

Dickey County

Ellendale, North Dakota

Audit Report

For the Year Ended December 31, 2017

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

At December 31, 2017

COUNTY OFFICIALS

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

AUDITOR PERSONNEL

Dave Mix	Audit Manager
Alex Bakken	In-Charge



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
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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, 2017, 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, 2017, 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

Emphasis of a Matter

As discussed in Note 20 to the financial statements, Dickey County adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pensions. Our opinion is not modified with respect to this matter.

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 & OPEB schedules, and the notes to the required supplementary information* on pages 41-50 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 May 31, 2018 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
May 31, 2018

DICKEY COUNTY
Ellendale, North Dakota
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government Governmental Activities	Component Units
<u>ASSETS:</u>		
Cash and Investments	\$ 4,882,394	\$ 3,220,184
Accounts Receivable	13,368	4,234
Intergovernmental Receivable	320,460	84,437
Road Receivables	31,672	-
Other Receivable	1,592	-
Loans Receivable	-	6,490
Taxes Receivable	50,015	3,344
Certified Specials Receivable	-	2,967
Uncertified Specials Receivable	-	4,220,063
Capital Assets not being depreciated:		
Land	40,398	408,528
Construction in Progress	4,384,363	1,019,834
Intangibles	-	46,833
Capital Assets net of accumulated depreciation:		
Buildings	1,428,289	101,483
Equipment	454,496	-
Vehicles	262,756	-
Infrastructure	7,604,979	5,189,646
Total Capital Assets	<u>\$ 14,175,281</u>	<u>\$ 6,766,324</u>
Total Assets	<u>\$ 19,474,782</u>	<u>\$ 14,308,043</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Pension and OPEB Items	<u>\$ 1,297,826</u>	<u>\$ 166,519</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 20,772,608</u>	<u>\$ 14,474,562</u>
<u>LIABILITIES:</u>		
Salary and Benefits Payable	\$ 9,231	\$ 537
Grants Received in Advance	257,063	-
Retainages Payable	138,166	42,366
Interest Payable	3,959	39,862
Long-Term Liabilities:		
Due Within One Year:		
Capital Leases Payable	186,426	-
Loan / CI's Payable	-	6,401
Bonds Payable	-	295,000
Compensated Absences Payable	8,859	691
Due After One Year:		
Capital Leases Payable	56,119	-
Loan / CI's Payable	-	25,039
Bonds Payable	-	5,895,000
Bond Drawdown	783,530	-
Compensated Absences Payable	79,730	6,219
Net Pension and OPEB Liability	<u>2,899,951</u>	<u>315,992</u>
Total Liabilities	<u>\$ 4,423,034</u>	<u>\$ 6,627,107</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Taxes Received in Advance	\$ 938,218	\$ 151,888
Pension and OPEB Items	<u>124,931</u>	<u>17,847</u>
Total Deferred Inflows of Resources	<u>\$ 1,063,149</u>	<u>\$ 169,735</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 5,486,183</u>	<u>\$ 6,796,842</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	\$ 13,932,736	\$ 6,766,324
Restricted for:		
Debt Service	479	-
Highways and Bridges	309,973	-
Culture and Recreation	-	5,604
Conservation of Natural Resources	103,094	674,461
Emergencies	437,634	-
Economic Development	-	238,423
Unrestricted	<u>502,509</u>	<u>(7,092)</u>
Total Net Position	<u>\$ 15,286,425</u>	<u>\$ 7,677,720</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, 2017

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	Component Units
					Governmental Activities	
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	\$ 1,432,818	\$ 157,521	\$ 6,433	\$ -	\$ (1,268,864)	\$ -
Public Safety	622,164	127,026	1,075	-	(494,063)	-
Highways and Bridges	3,093,429	394,706	1,048,671	255,605	(1,394,447)	-
Flood Repair	560	-	-	-	(560)	-
Health and Welfare	981,164	10,336	233,200	-	(737,628)	-
Culture and Recreation	95,433	-	-	-	(95,433)	-
Conserv. of Natural Resources	300,175	26,844	24,559	-	(248,772)	-
Emergencies	6,027	-	-	-	(6,027)	-
Interest on Long-Term Debt	6,277	-	-	-	(6,277)	-
Total Primary Government	<u>\$ 6,538,047</u>	<u>\$ 716,433</u>	<u>\$ 1,313,938</u>	<u>\$ 255,605</u>	<u>\$ (4,252,071)</u>	<u>\$ -</u>
Component Units	<u>\$ 1,221,495</u>	<u>\$ 366,267</u>	<u>\$ 792,538</u>	<u>\$ 1,373,619</u>		<u>\$ 1,310,929</u>
<u>General Revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 1,603,949	\$ 314,318
Property taxes; levied for special purposes					1,625,725	-
Non Restricted Grants and Contributions					545,799	5,171
Forgiveness of Debt					156,707	-
Earnings on Investments					19,938	2,006
Miscellaneous Revenue					17,069	81,610
Total General Revenues					<u>\$ 3,969,187</u>	<u>\$ 403,105</u>
Change in Net Position					<u>\$ (282,884)</u>	<u>\$ 1,714,034</u>
Net Position - January 1					\$15,691,705	\$ 6,184,415
Prior Period Adjustments					(122,396)	(220,729)
Net Position - January 1 - As Restated					<u>\$15,569,309</u>	<u>\$ 5,963,686</u>
Net Position - December 31					<u>\$15,286,425</u>	<u>\$ 7,677,720</u>

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

DICKEY COUNTY
Ellendale, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

	Major Funds						
	General	State Funded Road Proj. 2113	County Road and Bridge	Social Services	FEMA Funds	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 2,118,927	\$ 125,546	\$ 1,505,738	\$ 70,053	\$ 257,063	\$ 805,067	\$ 4,882,394
Taxes Receivable	26,069	-	10,432	4,917	-	8,597	50,015
Accounts Receivable	-	-	-	-	-	13,368	13,368
Intergovernmental Receivable	106,767	75,820	82,159	25,004	-	30,710	320,460
Other Receivable	1,592	-	-	-	-	-	1,592
Road Receivables	-	-	31,672	-	-	-	31,672
Total Assets	\$ 2,253,355	\$ 201,366	\$ 1,630,001	\$ 99,974	\$ 257,063	\$ 857,742	\$ 5,299,501
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
<u>Liabilities:</u>							
Salaries and Benefits Payable	\$ 5,117	\$ -	\$ 1,549	\$ 2,114	\$ -	\$ 451	\$ 9,231
Grants Received in Advance	-	-	-	-	257,063	-	257,063
Total Liabilities	\$ 5,117	\$ -	\$ 1,549	\$ 2,114	\$ 257,063	\$ 451	\$ 266,294
<u>Deferred Inflows of Resources:</u>							
Taxes Receivable	\$ 26,069	\$ -	\$ 10,432	\$ 4,917	\$ -	\$ 8,597	\$ 50,015
Road Receivables	-	-	31,672	-	-	-	31,672
Taxes Received in Advance	597,614	-	249,892	-	-	90,712	938,218
Total Deferred Inflows of Resources	\$ 623,683	\$ -	\$ 291,996	\$ 4,917	\$ -	\$ 99,309	\$ 1,019,905
Total Liabilities & Deferred Inflows	\$ 628,800	\$ -	\$ 293,545	\$ 7,031	\$ 257,063	\$ 99,760	\$ 1,286,199
<u>Fund Balances:</u>							
<u>Committed For:</u>							
County Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,456	\$ 11,456
<u>Restricted For:</u>							
General Government	-	-	-	-	-	540	540
Public Safety	-	-	-	-	-	70,704	70,704
Highways and Bridges	-	201,366	1,336,456	-	-	26,384	1,564,206
Health and Welfare	-	-	-	92,943	-	29,890	122,833
Conservation of Natural Resources	-	-	-	-	-	138,320	138,320
Emergencies	-	-	-	-	-	478,701	478,701
Debt Service	-	-	-	-	-	1,987	1,987
Unassigned	1,624,555	-	-	-	-	-	1,624,555
Total Fund Balances	\$ 1,624,555	\$ 201,366	\$ 1,336,456	\$ 92,943	\$ -	\$ 757,982	\$ 4,013,302
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,253,355	\$ 201,366	\$ 1,630,001	\$ 99,974	\$ 257,063	\$ 857,742	\$ 5,299,501

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

DICKEY COUNTY
Ellendale, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2017

Total *Fund Balances* for Governmental Funds \$ 4,013,302

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	\$ 17,754,876	
Less Accumulated Depreciation	<u>(3,579,595)</u>	14,175,281

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. 50,015

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. 31,672

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

Deferred Outflows Related to Pensions and OPEB	\$ 1,297,826	
Deferred Inflows Related to Pensions and OPEB	<u>(124,931)</u>	1,172,895

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, 2017 are:

Capital Leases Payable	\$ (242,545)	
Bond Drawdowns Payable	(783,530)	
Interest Payable	(3,959)	
Net Pension and OPEB Liability	(2,899,951)	
Retainages Payable	(138,166)	
Compensated Absences Payable	<u>(88,589)</u>	<u>(4,156,740)</u>
Total Long-Term Liabilities		

Total Net Position of Governmental Activities \$ 15,286,425

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, 2017

	Major Funds						
	General	State Funded Road Proj. 2113	County Road and Bridge	Social Services	FEMA Funds	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 1,607,079	\$ -	\$ 743,641	\$ 447,355	\$ -	\$ 430,996	\$ 3,229,071
Licenses, Permits and Fees	43,722	-	-	455	-	-	44,177
Intergovernmental	409,489	425,954	708,683	221,897	-	197,245	1,963,268
Charges for Services	113,800	-	381,491	-	-	166,750	662,041
Interest Income	19,885	-	-	-	-	53	19,938
Miscellaneous	-	-	603	745	-	15,721	17,069
Total Revenues	\$ 2,193,975	\$ 425,954	\$ 1,834,418	\$ 670,452	\$ -	\$ 810,765	\$ 5,935,564
Expenditures:							
Current:							
General Government	\$ 1,484,813	\$ -	\$ -	\$ -	\$ -	\$ 328,795	\$ 1,813,608
Public Safety	438,139	-	-	-	-	149,373	587,512
Highways	-	1,118,580	1,575,005	-	-	-	2,693,585
Health and Welfare	400	-	-	751,388	-	145,763	897,551
Culture and Recreation	91,849	-	-	-	-	-	91,849
Conserv. of Natural Resources	-	-	-	-	-	273,813	273,813
Debt Service:							
Principal	4,388	-	70,927	-	-	-	75,315
Interest and Fees	87	-	7,844	-	-	-	7,931
Total Expenditures	\$ 2,019,676	\$ 1,118,580	\$ 1,653,776	\$ 751,388	\$ -	\$ 897,744	\$ 6,441,164
Excess (Deficiency) of Revenues Over Expenditures	\$ 174,299	\$ (692,626)	\$ 180,642	\$ (80,936)	\$ -	\$ (86,979)	\$ (505,600)
Other Financing Sources (Uses):							
Bond Drawdown Proceeds	\$ -	\$ 753,530	\$ 30,000	\$ -	\$ -	\$ -	\$ 783,530
Transfers In	95,644	-	33,510	5,732	-	60,000	194,886
Transfers Out	(380)	-	-	(60,000)	-	(134,506)	(194,886)
Total Other Financing Sources and Uses	\$ 95,264	\$ 753,530	\$ 63,510	\$ (54,268)	\$ -	\$ (74,506)	\$ 783,530
Net Change in Fund Balances	\$ 269,563	\$ 60,904	\$ 244,152	\$ (135,204)	\$ -	\$ (161,485)	\$ 277,930
Fund Balance - January 1	\$ 1,354,992	\$ 140,462	\$ 1,092,304	\$ 228,147	\$ -	\$ 919,467	\$ 3,735,372
Fund Balance - December 31	\$ 1,624,555	\$ 201,366	\$ 1,336,456	\$ 92,943	\$ -	\$ 757,982	\$ 4,013,302

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

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, 2017

Net Change in *Fund Balances* - Total Governmental Funds \$ 277,930

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	\$ 536,949	
Capital Contribution	255,605	
Current Year Depreciation Expense	<u>(432,379)</u>	360,175

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	(202,828)
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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 by which debt proceeds exceeded debt repayment.

Bond Proceeds	\$ (783,530)	
Forgiveness of Debt	156,707	
Repayment of Debt	<u>75,315</u>	(551,508)

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.

Increase in Net Pension Liability and OPEB	\$ (1,055,081)	
Increase in Deferred Intflows of Resources Related to Pensions and OPEB	775,526	
Increase in Deferred Outflows of Resources Related to Pensions and OPEB	<u>27,447</u>	(252,108)

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

Net Change in Compensated Absences	\$ (16,952)	
Net Change in Retainages Payable	89,935	
Net Change in Interest Payable	<u>1,654</u>	74,637

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	\$ 603	
Net Change in Road Receivables	<u>10,215</u>	<u>10,818</u>

Change in Net Position of Governmental Activities	<u><u>\$ (282,884)</u></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, 2017

Assets:

Cash and Investments	\$ 1,854,013
Other Asset	<u>10,680</u>
Total Assets	<u><u>\$ 1,864,693</u></u>

Liabilities:

Due to Other Governments	\$ 1,792,940
Taxes Received in Advance	70,712
Benefits Payable	<u>1,041</u>
Total Liabilities	<u><u>\$ 1,864,693</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, 2017

	Water Resource District	Dickey-Sargent Joint Water Resource District	Health District	County Fair	JDA	Totals
ASSETS:						
Cash and Investments	\$ 815,237	\$ 1,937,623	\$ 178,076	\$ 37,853	\$ 251,395	\$ 3,220,184
Accounts Receivable	-	-	4,234	-	-	4,234
Intergovernmental Receivable	311	61,600	22,526	-	-	84,437
Loans Receivable	-	-	-	-	6,490	6,490
Taxes Receivable	1,118	-	1,572	-	654	3,344
Certified Specials Receivable	6	2,961	-	-	-	2,967
Uncertified Specials Receivable	1,254,269	2,965,794	-	-	-	4,220,063
Capital Assets not being depreciated:						
Construction in Progress	1,019,834	-	-	-	-	1,019,834
Land	12,860	395,668	-	-	-	408,528
Intangible	-	46,833	-	-	-	46,833
Capital Assets net of accumulated depreciation:						
Buildings	-	-	101,483	-	-	101,483
Infrastructure	-	5,189,646	-	-	-	5,189,646
Total Capital Assets	\$ 1,032,694	\$ 5,632,147	\$ 101,483	\$ -	\$ -	\$ 6,766,324
Total Assets	\$ 3,103,635	\$ 10,600,125	\$ 307,891	\$ 37,853	\$ 258,539	\$ 14,308,043
DEFERRED OUTFLOWS OF RESOURCES:						
Pension and OPEB Items	\$ -	\$ -	\$ 166,519	\$ -	\$ -	\$ 166,519
Total Assets & Deferred Outflows of Resources	\$ 3,103,635	\$ 10,600,125	\$ 474,410	\$ 37,853	\$ 258,539	\$ 14,474,562
LIABILITIES:						
Salary and Benefits Payable	\$ -	\$ -	\$ 537	\$ -	\$ -	\$ 537
Interest Payable	13,383	25,670	-	809	-	39,862
Retainage Payable	42,366	-	-	-	-	42,366
Long-Term Liabilities:						
Due Within One Year:						
Loan Payable	-	-	-	6,401	-	6,401
Bonds Payable	85,000	210,000	-	-	-	295,000
Compensated Absences	-	-	691	-	-	691
Due After One Year:						
Loan Payable	-	-	-	25,039	-	25,039
Bonds Payable	1,270,000	4,625,000	-	-	-	5,895,000
Compensated Absences	-	-	6,219	-	-	6,219
Net Pension and OPEB Liability	-	-	315,992	-	-	315,992
Total Liabilities	\$ 1,410,749	\$ 4,860,670	\$ 323,439	\$ 32,249	\$ -	\$ 6,627,107
DEFERRED INFLOWS:						
Pension and OPEB Items	\$ -	\$ -	\$ 17,847	\$ -	\$ -	\$ 17,847
Taxes Received in Advance	44,585	48,454	38,733	-	20,116	151,888
Total Liabilities & Deferred Inflows	\$ 1,455,334	\$ 4,909,124	\$ 380,019	\$ 32,249	\$ 20,116	\$ 6,796,842
NET POSITION:						
Net Investment in Capital Assets	\$ 1,032,694	\$ 5,632,147	\$ 101,483	\$ -	\$ -	\$ 6,766,324
Restricted For:						
Culture and Recreation	-	-	-	5,604	-	5,604
Economic Development	-	-	-	-	238,423	238,423
Conservation of Natural Resources	615,607	58,854	-	-	-	674,461
Unrestricted	-	-	(7,092)	-	-	(7,092)
Total Net Position	\$ 1,648,301	\$ 5,691,001	\$ 94,391	\$ 5,604	\$ 238,423	\$ 7,677,720

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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Water Resource District	Dickey- Sargent Joint Water Res. District	Health District	County Fair	JDA	Totals
<u>Component Units:</u>										
Dickey County Water Resource Dist.	\$ 173,086	\$ -	\$ 385	\$ 1,254,212	\$1,081,511	\$ -	\$ -	\$ -	\$ -	\$ 1,081,511
Dickey-Sargent Joint Water Res. Dist.	399,466	-	782,144	119,407	-	502,085	-	-	-	502,085
Dickey County Health District	491,965	347,158	9,574	-	-	-	(135,233)	-	-	(135,233)
Dickey County Fair	110,819	17,719	-	-	-	-	-	(93,100)	-	(93,100)
Dickey Job Development Authority	46,159	1,390	435	-	-	-	-	-	(44,334)	(44,334)
Total Component Units	<u>\$ 1,221,495</u>	<u>\$ 366,267</u>	<u>\$ 792,538</u>	<u>\$ 1,373,619</u>	<u>\$1,081,511</u>	<u>\$ 502,085</u>	<u>\$ (135,233)</u>	<u>\$ (93,100)</u>	<u>\$ (44,334)</u>	<u>\$ 1,310,929</u>
<u>General Revenues:</u>										
Taxes:										
Property taxes					\$ 98,655	\$ -	\$ 102,588	\$ 52,999	\$ 60,076	\$ 314,318
Non restricted grants and contributions					-	-	5,089	-	82	5,171
Earnings on investments					-	1,996	-	10	-	2,006
Miscellaneous revenue					24,381	24,516	-	32,713	-	81,610
Total General Revenues					<u>\$ 123,036</u>	<u>\$ 26,512</u>	<u>\$ 107,677</u>	<u>\$ 85,722</u>	<u>\$ 60,158</u>	<u>\$ 403,105</u>
Change in Net Position					<u>\$1,204,547</u>	<u>\$ 528,597</u>	<u>\$ (27,556)</u>	<u>\$ (7,378)</u>	<u>\$ 15,824</u>	<u>\$ 1,714,034</u>
Net Position - January 1					\$ 474,509	\$ 5,340,931	\$ 136,023	\$ 10,353	\$ 222,599	\$ 6,184,415
Prior Period Adjustment					(30,755)	(178,527)	(14,076)	2,629	-	(220,729)
Net Position - January 1, As Restated					<u>\$ 443,754</u>	<u>\$ 5,162,404</u>	<u>\$ 121,947</u>	<u>\$ 12,982</u>	<u>\$ 222,599</u>	<u>\$ 5,963,686</u>
Net Position - December 31					<u>\$1,648,301</u>	<u>\$ 5,691,001</u>	<u>\$ 94,391</u>	<u>\$ 5,604</u>	<u>\$ 238,423</u>	<u>\$ 7,677,720</u>

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

DICKEY COUNTY
Ellendale, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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 five 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 member 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.

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:

	2017
Historical Society	\$13,058
Senior Citizens	72,389

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.

State No Match Road (2113). This fund accounts 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.

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.

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	7

F. Compensated Absences

Vacation leave is earned at the rate of 12 to 20 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 12 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 Balance

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 \$1,624,555 at December 31, 2017.

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 (state no match road, county road and bridge, social services, and FEMA) are disclosed in more detail in Note 1B.

DICKEY COUNTY**Notes to the Financial Statements – Continued**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, 2017.

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, 2017:

Restricted fund balances totaling \$2,377,291 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 2017 consist of an amount in the general fund totaling \$1,624,555. Unassigned general fund balance represents 80.44% of total general fund expenditures.

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 debt service, highways and bridges, culture and recreation, conservation of natural resources, emergencies, and economic development.

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. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Special Assessments

Special assessments of the Dickey-Sargent Water Resource District are certified to Dickey County and Sargent County each year for collection in the following year. Sargent County collects their share of the special assessments that were certified and then sends them to Dickey County.

DICKEY COUNTY

Notes to the Financial Statements – Continued

Special assessments of the Dickey County 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.

M. 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, 2017, the County's carrying amount of deposits was \$9,920,250 and the bank balances totaled \$9,423,600. Of the bank balances, \$1,219,742 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, 2017, the fair board's carrying amount of deposits was \$38,103 and the bank balances totaled \$38,444, 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, 2017, the County had certificates of deposit totaling \$1,291,502, 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, 2017:

Name/Business	Balance January 1	New Loans/ Additions	Principal Payments	Balance December 31
Serentia	\$ 5,840	\$ -	\$ 2,350	\$ 3,490
Donna's Café	3,000	-	-	3,000
Total	\$ 8,840	\$ -	\$ 2,350	\$ 6,490

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, 2017. The County reports the cash in the CD's, while the bank reports the loans receivable. Starion Financial and First State Bank is responsible for collecting loan payments, and are ultimately responsible for uncollectible loans. The amount of the balances outstanding totaled \$23,270 at December 31, 2017.

NOTE 7: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017:

Primary Government	Restated Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 40,398	\$ -	\$ -	\$ -	\$ 40,398
Construction in Progress	4,242,647	577,245	-	(435,529)	4,384,363
Total Capital Assets, Not Being Depreciated	\$ 4,283,045	\$ 577,245	\$ -	\$ (435,529)	\$ 4,424,761
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 1,696,166	\$ 47,504	\$ -	\$ 435,529	\$ 2,179,199
Equipment	2,576,250	70,824	582,900	-	2,064,174
Vehicles	945,930	96,982	28,500	-	1,014,412
Infrastructure	8,072,330	-	-	-	8,072,330
Total Capital Assets, Being Depreciated	\$ 13,290,676	\$ 215,310	\$ 611,400	\$ 435,529	\$ 13,330,115
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 705,532	\$ 45,378	\$ -	\$ -	\$ 750,910
Equipment	1,820,754	185,281	396,357	-	1,609,678
Vehicles	669,782	94,088	12,214	-	751,656
Infrastructure	359,720	107,631	-	-	467,351
Total Accumulated Depreciation	\$ 3,555,788	\$ 432,378	\$ 408,571	\$ -	\$ 3,579,595
Total Capital Assets Being Depreciated, Net	\$ 9,734,888	\$ (217,068)	\$ 202,829	\$ 435,529	\$ 9,750,520
Capital Assets - Net	\$ 14,017,933	\$ 360,177	\$ 202,829	\$ -	\$ 14,175,281

Depreciation expense was charged to functions/programs of the County as follows for the year ended December 31, 2017:

Primary Government	Amount
General Government	\$ 40,651
Public Safety	31,957
Highways	335,113
Culture and Recreation	3,584
Conservation of Natural Resources	21,073
Total Depreciation Expense - Primary Government	\$ 432,378

DICKEY COUNTY

Notes to the Financial Statements – Continued

Component Unit – Dickey County Water Resource District:

The Dickey County Water Resource District had the following changes in capital assets for the year ended December 31, 2017.

Dickey County WRD	Restated Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Intangible Assets	\$ -	\$ 12,860	\$ -	\$ 12,860
Construction in Progress	126,320	893,514	-	1,019,834
Capital Assets - Net	\$ 126,320	\$ 906,374	\$ -	\$ 1,032,694

Component Unit – Dickey - Sargent Joint Water Resource District:

The Joint Water Resource District had the following changes in capital assets for the year ended December 31, 2017.

Joint WRD	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 388,408	\$ 7,260	\$ -	\$ -	\$ 395,668
Construction in Progress	4,447,627	847,930	-	(5,295,557)	-
Intangible	46,401	432	-	-	46,833
Total Capital Assets, Not Being Depreciated	\$ 4,882,436	\$ 855,622	\$ -	\$ (5,295,557)	\$ 442,501
<i>Capital assets, being depreciated:</i>					
Infrastructure	\$ -	\$ -	\$ -	\$ 5,295,557	\$ 5,295,557
Total Capital Assets, Being Depreciated	\$ -	\$ -	\$ -	\$ 5,295,557	\$ 5,295,557
<i>Less accumulated depreciation for:</i>					
Infrastructure	\$ -	\$ 105,911	\$ -	\$ -	\$ 105,911
Total Accumulated Depreciation	\$ -	\$ 105,911	\$ -	\$ -	\$ 105,911
Total Capital Assets Being Depreciated, Net	\$ -	\$ (105,911)	\$ -	\$ 5,295,557	\$ 5,189,646
Capital Assets - Net	\$ 4,882,436	\$ 749,711	\$ -	\$ -	\$ 5,632,147

Component Unit – Dickey County Health District:

The Health District had the following changes in capital assets for the year ended December 31, 2017.

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	\$ 3,625	\$ -	\$ 7,249
Capital Assets - Net	\$ 105,108	\$ (3,625)	\$ -	\$ 101,483

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. Special assessments receivable also consists of special assessments due to the Dickey County Water Resource District (WRD), and uncertified special assessments receivable, which represents a long-term receivable due to the WRD for the Yorktown Maple Improvement District No. 3.

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 9: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to net pensions and OPEB liabilities. See notes 17 and 18 for more information.

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, 2017.

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, 2017.

NOTE 13: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long term debt outstanding at December 31, 2017.

NOTE 14: RETAINAGES PAYABLE

Retainages payable for the County consists of amounts retained until project completion for road project CNOB-1112(070) totaling \$138,166 at December 31, 2017. Retainage payable for the Water Resource District consists of an amount totaling \$42,366 for the Yorktown Maple Improvement District No. 3 construction. 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, 2017, the following changes occurred in governmental activities long-term liabilities for the primary government:

Primary Government	Balance 1/1/17	Increases	Loan Forgiveness	Decreases	Balance 12/31/17	Due Within One Year
Leases Payable	\$ 470,178	\$ -	\$ 156,707	\$ 70,926	\$ 242,545	\$ 186,426
Bond Drawdown	-	783,530	-	-	783,530	-
Loans Payable	4,388	-	-	4,388	-	-
Compensated Absences *	71,637	16,952	-	-	88,589	8,859
Net Pension & OPEB Liability *	1,844,870	1,055,081	-	-	2,899,951	-
Total Primary Government	\$ 2,391,073	\$1,855,563	\$ 156,707	\$ 75,314	\$ 4,014,615	\$ 195,285

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

Outstanding debt (excluding compensated absences, and net pension & OPEB liability) at December 31, 2017 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%.	\$ 169,657
\$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%.	<u>72,888</u>
Total Primary Government Capital Leases Payable	<u>\$ 242,545</u>

Bond Drawdown:

\$783,530 of a possible \$1,000,000 has been drawn on a BND Limited Tax Bond, series 2017. No amortization schedule is available until the full amount that will be drawn has been finalized.	<u>\$ 783,530</u>
Total Primary Government Long-Term Liabilities (Excluding Compensated Absences & Net Pension/OPEB Liability)	<u><u>\$ 1,026,074</u></u>

The annual requirements to amortize the outstanding debt, excluding the bond drawdown (no set payment schedule) are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Capital Leases	
	Principal	Interest
2018	\$ 186,426	\$ 6,095
2019	17,265	1,656
2020	38,854	1,146
2021	-	-
2022	-	-
Total	<u>\$ 242,545</u>	<u>\$ 8,897</u>

DISCRETELY PRESENTED COMPONENT UNITS:**Health District:**

Changes in Long-Term Liabilities - During the year ended December 31, 2017, the following changes occurred in governmental long-term liabilities of the District:

Health Unit:	Restated Balance 1/1/17	Increases	Decreases	Balance 12/31/17	Due Within One Year
Compensated Absences *	\$ 7,164	\$ -	\$ 254	\$ 6,910	\$ 691
Net Pension & OPEB Liability *	154,691	161,301	-	315,992	-
Total Health District	<u>\$ 161,855</u>	<u>\$ 161,301</u>	<u>\$ 254</u>	<u>\$ 322,902</u>	<u>\$ 691</u>

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

County Fair:

Changes in Long-Term Liabilities - During the year ended December 31, 2017, the following changes occurred in governmental long-term liabilities of the District:

	Restated Balance 1/1/17	Increases	Decreases	Balance 12/31/17	Due Within One Year
Fair					
Loan Payable	\$ 19,979	\$ 18,100	\$ 6,639	\$ 31,440	\$ 6,401

Loans Payable:

\$21,100 Loans Payable to Starion Financial, due in annual installments of \$4,951 through 2020, interest at 5.58%. \$ 13,340

\$18,100 Loans Payable to Starion Financial, due in annual installments of \$3,192 through 2022, interest at 5.5%. 18,100

Total Loans Payable \$ 31,440

Debt service requirements on long-term debt at December 31, 2017 are as follows:

Fair		
Year Ending December 31	Loans Payable	
	Principal	Interest
2018	\$ 6,401	\$ 1,742
2019	6,747	1,396
2020	7,124	1,020
2021	2,569	623
2022	8,599	480
Total	\$ 31,440	\$ 5,261

Dickey – Sargent Joint Water Resource District:

Changes in Long-Term Liabilities - During the year ended December 31, 2017, the following changes occurred in governmental long-term liabilities of the Dickey – Sargent Joint Water Resource District:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17	Due Within One Year
Joint Water Resource:					
Bonds Payable	\$ 5,045,000	\$ -	\$ 210,000	\$ 4,835,000	\$ 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%. \$ 3,520,000

\$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%. 1,315,000

Total Improvement Bonds Payable \$ 4,835,000

DICKEY COUNTY

Notes to the Financial Statements – Continued

Debt service requirements on long-term debt at December 31, 2017 are as follows:

Joint WRD						
Year Ending December 31	Series 2015A Bonds		Series 2015A Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 155,000	\$ 105,530	\$ 55,000	\$ 46,350	\$ 210,000	\$ 151,880
2019	160,000	102,928	60,000	44,280	220,000	147,208
2020	160,000	99,807	60,000	42,120	220,000	141,927
2021	165,000	96,230	60,000	39,960	225,000	136,190
2022	170,000	92,207	60,000	37,800	230,000	130,007
2023-2027	915,000	388,400	340,000	153,540	1,255,000	541,940
2028-2032	1,060,000	235,455	400,000	87,480	1,460,000	322,935
2033-2037	735,000	42,094	280,000	15,300	1,015,000	57,394
Total	\$ 3,520,000	\$ 1,162,651	\$ 1,315,000	\$ 466,830	\$ 4,835,000	\$ 1,629,481

Dickey Water Resource District:

Changes in Long-Term Liabilities - During the year ended December 31, 2017, the following changes occurred in governmental long-term liabilities of the Dickey County Water Resource District:

Water Resource:	Balance 1/1/17	Increases	Decreases	Balance 12/31/17	Due Within One Year
Bonds Payable	\$ -	\$ 1,355,000	\$ -	\$ 1,355,000	\$ 85,000

Bonds Payable:

\$1,355,000 of 2018 Refunding Improvement Bonds Payable, due in annual installments of \$80,000 to \$105,000 through 2032, interest at 1.3% to 3.0%.

\$ 1,355,000

Total Improvement Bonds Payable

\$ 1,355,000

Debt service requirements on long-term debt at December 31, 2017 are as follows:

Dickey WRD		
Year Ending December 31	Bonds Payable	
	Principal	Interest
2018	\$ 85,000	\$ 20,073
2019	80,000	29,005
2020	80,000	27,965
2021	85,000	26,925
2022	85,000	25,480
2023-2027	445,000	103,108
2028-2032	495,000	45,300
Total	\$ 1,355,000	\$ 277,856

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, 2017:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 95,644	\$ 380
County Road & Bridge	33,510	-
Social Services	5,732	60,000
Non-Major Funds		
State Funded Road Projects	-	33,130
Family Focus	60,000	-
Parent Aid	-	5,732
County Bond 2011	-	95,644
Total Transfers	\$ 194,886	\$ 194,886

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

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

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

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of nine 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, one member elected by the retired public employees and 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 for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

At December 31, 2017, the Employer reported a liability of \$2,771,259 for the County and \$301,969 for the Health District for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2017, the Employer's proportion for the County was .172414 percent, which was a decrease of .003627 percent from its proportion measured as of June 30, 2016. At June 30, 2017, the Employer's proportion for the Health District was .018787 percent, which was an increase of .004359 percent from its proportion measured as of June 30, 2016.

DICKEY COUNTY

Notes to the Financial Statements – Continued

For the year ended December 31, 2017 the Employer recognized pension expense of \$405,605 for the County and \$49,139 for the Health District. At December 31, 2017, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 16,472	\$ 13,502
Changes of Assumptions	1,136,403	62,505
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	37,271	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	10,218	56,929
Employer Contributions Subsequent to the Measurement Date	72,564	-
Total Primary Government	\$ 1,272,928	\$ 132,936

Component Unit - Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,795	\$ 1,471
Changes of Assumptions	123,828	6,811
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	4,061	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	28,037	8,656
Employer Contributions Subsequent to the Measurement Date	6,413	-
Total Health District	\$ 164,134	\$ 16,938

\$72,564 and \$6,413 for the County and Health District, respectively, are 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, 2018.

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

Primary Government	
2018	\$ 227,715
2019	278,856
2020	240,355
2021	207,936
2022	112,566
Thereafter	-

Health District	
2018	\$ 29,756
2019	35,328
2020	31,155
2021	28,873
2022	15,671
Thereafter	-

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	<div> <div>Service at Beginning of year:</div> <div> <div>0</div> <div>1</div> <div>2</div> </div> <div> <div>15.00%</div> <div>10.00%</div> <div>8.00%</div> </div> </div> <div> <div>Age*</div> <div> <div>Under 36</div> <div>36 – 40</div> <div>41 – 49</div> <div>50+</div> </div> <div> <div>8.00%</div> <div>7.50%</div> <div>6.00%</div> <div>5.00%</div> </div> </div> <div>* Age-based salary increase rates apply for employees with three or more years of service</div>
Investment rate of return	7.75%, 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 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%	-0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.44 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 (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Primary Government			
Proportionate Share of the Net Pension Liability	\$ 3,762,069	\$ 2,771,259	\$ 1,946,946

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Component Unit - Health District			
Proportionate Share of the Net Pension Liability	\$ 409,932	\$ 301,969	\$ 212,148

Pension plan fiduciary net position

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

NOTE 18: OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2017, the Employer reported a liability of \$128,692 for the County and \$14,023 for the Health District for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017 the Employer's proportion for the County was 0.162693 percent, which was an increase of 0.162693 percent. At June 30, 2017 the Employer's proportion for the Health District was 0.017728 percent, which was an increase of 0.017728 percent.

For the year ended December 31, 2017 the Employer recognized OPEB expense of \$15,640 and \$1,684 for the County and Health District respectively. At December 31, 2017 the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,139
Changes of Assumptions	12,465	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	4,866
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	815	-
Employer Contributions Subsequent to the Measurement Date	11,618	-
Total Primary Government	\$ 24,898	\$ 8,005

DICKEY COUNTY

Notes to the Financial Statements – Continued

Component Unit - Health District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 342
Changes of Assumptions	1,358	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	530
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	37
Employer Contributions Subsequent to the Measurement Date	1,027	-
Total Health District	\$ 2,385	\$ 909

\$11,618 and \$1,027 was reported for the County and Health District, respectively, as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2018.

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

Primary Government		Component Unit - Health District	
2018	\$ 371	2018	\$ 21
2019	371	2019	21
2020	371	2020	21
2021	371	2021	21
2022	1,588	2022	153
2023	1,588	2023	153
Thereafter	615	Thereafter	59

Actuarial assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.50%, 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 long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

Discount rate

The discount rate used to measure the total OPEB liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Primary Government			
Proportionate Share of the Net OPEB Liability	\$ 161,107	\$ 128,692	\$ 100,907
Component Unit - Health District			
Proportionate Share of the Net OPEB Liability	\$ 17,555	\$ 14,023	\$ 10,995

NOTE 19: 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 net pension and OPEB liabilities. See Notes 17 and 18 for more information.

NOTE 20: 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 \$2,720,853 for public assets (mobile equipment and portable property).

DICKEY COUNTY

Notes to the Financial Statements – Continued

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.

NOTE 21: PRIOR PERIOD ADJUSTMENT**Capital Asset Error – Asset Deletion:**

There were prior period adjustments for the period ending December 31, 2017 for Governmental Activities involving adjustments to the capital asset listing. A capital asset was deleted in the prior period but had not been removed from the list. Corresponding accumulated depreciation also needed to be removed.

Change in Accounting Principle – GASB 75 - OPEB:

Net position as of January 1, 2017 has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financing Reporting for Postemployment Benefit Plans Other than Pensions*.

The result of implementing GASB 75 reduced beginning net position for the governmental and business-type activities of the County, which consists of the net OPEB liability related to the North Dakota Public Employees Retirement System (NDPERS).

The effect of the prior period adjustments to beginning net position for the change in accounting principal, and for the capital asset errors for the County is as follows:

Dickey County – Primary Government:

Primary Government	Amounts
Beginning Net Position, as previously reported	\$ 15,691,705
Adjustments to restate the January 1, 2017 Net Position:	
Capital Asset Cost	2,496
Accumulated Depreciation	4,287
Net OPEB Liability	(129,179)
Net Position January 1, as restated	\$ 15,569,309

Dickey County Water Resource District:

There were prior period adjustments for the period ending December 31, 2017 for capital asset items as follows:

Water Resource District	Amounts
Beginning Net Position, as previously reported	\$ 474,509
Adjustments to restate the January 1, 2017 Net Position:	
Construction in Progress	(30,755)
Net Position January 1, as restated	\$ 443,754

DICKEY COUNTY

Notes to the Financial Statements – Continued

Dickey-Sargent Joint Water Resource District:

There were prior period adjustments for the period ending December 31, 2017 for uncertified special assessment items as follows:

Joint Water Resource District	Amounts
Beginning Net Position, as previously reported	\$ 5,340,931
Adjustments to restate the January 1, 2017 Net Position:	
Uncertified Specials Receivable	(178,527)
Net Position January 1, as restated	\$ 5,162,404

Dickey County Health District:

There were prior period adjustments for the period ending December 31, 2017 for the following items:

Dickey County Health District	Amounts
Beginning Net Position, as previously reported	\$ 136,023
Adjustments to restate the January 1, 2017 Net Position:	
Net OPEB Liability	(14,076)
Net Position January 1, as restated	\$ 121,947

Dickey County Fair:

There were prior period adjustments for the period ending December 31, 2017 for the following items:

Dickey County Fair	Amounts
Beginning Net Position, as previously reported	\$ 10,353
Adjustments to restate the January 1, 2017 Net Position:	
Loans Payable	2,629
Net Position January 1, as restated	\$ 12,982

NOTE 22: COMMITMENTS

Dickey County had the following commitments for construction contracts as of December 31, 2017:

Primary Government	Original Contract	Change Orders	Total Contract	Total Completed	Retainage	Remaining Balance
CNOB-CNOC - 1112 (069)	\$ 1,684,239	\$ 114,450	\$ 1,798,689	\$ 1,295,711	\$ -	\$ 502,978
CNOB-CNOC - 1112 (070)	2,732,084	31,242	2,763,326	2,551,179	138,166	350,313
Total Primary Government	\$ 4,416,323	\$ 145,692	\$ 4,562,015	\$ 3,846,890	\$ 138,166	\$ 853,291

Dickey County Water Resource District had the following commitments for construction contracts as of December 31, 2017:

Water Resource District	Original Contract	Change Orders	Total Contract	Total Completed	Retainage	Remaining Balance
Yorktown Maple Imp. Dist.	\$ 847,310	\$ -	\$ 847,310	\$ 769,185	\$ 42,366	\$ 120,491

NOTE 23: 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, 2017.

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

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%.

2017 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$38,845

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.

DICKEY COUNTY

Notes to the Financial Statements – Continued

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.

2017 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$12,358

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.

2017 Reduction in Taxes:

Total Program Reduction in County Only Taxes – \$901

Commercial and Residential:

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

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

DICKEY COUNTYNotes to the Financial Statements – Continued

2017 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$541

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.

2017 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$203

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2017

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,626,164	\$ 1,626,164	\$ 1,607,079	\$ (19,085)
Licenses, Permits and Fees	37,500	37,500	43,722	6,222
Intergovernmental	355,600	355,600	409,489	53,889
Charges for Services	118,192	118,192	113,800	(4,392)
Interest Income	9,000	9,000	19,885	10,885
Total Revenues	<u>\$ 2,146,456</u>	<u>\$ 2,146,456</u>	<u>\$ 2,193,975</u>	<u>\$ 47,519</u>
<u>Expenditures:</u>				
Current:				
General Government	\$ 1,770,044	\$ 1,770,044	\$ 1,484,813	\$ 285,231
Public Safety	562,943	562,943	438,139	124,804
Health and Welfare	400	400	400	-
Culture and Recreation	169,545	169,545	91,849	77,696
Debt Service:				
Principal	-	-	4,388	(4,388)
Interest & Fees	-	-	87	(87)
Total Expenditures	<u>\$ 2,502,932</u>	<u>\$ 2,502,932</u>	<u>\$ 2,019,676</u>	<u>\$ 483,256</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (356,476)</u>	<u>\$ (356,476)</u>	<u>\$ 174,299</u>	<u>\$ 530,775</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 83,272	\$ 83,272	\$ 95,644	\$ 12,372
Transfers Out	(500,000)	(500,000)	(380)	499,620
Total Other Financing Sources and Uses	<u>\$ (416,728)</u>	<u>\$ (416,728)</u>	<u>\$ 95,264</u>	<u>\$ 511,992</u>
Net Change in Fund Balances	<u>\$ (773,204)</u>	<u>\$ (773,204)</u>	<u>\$ 269,563</u>	<u>\$ 1,042,767</u>
Fund Balance - January 1	<u>\$ 1,354,992</u>	<u>\$ 1,354,992</u>	<u>\$ 1,354,992</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 581,788</u>	<u>\$ 581,788</u>	<u>1,624,555</u>	<u>\$ 1,042,767</u>

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, 2017

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 425,954	\$ 425,954
<u>Expenditures:</u>				
Current:				
Highways	\$ 500,000	\$ 1,118,580	\$ 1,118,580	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ (500,000)	\$ (1,118,580)	\$ (692,626)	\$ 425,954
<u>Other Financing Sources (Uses):</u>				
Bond Drawdown Proceeds	\$ -	\$ -	\$ 753,530	\$ 753,530
Transfer In	500,000	500,000	-	(500,000)
Total Other Financing Sources and Uses	\$ 500,000	\$ 500,000	\$ 753,530	\$ 253,530
Net Change in Fund Balances	\$ -	\$ (618,580)	\$ 60,904	\$ 679,484
Fund Balance - January 1	\$ 140,462	\$ 140,462	\$ 140,462	\$ -
Fund Balance - December 31	\$ 140,462	\$ (478,118)	\$ 201,366	\$ 679,484

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, 2017

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 766,623	\$ 766,623	\$ 743,641	\$ (22,982)
Intergovernmental	678,870	678,870	708,683	29,813
Charges for Services	150,000	150,000	381,491	231,491
Miscellaneous	-	-	603	603
Total Revenues	\$ 1,595,493	\$ 1,595,493	\$ 1,834,418	\$ 238,925
<u>Expenditures:</u>				
Current:				
Highways	\$ 2,188,614	\$ 2,188,614	\$ 1,575,005	\$ 613,609
Debt Service:				
Principal	-	-	70,927	(70,927)
Interest	-	-	7,844	(7,844)
Total Expenditures	\$ 2,188,614	\$ 2,188,614	\$ 1,653,776	\$ 534,838
Excess (Deficiency) of Revenues Over Expenditures	\$ (593,121)	\$ (593,121)	\$ 180,642	\$ 773,763
<u>Other Financing Sources (Uses):</u>				
Transfer In	\$ -	\$ -	\$ 33,510	\$ 33,510
Bond Drawdown Proceeds	-	-	30,000	30,000
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 63,510	\$ 63,510
Net Change in Fund Balances	\$ (593,121)	\$ (593,121)	\$ 244,152	\$ 837,273
Fund Balance - January 1	\$ 1,092,304	\$ 1,092,304	\$ 1,092,304	\$ -
Fund Balance - December 31	\$ 499,183	\$ 499,183	\$ 1,336,456	\$ 837,273

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, 2017

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 463,905	\$ 463,905	\$ 447,355	\$ (16,550)
Intergovernmental	247,900	247,900	221,897	(26,003)
License, Permits and Fees	495	495	455	(40)
Miscellaneous	-	-	745	745
Total Revenues	\$ 712,300	\$ 712,300	\$ 670,452	\$ (41,848)
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 735,227	\$ 735,227	\$ 751,388	\$ (16,161)
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,927)	\$ (22,927)	\$ (80,936)	\$ (58,009)
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 15,000	\$ 15,000	\$ 5,732	\$ (9,268)
Transfers Out	(90,000)	(90,000)	(60,000)	30,000
Total Other Financing Sources and Uses	\$ (75,000)	\$ (75,000)	\$ (54,268)	\$ 20,732
Net Change in Fund Balances	\$ (97,927)	\$ (97,927)	\$ (135,204)	\$ (37,277)
Fund Balance - January 1	\$ 228,147	\$ 228,147	\$ 228,147	\$ -
Fund Balance - December 31	\$ 130,220	\$ 130,220	\$ 92,943	\$ (37,277)

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, 2017

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
Fund Balance - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balance - December 31	\$ -	\$ -	\$ -	\$ -

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

DICKEY COUNTY
Ellendale, North Dakota

PENSION & OPEB SCHEDULES
For the Year Ended December 31, 2017

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

County:	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.172414%	0.176041%	0.174130%	0.185246%
District's proportionate share of the net pension liability (asset)	\$ 2,771,559	\$ 1,715,691	\$ 1,184,054	\$ 1,175,796
District's covered-employee payroll	\$ 1,760,080	\$ 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	157.47%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%	77.70%

Health District:	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.018787%	0.014428%	0.014590%	0.016663%
District's proportionate share of the net pension liability (asset)	\$ 301,969	\$ 140,615	\$ 99,210	\$ 122,325
District's covered-employee payroll	\$ 191,790	\$ 145,399	\$ 129,979	\$ 140,364
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.71%	76.33%	87.15%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	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***

County:	2017	2016	2015	2014
Statutorily required contribution	\$ 127,627	\$ 128,440	\$ 117,833	\$ 111,106
Contributions in relation to the statutorily required contribution	\$ 133,674	\$ 129,909	\$ 122,862	\$ 111,106
Contribution deficiency (excess)	\$ (6,047)	\$ (1,469)	\$ (5,029)	\$ -
District's covered-employee payroll	\$ 1,760,080	\$ 1,774,076	\$ 1,551,286	\$ 1,560,478
Contributions as a percentage of covered-employee payroll	7.59%	7.32%	7.92%	7.12%

DICKEY COUNTY

Pension & OPEB Schedules - Continued

Health District:	2017	2016	2015	2014
Statutorily required contribution	\$ 13,907	\$ 10,527	\$ 9,873	\$ 9,994
Contributions in relation to the statutorily required contribution	\$ 13,655	\$ 10,352	\$ 9,610	\$ 9,994
Contribution deficiency (excess)	\$ 252	\$ 175	\$ 263	-
District's covered-employee payroll	\$ 191,790	\$ 145,399	\$ 129,979	\$ 140,364
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.39%	7.12%

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

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

County - ND PERS - OPEB	2017
County's proportion of the net OPEB liability (asset)	0.162693%
County's proportionate share of the net OPEB liability (asset)	\$ 128,692
County's covered-employee payroll	\$ 1,760,080
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%

Health District - ND PERS - OPEB	2017
District's proportion of the net OPEB liability (asset)	0.017728%
District's proportionate share of the net OPEB liability (asset)	\$ 14,023
District's covered-employee payroll	\$ 191,790
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%

*Complete data for this schedule is not available prior to 2017.

DICKEY COUNTYPension & OPEB Schedules - Continued

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

County - ND PERS - OPEB	2017
Statutory required contribution	\$ 20,460
Contributions in relation to the statutory required contribution	\$ 21,403
Contribution deficiency (excess)	\$ 943
District's covered-employee payroll	\$ 1,760,080
Contributions as a percentage of covered-employee payroll	1.22%

Health District - ND PERS - OPEB	2017
Statutory required contribution	\$ 2,229
Contributions in relation to the statutory required contribution	\$ 2,186
Contribution deficiency (excess)	\$ 43
District's covered-employee payroll	\$ 191,790
Contributions as a percentage of covered-employee payroll	1.14%

*Complete data for this schedule is not available prior to 2017.

DICKEY COUNTY
Ellendale, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

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, 2017 as follows:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Special Revenue Funds:			
State Funded Road Projects	\$ 500,000	\$ 618,580	\$ 1,118,580

DICKEY COUNTYNotes to the Required Supplementary Information - Continued

NOTE 3: OVERSPENT FUND

The following fund was overspent for the year ended December 31, 2017 as follows:

Fund	EXPENDITURES		
	Budgeted Amount	Spent	Overspent Amount
Special Revenue Fund - Major:			
Social Services	\$ 735,227	\$ 751,388	\$ 16,161

No remedial action is required or anticipated regarding the overspent fund.

NOTE 4: PENSIONS – CHANGES OF ASSUMPTIONSNorth Dakota Public Employees Retirement System:

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2017. 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, 2017

	Balance 1-1-17	Receipts	Transfers In	Debt Issuances	Transfers Out	Disbursements	Balance 12-31-17
<u>Primary Government:</u>							
General Fund	\$ 1,280,447.67	\$ 2,161,751.70	\$ 95,644.15	\$ -	\$ 380.00	\$ 2,019,676.00	\$ 1,517,787.52
<u>Major Funds (other than General):</u>							
State No Match Road Fund	\$ 84,449.25	\$ 406,147.00	\$ -	\$ 753,529.60	\$ -	\$ 1,118,579.62	\$ 125,546.23
County Road and Bridge	1,017,380.26	1,827,181.90	33,510.13	30,000.00	-	1,653,775.33	1,254,296.96
Social Services	198,943.11	674,651.87	5,731.57	-	60,000.00	751,387.69	67,938.86
FEMA	257,062.97	-	-	-	-	-	257,062.97
Total Major Funds	\$ 2,838,283.26	\$ 5,069,732.47	\$ 134,885.85	\$ 783,529.60	\$ 60,380.00	\$ 5,543,418.64	\$ 3,222,632.54
<u>Special Revenue Funds:</u>							
State Funded Road Projects	\$ 33,077.16	\$ 52.97	\$ -	\$ -	\$ 33,130.13	\$ -	\$ -
Family Focus	3,865.03	44,261.72	60,000.00	-	-	94,821.69	13,305.06
Parent Aid	5,731.57	-	-	-	5,731.57	-	-
Designated Funds	1,684.84	-	-	-	-	823.13	861.71
24-7	1,268.00	3,925.00	-	-	-	3,558.20	1,634.80
Horizons	1,517.27	-	-	-	-	60.00	1,457.27
Emergency Fund	457,983.95	19,474.14	-	-	-	-	477,458.09
Capital Projects	146,476.88	149,124.43	-	-	-	269,217.00	26,384.31
Veterans Service Officer	8,750.94	53,309.62	-	-	-	50,058.16	12,002.40
County Agent	863.42	102,351.75	-	-	-	99,299.74	3,915.43
Weed Control	72,860.14	171,332.79	-	-	-	173,494.96	70,697.97
911	42,511.12	113,657.72	-	-	-	100,447.89	55,720.95
Hazard	1,056.05	1,075.00	-	-	-	516.26	1,614.79
Grants	540.06	103,531.45	-	-	-	103,531.45	540.06
Document Preservation	27,012.49	8,388.75	-	-	-	897.50	34,503.74
Extension	16.45	1,366.75	-	-	-	1,018.37	364.83
Land Rental and Sale	11,455.54	-	-	-	-	-	11,455.54
Total Special Revenue Funds	\$ 816,670.91	\$ 771,852.09	\$ 60,000.00	\$ -	\$ 38,861.70	\$ 897,744.35	\$ 711,916.95
<u>Debt Service Fund:</u>							
Special Assessment	\$ 1,140.99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,140.99
County Bond 2011	90,486.93	6,003.50	-	-	95,644.15	-	846.28
Total Debt Service Funds	\$ 91,627.92	\$ 6,003.50	\$ -	\$ -	\$ 95,644.15	\$ -	\$ 1,987.27
<u>Capitol Projects Fund:</u>							
Total Non-Major Funds	\$ 908,298.83	\$ 777,855.59	\$ 60,000.00	\$ -	\$ 134,505.85	\$ 897,744.35	\$ 713,904.22
Total Governmental Funds	\$ 3,746,582.09	\$ 5,847,588.06	\$ 194,885.85	\$ 783,529.60	\$ 194,885.85	\$ 6,441,162.99	\$ 3,936,536.76
<u>Agency Funds:</u>							
State Tax	\$ 10,485.01	\$ 39,847.49	\$ -	\$ -	\$ -	\$ 37,702.43	\$ 12,630.07
County Ambulance	718.21	140,742.86	-	-	-	141,048.03	413.04
County Airport	188.66	34,299.38	-	-	-	34,381.95	106.09
Senior Citizens	317.94	72,188.83	-	-	-	72,388.73	118.04
County Historical Society	5,408.16	10,050.25	-	-	-	13,057.84	2,400.57
Water Conservancy - Garrison	10,485.01	43,567.59	-	-	-	41,422.53	12,630.07
Soil Conservation Service	10,397.22	44,047.76	-	-	-	39,812.68	14,632.30
Kedish House	-	3,924.19	-	-	-	3,924.19	-
Taxes Paid Under Protest	3,855.13	-	-	-	-	3,855.13	-
Cancer Insurance	-	40,630.39	-	-	-	40,630.31	0.08
Blue Cross Blue Shield	6,566.84	627,612.59	-	-	-	625,583.86	8,595.57
Income Tax Withholding	-	195,300.85	-	-	-	195,300.85	-
Life Insurance	582.14	7,094.01	-	-	-	7,055.41	620.74
Retirement	0.03	312,164.52	-	-	-	312,164.60	(0.05)
Dues/Garnishments	-	3,494.22	-	-	-	3,494.22	-

Continued on next page....

DICKEY COUNTY
Ellendale, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT BASIS
For the Year Ended December 31, 2017

	Balance 1-1-17	Receipts	Transfers In	Debt Issuances	Transfers Out	Disbursements	Balance 12-31-17
CONTINUED...							
<u>Agency Funds (Cont'd):</u>							
Deferred Comp.	\$ -	\$ 62,394.74	\$ -	\$ -	\$ -	\$ 62,394.74	\$ -
Mobile Home	18,245.37	16,977.34	-	-	-	18,193.93	17,028.78
Flex	5,233.59	41,461.92	-	-	-	47,736.55	(1,041.04)
Dental/Vision	0.01	21,644.08	-	-	-	21,643.99	0.10
State Game and Fish	3,049.50	-	-	-	-	3,049.50	-
District Court Special	73,991.93	108,881.59	-	-	-	111,032.03	71,841.49
Total Cities, Parks and Townships	371,059.54	2,545,950.28	-	-	-	2,440,193.45	476,816.37
Total Rural Fire Protection District	32,383.79	129,882.58	-	-	-	121,452.57	40,813.80
Total School Districts	947,481.49	3,628,115.00	-	-	-	3,440,262.83	1,135,333.66
Total Agency Funds	\$ 1,500,449.57	\$ 8,130,272.46	\$ -	\$ -	\$ -	\$ 7,837,782.35	\$ 1,792,939.68
Total Primary Government	\$ 5,247,031.66	\$ 13,977,860.52	\$ 194,885.85	\$ 783,529.60	\$ 194,885.85	\$ 14,278,945.34	\$ 5,729,476.44
<u>Component Units:</u>							
County Water Resource District:							
General	\$ 258,561.85	\$ 102,992.85	\$ -	\$ -	\$ -	\$ 225,040.44	\$ 136,514.26
Yorktown Maple Improvement Dist.	-	34,696.35	-	1,338,425.00	-	756,432.14	616,689.21
Riverdale Improvement District	41.07	-	-	-	-	-	41.07
Drain #1	21,303.51	10,299.10	-	-	-	15,292.59	16,310.02
Oakes Pilot Drain	40,350.48	2,948.85	-	-	-	11,584.84	31,714.49
Yorktown Maple Project Bond	-	9,844.53	-	-	-	-	9,844.53
Total County Water Resource Dist.	\$ 320,256.91	\$ 160,781.68	\$ -	\$ 1,338,425.00	\$ -	\$ 1,008,350.01	\$ 811,113.58
Joint Water Resource District:							
Jackson Improvement District	\$ 366,768.65	\$ 1,179,244.56	\$ -	\$ -	\$ -	\$ 991,478.10	\$ 554,535.11
Jackson Township Drain Bond	924,076.93	827,365.59	-	-	-	368,354.25	1,383,088.27
Total Joint Water Resource Dist.	\$ 1,290,845.58	\$ 2,006,610.15	\$ -	\$ -	\$ -	\$ 1,359,832.35	\$ 1,937,623.38
Job Development Authority	\$ 213,670.70	\$ 63,767.94	\$ -	\$ -	\$ -	\$ 46,159.18	\$ 231,279.46
Health District	130,124.46	463,747.93	-	-	-	455,066.24	138,806.15
County Fair	33,617.33	103,544.46	-	18,000.00	-	117,308.78	37,853.01
Total Component Units	\$ 1,988,514.98	\$ 2,798,452.16	\$ -	\$ 1,356,425.00	\$ -	\$ 2,986,716.56	\$ 3,156,675.58
Total Reporting Entity	\$ 7,235,546.64	\$ 16,776,312.68	\$ 194,885.85	\$ 2,139,954.60	\$ 194,885.85	\$ 17,265,661.90	\$ 8,886,152.02

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division:

FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252

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, 2017, and the related notes to the financial statements, which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated May 31, 2018.

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
May 31, 2018

DICKEY COUNTY
Ellendale, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?

Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X None noted

Significant deficiencies identified not considered to be
material weaknesses? _____ Yes X None noted

Noncompliance material to financial statements
noted? _____ Yes X None noted

Section II - Financial Statement Findings

No matters reported.

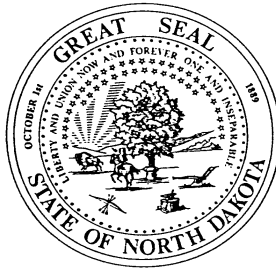
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Division of Local Government Audit

Office of the State Auditor
600 East Boulevard Avenue – Department 117
Bismarck, ND 58505-0060

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Dickey County

Ellendale, North Dakota

Management's Letter

For the Year Ended December 31, 2017

JOSHUA C. GALLION
STATE AUDITOR

Office of the State Auditor
Division of Local Government

STATE AUDITOR

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

Board of County Commissioners
Dickey County
Ellendale, North Dakota

We have audited 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, and the respective changes in financial position for the year ended December 31, 2017 which collectively comprise the County's basic financial statements and have issued our report thereon dated May 31, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and The Uniform Guidance

As stated in our engagement letter dated April 5, 2018, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

In planning and performing our audit, we considered Dickey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting.

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 and other matters, 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.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Dickey County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2017. GASB Statement 75 (Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pensions) was adopted during the year ended December 31, 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedules below titled "Audit Adjustments" lists all misstatements detected as a result of audit procedures were corrected by management.

AUDIT ADJUSTMENTS - PRIMARY GOVERNMENT

Intergovernmental Receivable	\$	320,459	
Accounts Receivable		13,368	
Revenue			\$ 333,827
Revenue		257,063	
Grants Received in Advance			257,063

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 31, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the county's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and management of Dickey County, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Dickey County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Dickey County.

/s/
Joshua C. Gallion
State Auditor

Fargo, North Dakota
May 31, 2018