CI's	
	Principal	Interest	Principal	Interest
2017	\$ 227,634	\$ 11,487	\$ 4,388	\$ 157
2018	186,426	6,095	-	-
2019	17,265	1,655	-	-
2020	38,854	1,146	-	-
Total	\$ 470,179	\$ 20,383	\$ 4,388	\$ 157

DISCRETELY PRESENTED COMPONENT UNITS:**Health District**

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

Health Unit:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Net Pension Liability *	\$ 99,210	\$ 41,405	\$ -	\$ 140,615	\$ -
Compensated Absences *	5,021	2,143	-	7,164	716
Total Health District	\$ 104,231	\$ 43,548	\$ -	\$ 147,779	\$ 716

* The change in compensated absences and net pension liability are shown as net changes because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

County Fair

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

Fair	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Loan Payable	\$ 29,575	\$ -	\$ 6,967	\$ 22,608	\$ 7,465

DICKEY COUNTY

Notes to the Financial Statements – Continued

Loans Payable:

\$21,100 Loans Payable to Starion Financial, due in annual installments of \$4,951 through 2020, interest at 5.58% \$17,325

\$30,000 Loans Payable to Starion Financial, due in annual installments of \$3,954 through 2019, interest at 5.9% 5,283

Total Loans Payable \$22,608

Debt service requirements on long-term debt at December 31, 2016 are as follows:

FAIR		
Year Ending December 31	Loans Payable	
	Principal	Interest
2017	\$ 7,465	\$ 1,442
2018	6,011	903
2019	4,442	509
2020	4,690	262
Total	\$ 22,608	\$ 3,116

Dickey – Sargent Joint Water Resource District:

Changes in Long-Term Liabilities - During the year ended December 31, 2016, the following changes occurred in governmental long-term liabilities of the Dickey – Sargent Joint Water Resource District:

Joint Water Resource:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bonds Payable	\$ 5,320,000	\$ -	\$ 275,000	\$ 5,045,000	\$ 210,000

Bonds Payable:

\$3,870,000 of 2015 Series A Improvement Bonds Payable, due in annual installments of \$155,000 to \$255,000 through 2035, interest at 1.0% to 3.75% \$3,675,000

\$1,450,000 of 2015 Series B Improvement Bonds Payable, due in annual installments of \$55,000 to \$95,000 through 2035, interest at 1.0% to 3.75% 1,370,000

Total Improvement Bonds Payable \$5,045,000

Debt service requirements on long-term debt at December 31, 2016 are as follows:

DICKEY-SARGENT JOINT WATER RESOURCE DISTRICT				
Year Ending December 31	Series 2015A Bonds		Series 2015A Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 155,000	\$ 107,661	\$ 55,000	\$ 48,330
2018	155,000	105,530	55,000	46,350
2019	160,000	102,928	60,000	44,280
2020	160,000	99,807	60,000	42,120
2021	165,000	96,230	60,000	39,960
2022-2026	890,000	413,730	330,000	165,600
2027-2031	1,030,000	270,551	385,000	101,610
2032-2036	960,000	73,875	365,000	26,910
Total	\$ 3,675,000	\$ 1,270,312	\$ 1,370,000	\$ 515,160

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 16: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements of the governmental activities for the year ended December 31, 2016:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 314,371	\$ 7,740
Farm to Market Road	-	227,903
County Road & Bridge	235,643	131,000
State No Match Road Fund	131,000	-
Social Services	140,893	53,560
Oasis and Social Security	-	143,318
FEMA	-	3,413
Non-Major Funds		
Emergency Poor	-	127,333
Family Focus	40,000	-
Horizons	-	110
Count Corrections Center	-	38,966
Capital Projects	38,966	-
Insurance Levy	-	26,020
Health Insurance	-	103,039
County Agent	110	-
County Park	-	33,552
Weed Control	-	103
Homeland Security	-	1,997
County Loan	-	2,929
Total Transfers	\$ 900,983	\$ 900,983

NOTE 17: PENSION PLANS**North Dakota Public Employees Retirement System (Main System)****General Information about the NDPERS Pension Plan**

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 provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 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

DICKEY COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2016, Dickey County reported a liability of \$1,715,691 and Dickey Health District reported a liability of \$140,615, respectively, for their 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 district's proportion of the net pension liability was based on the district'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 County's proportion was .176041 percent, which was an increase of .001911 percent from its proportion measured as of June 30, 2015. At June 30, 2016, the Health District's proportion was .014428 percent, which was a decrease of .000162 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$217,481, and the Health District recognized pension expense of \$15,828. At December 31, 2016, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Dickey County - Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 25,773	\$ 15,886
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	239,363	51,257
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	12,868	-
Changes of Assumptions	158,165	85,235
District Contributions Subsequent to the Measurement Date	86,131	-
Total	\$ 522,300	\$ 152,378

Dickey County - Health District:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,112	\$ 1,302
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	11,492
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	19,618	-
Changes of Assumptions	12,963	6,986
District Contributions Subsequent to the Measurement Date	5,986	-
Total	\$ 40,679	\$ 19,780

\$86,131 and \$5,986 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 by the County and Health District, respectively.

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

Year	County	Health
2017	\$ 58,055	\$ 4,758
2018	58,055	4,758
2019	110,271	9,038
2020	70,700	5,794
2021	25,100	2,057
Thereafter	-	-

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, 2016. 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, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to und 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, 2016. 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, 2016.

Sensitivity of the District’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:

Proportionate Share of the Net Pension Liability	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Primary Government	\$ 2,433,675	\$ 1,715,691	\$ 1,110,753
Health District	199,460	140,615	91,035

Pension Plan Fiduciary Net Position

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

NOTE 18: DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the balance sheet represent the amount of uncollected taxes and the road accounts receivable in the fund financial statements for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, uncollected taxes and road accounts receivable are measurable but not available.

Deferred inflows of resources in the government wide financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the accrual basis of accounting, this includes amounts related to pension items for the net difference between projected and actual investment earnings on pension plan investments, and changes of assumptions.

NOTE 19: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Dickey County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence for general liability and automobile and \$2,6163,53 for public assets (mobile equipment and portable property).

Dickey County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Dickey 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 Dickey 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.

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 20: PRIOR PERIOD ADJUSTMENT**PRIMARY GOVERNMENT****County Park Fund Category Change:**

A prior period adjustment was needed to change the County Park fund from a discretely presented component unit to a blended component unit. In doing so, taxes receivable also needed to be adjusted for the Park fund.

Capital Asset Error – Construction in Progress:

There were also prior period adjustments for the period ending December 31, 2016 for Governmental Activities involving adjustments to construction in progress.

The effect of the prior period adjustments to beginning net position for the fund change, and for the capital asset errors for the county is as follows:

Primary Government	Amounts
Beginning Net Position, as previously reported	\$ 11,287,229
Adjustments to restate the January 1, 2016 Net Position:	
County Park Fund Change	33,551
Taxes Receivable	37
Construction in Progress	50,000
Net Position January 1, as restated	\$ 11,370,817

DISCRETELY PRESENTED COMPONENT UNITS:**Dickey County Water Resource District:**

There were prior period adjustments for the period ending December 31, 2016 for capital asset items as follows:

Water Resource District	Amounts
Beginning Net Position, as previously reported	\$ 393,587
Adjustments to restate the January 1, 2016 Net Position:	
Construction in Progress	32,680
Net Position January 1, as restated	\$ 426,267

Dickey-Sargent Joint Water Resource District:

There were prior period adjustments for the period ending December 31, 2016 for capital asset items as follows:

Joint Water Resource District	Amounts
Beginning Net Position, as previously reported	\$ 3,949,839
Adjustments to restate the January 1, 2016 Net Position:	
Construction in Progress	(86,457)
Net Position January 1, as restated	\$ 3,863,382

DICKEY COUNTY

Notes to the Financial Statements – Continued

Dickey County Park:

There were prior period adjustments for the period ending December 31, 2016 for the following items:

County Park	Amounts
Beginning Net Position, as previously reported	\$ 33,589
Adjustments to restate the January 1, 2016 Net Position:	
County Park Fund Change	(33,552)
Taxes Receivable	(37)
Net Position January 1, as restated	\$ -

NOTE 21: COMMITMENTS

Dickey County had the following commitments for construction contracts as of December 31, 2016:

Project	Original Contract	Change Orders	Total Contract	Total Completed	Retainage	Remaining Balance
CNOB-CNOC - 1112 (069) -	\$ 1,684,239	\$ 114,450	\$ 1,798,689	\$ 1,272,959	\$ 89,935	\$ 615,665
CNOB-CNOC - 1112 (070) -	2,732,084	31,242	2,763,326	2,551,179	138,166	350,313
Total	\$ 4,416,323	\$ 145,692	\$ 4,562,015	\$ 3,824,138	\$ 228,101	\$ 965,978

NOTE 22: TAX ABATEMENTS

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

Dickey 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 Dickey 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

DICKEY 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 – Due to Agreements with Other Entities:

Total program reduction in taxes – \$46,792

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.

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 – Due to Agreements with Other Entities:

Total program reduction in taxes – \$13,414

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 – \$2,138

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.

DICKEY COUNTY

Notes to the Financial Statements – Continued

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 – Due to Agreements with Other Entities:

Total program reduction in taxes – \$574

Solar, Wind, or Geothermal Energy Devices – Structure Only:

Commercial and Residential property are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(27)) and the guidelines stated below. The following criteria are only guidelines.

Under NDCC 57-02.2-03, installations, machinery, and equipment of systems in new or existing buildings or structures, designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, or to store any of these, by utilization of solar, wind, or geothermal energy; provided, that if the solar, wind, or geothermal energy device is part of a system which uses other means of energy, only that portion of the total system directly attributable to solar, wind, or geothermal energy shall be exempt. Provided, however, that any exemptions granted by this subsection shall be valid for a five-year period following installation of any such system and apply only to locally assessed property. For the purposes of this subsection, solar or wind energy devices shall have the meaning provided in section 57-38-01.8 and geothermal energy device means a system or mechanism or series of mechanisms designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, by a method which extracts or converts the energy naturally occurring beneath the earth's surface in rock structures, water, or steam.

2016 Reduction in Taxes – Due to Agreements with Other Entities:

Total program reduction in taxes – \$212

NOTE 23: SUBSEQUENT EVENT

Dickey County:

The County issued a draw down loan through the Bank of North Dakota for the maximum amount of \$1,000,000 to be used to repair County Road 2 which is located within the County.

DICKEY COUNTY

Notes to the Financial Statements – Continued

The County is disputing various litigations, but the County is confident that not one of them will impose a liability.

Dickey County Water Resource District:

The Water Resource District issued a Bond in the amount of \$1,338,425 for the construction of the Yorktown-Maple Drain. The Construction will begin during 2018. The bond payments will be mostly paid by the landowners in the form of special assessments.

DICKEY COUNTY
Ellendale, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,975,796	\$ 1,975,796	\$ 1,933,553	\$ (42,243)
Licenses, Permits and Fees	35,550	35,550	48,134	12,584
Intergovernmental	504,038	504,038	344,477	(159,561)
Charges for Services	117,138	117,138	151,191	34,053
Interest Income	9,000	9,000	15,628	6,628
Total Revenues	\$ 2,641,522	\$ 2,641,522	\$ 2,492,983	\$ (148,539)
<u>Expenditures:</u>				
Current:				
General Government	\$ 2,117,491	\$ 2,117,491	\$ 1,423,975	\$ 693,516
Public Safety	583,372	583,372	414,963	168,409
Health and Welfare	400	400	400	-
Culture and Recreation	165,611	165,611	98,556	67,055
Debt Service:				
Principal	-	-	4,388	(4,388)
Interest & Fees	-	-	335	(335)
Total Expenditures	\$ 2,866,874	\$ 2,866,874	\$ 1,942,617	\$ 924,257
Excess (Deficiency) of Revenues Over Expenditures	\$ (225,352)	\$ (225,352)	\$ 550,366	\$ 775,718
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 314,371	\$ 314,371
Transfers Out	-	-	(7,740)	(7,740)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 306,631	\$ 306,631
Net Change in Fund Balances	\$ (225,352)	\$ (225,352)	\$ 856,997	\$ 1,082,349
Fund Balance - January 1	\$ 497,995	\$ 497,995	\$ 497,995	\$ -
Fund Balance - December 31	\$ 272,643	\$ 272,643	1,354,992	\$ 1,082,349

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROADS FUND
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Total Revenues	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ -	\$ -	\$ (227,903)	\$ (227,903)
Fund Balance - January 1	\$ 227,903	\$ 227,903	\$ 227,903	\$ -
Fund Balance - December 31	\$ 227,903	\$ 227,903	\$ -	\$ (227,903)

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
STATE FUNDED ROAD PROJECT FUND - 2112
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Interest Income	\$ -	\$ -	\$ 53	\$ 53
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ 3,111,111	\$ 3,111,111	\$ -	\$ 3,111,111
Excess (Deficiency) of Revenues Over Expenditures	\$ (311,111)	\$ (311,111)	\$ 53	\$ 311,164
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (33,064)	\$ (33,064)	\$ -	\$ 33,064
Net Change in Fund Balances	\$ (33,064)	\$ (33,064)	\$ 53	\$ 33,117
Fund Balance - January 1	\$ 33,024	\$ 33,024	\$ 33,024	\$ -
Fund Balance - December 31	\$ (40)	\$ (40)	\$ 33,077	\$ 33,117

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
STATE FUNDED ROAD PROJECT FUND - 2113
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 4,037,965	\$ 4,037,965
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ 1,848,857	\$ 4,168,044	\$ 4,028,497	\$ 139,547
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,848,857)	\$ (4,168,044)	\$ 9,468	\$ 4,177,512
<u>Other Financing Sources (Uses):</u>				
Transfer In	\$ -	\$ -	\$ 131,000	\$ 131,000
Net Change in Fund Balances	\$ (1,848,857)	\$ (4,168,044)	\$ 140,468	\$ 4,308,512
Fund Balance - January 1	\$ (6)	\$ (6)	\$ (6)	\$ -
Fund Balance - December 31	\$ (1,848,863)	\$ (4,168,050)	\$ 140,462	\$ 4,308,512

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

DICKEY COUNTY
Ellendale, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 515,882	\$ 515,882	\$ 501,857	\$ (14,025)
Intergovernmental	867,818	867,818	672,492	(195,326)
Charges for Services	193,000	193,000	267,860	74,860
Total Revenues	<u>\$ 1,576,700</u>	<u>\$ 1,576,700</u>	<u>\$ 1,445,748</u>	<u>\$ (130,952)</u>
<u>Expenditures:</u>				
Current:				
Highways	\$ 2,158,668	\$ 2,158,668	\$ 1,562,699	\$ 595,969
Debt Service:				
Principal	142,875	142,875	155,134	(12,259)
Interest	12,184	12,184	15,778	(3,594)
Total Expenditures	<u>\$ 2,313,727</u>	<u>\$ 2,313,727</u>	<u>\$ 1,733,611</u>	<u>\$ 580,116</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (737,027)</u>	<u>\$ (737,027)</u>	<u>\$ (287,863)</u>	<u>\$ 449,164</u>
<u>Other Financing Sources (Uses):</u>				
Transfer In	\$ -	\$ -	\$ 235,643	\$ 235,643
Transfers Out	(311,111)	(311,111)	(131,000)	180,111
Total Other Financing Sources and Uses	<u>\$ (311,111)</u>	<u>\$ (311,111)</u>	<u>\$ 104,643</u>	<u>\$ 415,754</u>
Net Change in Fund Balances	<u>\$ (1,048,138)</u>	<u>\$ (1,048,138)</u>	<u>\$ (183,220)</u>	<u>\$ 864,918</u>
Fund Balance - January 1	<u>\$ 1,275,524</u>	<u>\$ 1,275,524</u>	<u>\$ 1,275,524</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 227,386</u>	<u>\$ 227,386</u>	<u>\$ 1,092,304</u>	<u>\$ 864,918</u>

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

DICKEY COUNTY
Ellendale, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ -	\$ -	\$ 3,555	\$ 3,555
Intergovernmental	300,557	300,557	269,122	(31,435)
License, Permits and Fees	495	495	365	(130)
Miscellaneous	-	-	506	506
Total Revenues	\$ 301,052	\$ 301,052	\$ 273,548	\$ (27,504)
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 743,454	\$ 743,454	\$ 674,997	\$ 68,457
Excess (Deficiency) of Revenues Over Expenditures	\$ (442,402)	\$ (442,402)	\$ (401,449)	\$ 40,953
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 8,000	\$ 8,000	\$ 140,893	\$ 132,893
Transfers Out	(48,000)	(48,000)	(53,560)	(5,560)
Total Other Financing Sources and Uses	\$ (40,000)	\$ (40,000)	\$ 87,333	\$ 127,333
Net Change in Fund Balances	\$ (482,402)	\$ (482,402)	\$ (314,116)	\$ 168,286
Fund Balance - January 1	\$ 542,263	\$ 542,263	\$ 542,263	\$ -
Fund Balance - December 31	\$ 59,861	\$ 59,861	\$ 228,147	\$ 168,286

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
OASIS AND SOCIAL SECURITY FUND
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Total Revenues	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (143,318)	\$ (143,318)
Net Change in Fund Balances	\$ -	\$ -	\$ (143,318)	\$ (143,318)
Fund Balance - January 1	\$ 143,318	\$ 143,318	\$ 143,318	\$ -
Fund Balance - December 31	<u>\$ 143,318</u>	<u>\$ 143,318</u>	<u>\$ -</u>	<u>\$ (143,318)</u>

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FUNDS
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 395,471	\$ 395,471	\$ 3,413	\$ (392,058)
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ 784,088	\$ 784,088	\$ 57,959	\$ 726,129
Excess (Deficiency) of Revenues Over Expenditures	\$ (388,617)	\$ (388,617)	\$ (54,546)	\$ 334,071
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (3,413)	\$ (3,413)
Net Change in Fund Balances	\$ (388,617)	\$ (388,617)	\$ (57,959)	\$ 330,658
Fund Balance - January 1	\$ 57,959	\$ 57,959	\$ 57,959	\$ -
Fund Balance - December 31	\$ (330,658)	\$ (330,658)	\$ -	\$ 330,658

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY BOND 2011 FUND
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 548,442	\$ 548,442	\$ 532,732	\$ (15,710)
Intergovernmental	3,500	3,500	4,160	660
Total Revenues	<u>\$ 551,942</u>	<u>\$ 551,942</u>	<u>\$ 536,892</u>	<u>\$ (15,050)</u>
<u>Expenditures:</u>				
<u>Debt Service:</u>				
Principal	\$ 792,132	\$ 792,132	\$ 462,416	\$ 329,716
Interest	-	-	2,718	(2,718)
Total Expenditures	<u>\$ 792,132</u>	<u>\$ 792,132</u>	<u>\$ 465,134</u>	<u>\$ 326,998</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (240,190)</u>	<u>\$ (240,190)</u>	<u>\$ 71,758</u>	<u>\$ 311,948</u>
Fund Balance - January 1	<u>\$ 18,729</u>	<u>\$ 18,729</u>	<u>\$ 18,729</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ (221,461)</u></u>	<u><u>\$ (221,461)</u></u>	<u><u>\$ 90,487</u></u>	<u><u>\$ 311,948</u></u>

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

DICKEY COUNTY
Ellendale, 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***

Primary Government	2016	2015	2014
District's proportion of the net pension liability (asset)	0.176041%	0.174130%	0.185246%
District's proportionate share of the net pension liability (asset)	\$ 1,715,691	\$ 1,184,054	\$ 1,175,796
District's covered-employee payroll	\$ 1,774,076	\$ 1,551,286	\$ 1,560,478
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	70.46%	77.15%	77.70%

Health District	2016	2015	2014
District's proportion of the net pension liability (asset)	0.014428%	0.014590%	0.016663%
District's proportionate share of the net pension liability (asset)	\$ 140,615	\$ 99,210	\$ 122,325
District's covered-employee payroll	\$ 145,399	\$ 129,979	\$ 140,364
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.71%	76.33%	87.15%
Plan fiduciary net position as a percentage of the total pension liability	70.46%	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***

Primary Government	2016	2015	2014
Statutorily required contribution	\$ 128,440	\$ 117,833	\$ 111,106
Contributions in relation to the statutorily required contribution	\$ 129,909	\$ 122,862	\$ 111,106
Contribution deficiency (excess)	\$ (1,469)	\$ (5,029)	\$ -
District's covered-employee payroll	\$ 1,774,076	\$ 1,551,286	\$ 1,560,478
Contributions as a percentage of covered-employee payroll	7.32%	7.60%	7.12%

DICKEY COUNTY

Pension Schedules - Continued

Health District	2016	2015	2014
Statutorily required contribution	\$ 10,527	\$ 9,873	\$ 9,994
Contributions in relation to the statutorily required contribution	\$ 10,352	\$ 9,610	\$ 9,994
Contribution deficiency (excess)	\$ 175	\$ 263	\$ -
District's covered-employee payroll	\$ 145,399	\$ 129,979	\$ 140,364
Contributions as a percentage of covered-employee payroll	7.12%	7.60%	7.12%

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

DICKEY COUNTY
Ellendale, 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 a basis consistent with accounting principles generally accepted in the United States (GAAP).
- The county auditor prepares an annual budget for the general fund and each special revenue 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 disbursements 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 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.
- 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: BUDGET AMENDMENTS - COUNTY

The Board of County Commissioners amended the county expenditures budget for the year ended December 31, 2016 as follows:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<u>Special Revenue Funds:</u>			
State Funded Road Projects	\$ 1,848,857	\$ 2,319,187	\$ 4,168,044
FEMA Co 2009	-	57,959	57,959

NOTE 3: PENSIONS – CHANGES OF ASSUMPTIONS

North Dakota Public Employees Retirement System:

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

DICKEY COUNTY
Ellendale, North Dakota

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

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Primary Government:						
General Fund	\$ 422,437.14	\$ 2,511,796.21	\$ 314,371.04	\$ 7,740.00	\$ 1,960,416.72	\$ 1,280,447.67
Major Funds (other than General):						
Farm to Market Road	\$ 227,902.88	\$ -	\$ -	\$ 227,902.88	\$ -	\$ -
State Funded Road Projects	33,024.11	53.05	-	-	-	33,077.16
State No Match Road Fund	(55,097.69)	4,037,044.14	131,000.00	-	4,028,497.20	84,449.25
County Road and Bridge	1,190,051.03	1,466,837.41	235,642.88	131,000.00	1,744,151.06	1,017,380.26
Social Services	493,811.49	292,795.31	140,892.82	53,559.97	674,996.54	198,943.11
Oasis and Social Security	143,318.30	-	-	143,318.30	-	-
County Bond 2011	18,729.39	536,891.82	-	-	465,134.28	90,486.93
FEMA	257,487.42	60,947.12	-	3,412.54	57,959.03	257,062.97
Total Major Funds	\$ 2,731,664.07	\$ 8,906,365.06	\$ 821,906.74	\$ 566,933.69	\$ 8,931,154.83	\$ 2,961,847.35
Special Revenue Funds:						
Emergency Poor	\$ 127,332.85	\$ -	\$ -	\$ 127,332.85	\$ -	\$ -
Family Focus	1,999.92	57,102.95	40,000.00	-	95,237.84	3,865.03
Parent Aid	5,731.57	-	-	-	-	5,731.57
Designated Funds	1,743.84	-	-	-	59.00	1,684.84
24-7	1,578.00	3,065.00	-	-	3,375.00	1,268.00
Horizons	2,650.23	-	-	110.00	1,022.96	1,517.27
Emergency Fund	438,702.81	19,281.14	-	-	-	457,983.95
County Corrections Center	38,966.06	-	-	38,966.06	-	-
Capital Projects	-	134,561.65	38,966.06	-	27,050.83	146,476.88
Veterans Service Officer	8,531.65	34,426.34	-	-	34,207.05	8,750.94
Insurance Levy	26,019.66	-	-	26,019.66	-	-
Health Insurance	103,038.53	-	-	103,038.53	-	-
County Agent	7,037.21	84,217.33	110.00	-	90,501.12	863.42
County Park	33,551.65	-	-	33,551.65	-	-
Weed Control	160,580.10	135,089.91	-	103.13	222,706.74	72,860.14
911	27,885.78	97,405.41	-	-	82,780.07	42,511.12
Hazard	603.75	1,112.50	-	-	660.20	1,056.05
Homeland Security	(29,908.99)	56,273.12	-	1,997.65	24,366.48	-
Grants	540.06	3,233.25	-	-	3,233.25	540.06
Document Preservation	19,897.99	7,353.00	-	-	238.50	27,012.49
Extension	135.53	328.52	-	-	447.60	16.45
Land Rental and Sale	11,455.54	-	-	-	-	11,455.54
Total Special Revenue Funds	\$ 988,073.74	\$ 633,450.12	\$ 79,076.06	\$ 331,119.53	\$ 585,886.64	\$ 783,593.75
Debt Service Fund:						
Special Assessment	\$ 2,922.29	\$ -	\$ -	\$ -	\$ 1,781.30	\$ 1,140.99
County Loan	2,929.58	-	-	2,929.58	-	-
Total Debt Service Funds	\$ 5,851.87	\$ -	\$ -	\$ 2,929.58	\$ 1,781.30	\$ 1,140.99
Total Non-Major Funds	\$ 993,925.61	\$ 633,450.12	\$ 79,076.06	\$ 334,049.11	\$ 587,667.94	\$ 784,734.74
Total Governmental Funds	\$ 3,725,589.68	\$ 9,539,815.18	\$ 900,982.80	\$ 900,982.80	\$ 9,518,822.77	\$ 3,746,582.09
Agency Funds:						
State Tax	\$ 10,741.73	\$ 35,890.49	\$ -	\$ -	\$ 36,147.21	\$ 10,485.01
County Ambulance	729.17	135,354.93	-	-	135,365.89	718.21
County Airport	193.57	33,057.96	-	-	33,062.87	188.66
Senior Citizens	208.33	69,006.35	-	-	68,896.74	317.94
County Historical Society	2,382.24	9,664.59	-	-	6,638.67	5,408.16
Water Conservancy - Garrison	10,741.73	39,614.99	-	-	39,871.71	10,485.01
Soil Conservation Service	11,401.21	39,654.04	-	-	40,658.03	10,397.22
Kedish House	-	4,595.09	-	-	4,595.09	-
Taxes Paid Under Protest	6,274.93	5,121.61	-	-	7,541.41	3,855.13
Cancer Insurance	-	40,042.30	-	-	40,042.30	-
Blue Cross Blue Shield	6,836.26	593,677.86	-	-	593,947.28	6,566.84
Income Tax Withholding	-	182,774.26	-	-	182,774.26	-
Life Insurance	475.78	6,148.98	-	-	6,042.62	582.14
Retirement	-	316,520.77	-	-	316,520.74	0.03
Dues/Garnishments	-	6,845.16	-	-	6,845.16	-

Continued on next page....

DICKEY COUNTY
Ellendale, North Dakota

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

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
CONTINUED...						
<u>Agency Funds (Cont'd):</u>						
Deferred Comp.	\$ -	\$ 72,772.08	\$ -	\$ -	\$ 72,772.08	\$ -
Mobile Home	17,499.95	18,143.56	-	-	17,398.14	18,245.37
Flex	3,818.15	37,124.00	-	-	35,708.56	5,233.59
Dental/Vision	191.85	21,366.38	-	-	21,558.22	0.01
State Game and Fish	40,337.38	31,993.00	-	-	69,280.88	3,049.50
County Fair	243.66	-	-	-	243.66	-
District Court Special	11,810.24	169,209.54	-	-	107,027.85	73,991.93
Total Cities, Parks and Townships	450,804.37	2,446,160.41	-	-	2,525,905.24	371,059.54
Total Rural Fire Protection District	33,782.39	109,358.28	-	-	110,756.88	32,383.79
Total School Districts	980,627.02	3,295,488.68	-	-	3,328,634.21	947,481.49
Total Agency Funds	\$ 1,589,099.96	\$ 7,719,585.31	\$ -	\$ -	\$ 7,808,235.70	\$ 1,500,449.57
Total Primary Government	\$ 5,314,689.64	\$ 17,259,400.49	\$ 900,982.80	\$ 900,982.80	\$ 17,327,058.47	\$ 5,247,031.66
<u>Component Units:</u>						
<u>County Water Resource District:</u>						
General	\$ 299,841.92	\$ 83,318.69	\$ -	\$ -	\$ 124,598.76	\$ 258,561.85
Riverdale Improvement District	41.07	-	-	-	-	41.07
Drain #1	13,514.91	10,479.00	-	-	2,690.40	21,303.51
Oakes Pilot Drain	42,626.12	3,752.57	-	-	6,028.21	40,350.48
Total County Water Resource Dist.	\$ 356,024.02	\$ 97,550.26	\$ -	\$ -	\$ 133,317.37	\$ 320,256.91
<u>Joint Water Resource District:</u>						
Jackson Improvement District	\$ 3,994,255.52	\$ 12,336.91	\$ -	\$ -	\$ 3,639,823.78	\$ 366,768.65
Jackson Township Drain Bond	179,646.09	1,195,429.67	-	-	450,998.83	924,076.93
Total Joint Water Resource Dist.	\$ 4,173,901.61	\$ 1,207,766.58	\$ -	\$ -	\$ 4,090,822.61	\$ 1,290,845.58
Job Development Authority	\$ 248,881.16	\$ 82,263.94	\$ -	\$ -	\$ 117,474.40	\$ 213,670.70
Health District	255,958.71	421,339.33	-	-	547,173.58	130,124.46
County Fair	36,699.06	96,166.49	-	-	99,248.22	33,617.33
Total Component Units	\$ 5,071,464.56	\$ 1,905,086.60	\$ -	\$ -	\$ 4,988,036.18	\$ 1,988,514.98
Total Reporting Entity	\$ 10,386,154.20	\$ 19,164,487.09	\$ 900,982.80	\$ 900,982.80	\$ 22,315,094.65	\$ 7,235,546.64



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
Dickey County
Ellendale, 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 Dickey County, Ellendale, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickey 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 is required to be reported under *Government Auditing Standards*.

DICKEY 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

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
December 1, 2017

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