

**GOLDEN VALLEY COUNTY  
BEACH, NORTH DAKOTA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**JAMES J. WOSEPKA, PC  
CERTIFIED PUBLIC ACCOUNTANT  
BEACH, NORTH DAKOTA**

**GOLDEN VALLEY COUNTY  
BEACH, NORTH DAKOTA  
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## James J. Wosepka, PC – Certified Public Accountant

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### INDEPENDENT AUDITOR'S REPORT

To the County Commissioners  
Golden Valley County  
Beach, North Dakota 58621

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County, Beach, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County, Beach, North Dakota, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (omitted) and budgetary comparison information on pages 20 - 26 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.

Management omitted the management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Valley County, Beach, North Dakota's basic financial statements. The budgetary comparison schedules for non-major special revenue funds, non-major debt service funds, and the schedule of revenue, expenditures, and changes in fund balance – social services are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost*


*Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison schedules for non-major special revenue funds, non-major debt service funds, and the schedule of revenue, expenditures, and changes in fund balance – social services and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 budgetary comparison schedules for non-major special revenue funds, non-major debt service funds, and the schedule of revenue, expenditures, and changes in fund balance – social services and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2017, on our consideration of Golden Valley County, Beach, North Dakota'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 Golden Valley County, Beach, North Dakota's internal control over financial reporting and compliance.

August 7, 2017  
Beach, North Dakota

James J. Wosepka, PC  
By  CMA

**GOLDEN VALLEY COUNTY  
STATEMENT OF NET POSITION  
December 31, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,534,876
Taxes/assessments receivable	11,146
Accounts receivable	62,016
Due from other governments	817,610
Inventories	1,234,517
Capital assets not being depreciated	
Land	23,435
Capital assets being depreciated (net of accumulated depreciation)	2,512,791
	<b>10,196,391</b>
<b>Total Assets</b>	<b>10,196,391</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	37,706
Noncurrent liabilities:	
Due within one year	5,000
Due in more than one year	140,568
	<b>183,274</b>
<b>Total Liabilities</b>	<b>183,274</b>
<b>NET POSITION</b>	
Net investment in capital assets	2,536,226
Restricted for:	
Road Projects	3,723,598
Unrestricted	3,753,293
	<b>10,013,117</b>
<b>Total Net Position</b>	<b>\$ 10,013,117</b>

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for				Primary Government
	Expenses	Services, Fines, Forfeitures, etc.	Grants and Contributions		
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 951,469	\$ 26,641	\$ -	\$ (924,828)	
Public safety	549,049	115,230	6,196	(427,623)	
Public works	4,403,462	230,528	-	(4,172,934)	
Public health	6,000	-	-	(6,000)	
Social and economic services	467,525	-	3,207	(464,318)	
Culture and recreation	90,996	-	-	(90,996)	
Conservation of Natural Resources	319,573	110,757	-	(208,816)	
Interest on long-term debt	-	-	-	-	
Miscellaneous	25,611	-	-	(25,611)	
Unallocated costs	46,903	-	-	(46,903)	
<b>Total governmental activities</b>	<b>6,860,588</b>	<b>483,156</b>	<b>9,403</b>	<b>(6,368,029)</b>	
<b>Total primary government</b>	<b>\$ 6,860,588</b>	<b>\$ 483,156</b>	<b>\$ 9,403</b>	<b>(6,368,029)</b>	
General revenues:					
Property taxes				565,699	
Licenses and permits				62,722	
Unrestricted Federal/State shared revenues				4,931,309	
Unrestricted investment earnings				24,170	
Miscellaneous				161,316	
<b>Total general revenues and transfers</b>				<u>5,745,216</u>	
Change in net position				(622,813)	
Total net position - January 1, 2016				10,635,930	
Total net position - December 31, 2016				<u>\$ 10,013,117</u>	

See accompanying notes to financial statements.



**GOLDEN VALLEY COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

Description	Major Funds							Total Governmental Funds
	General	Road Reserve	Highway Tax	Special County Road	Road & Bridge	Other Governmental Funds		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,244,671	\$ 2,712,540	\$ 336,017	\$ 255,507	\$ 42,849	\$ 943,292	\$ 5,534,876	
Tax/assessment receivable	2,954	-	-	-	2,427	5,765	11,146	
Accounts receivable	62,016	-	-	-	-	-	62,016	
Due from other governments	-	-	-	-	804,022	13,588	817,610	
Inventories	-	-	1,172,788	61,729	-	-	1,234,517	
<b>Total Assets</b>	<b>\$ 1,309,641</b>	<b>\$ 2,712,540</b>	<b>\$ 1,508,805</b>	<b>\$ 317,236</b>	<b>\$ 849,298</b>	<b>\$ 962,645</b>	<b>\$ 7,660,165</b>	
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 37,706	\$ -	\$ 37,706	
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,706</b>	<b>-</b>	<b>37,706</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - property taxes	2,954	-	-	-	2,427	5,765	11,146	
<b>Total Deferred Inflows of Resources</b>	<b>2,954</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,427</b>	<b>5,765</b>	<b>11,146</b>	
<b>FUND BALANCES</b>								
Non-spendable	-	-	1,172,788	61,729	-	-	1,234,517	
Restricted	-	1,897,557	336,017	255,507	-	-	2,489,081	
Committed	-	-	-	-	809,165	402,546	1,211,711	
Assigned	-	814,983	-	-	-	554,334	1,369,317	
Unassigned	1,306,687	-	-	-	-	-	1,306,687	
<b>Total fund balances</b>	<b>1,306,687</b>	<b>2,712,540</b>	<b>1,508,805</b>	<b>317,236</b>	<b>809,165</b>	<b>956,880</b>	<b>7,611,313</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,309,641</b>	<b>\$ 2,712,540</b>	<b>\$ 1,508,805</b>	<b>\$ 317,236</b>	<b>\$ 849,298</b>	<b>\$ 962,645</b>		

Amounts reported for governmental activities in the statement of net position is different because:

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

Certain property tax collections are not available to pay current-period expenditures and therefore are reported as deferred inflows of resources in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

**Total Net Position - Governmental Funds**

**\$ 10,013,117**

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**(GOVERNMENTAL FUNDS)**  
**FISCAL YEAR ENDED DECEMBER 31, 2016**

Description	Major Funds							Total Governmental Funds
	General	Road Reserve	Highway Tax	Special County Road	Road & Bridge	Other Governmental Funds	Total Governmental Funds	
<b>REVENUES</b>								
Taxes/assessments	\$ 141,153	\$ -	\$ -	\$ -	\$ 118,223	\$ 303,563	\$ 562,939	
Licenses and permits	62,722	-	-	-	-	-	62,722	
Intergovernmental revenues	909,486	1,534,902	231,434	230,528	1,844,299	420,591	5,171,240	
Charges for services	137,845	-	-	-	-	114,783	252,628	
Miscellaneous	27,505	-	50	46,495	59,764	27,502	161,316	
Investment and royalty earnings	24,163	-	-	-	-	7	24,170	
<b>Total Revenues</b>	<b>1,302,874</b>	<b>1,534,902</b>	<b>231,484</b>	<b>277,023</b>	<b>2,022,286</b>	<b>866,446</b>	<b>6,235,015</b>	
<b>EXPENDITURES</b>								
Current:								
General government	953,483	-	-	-	-	257	953,740	
Public safety	469,012	-	-	-	-	33,960	502,972	
Public works	24,669	230,235	736,900	576,652	2,416,782	197,603	4,182,841	
Public health	6,000	-	-	-	-	-	6,000	
Social and economic services	-	-	-	-	-	467,525	467,525	
Culture and recreation	35,106	-	-	-	-	54,657	89,763	
Conservation of natural resources	37,080	-	-	-	-	256,924	294,004	
Debt Service:								
Principal	-	-	-	46,115	-	-	46,115	
Interest	-	-	-	2,361	-	-	2,361	
Capital outlay	-	-	-	56,097	-	56,732	112,829	
Miscellaneous	-	-	-	-	-	-	-	
<b>Total Expenditures</b>	<b>1,525,350</b>	<b>230,235</b>	<b>736,900</b>	<b>681,225</b>	<b>2,416,782</b>	<b>1,067,658</b>	<b>6,658,150</b>	
<b>Excess of revenues (under) expenditures</b>	<b>(222,476)</b>	<b>1,304,667</b>	<b>(505,416)</b>	<b>(404,202)</b>	<b>(394,496)</b>	<b>(201,212)</b>	<b>(423,135)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	71,953	-	-	30,000	1,671,144	291,573	2,064,670	
Transfers out	(37,573)	(1,671,144)	-	-	-	(355,953)	(2,064,670)	
<b>Total other financing sources (uses)</b>	<b>34,380</b>	<b>(1,671,144)</b>	<b>-</b>	<b>30,000</b>	<b>1,671,144</b>	<b>(64,380)</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(188,096)</b>	<b>(366,477)</b>	<b>(505,416)</b>	<b>(374,202)</b>	<b>1,276,648</b>	<b>(265,592)</b>	<b>(423,135)</b>	
<b>Fund balances - January 1, 2016</b>	<b>1,494,783</b>	<b>3,079,017</b>	<b>2,014,221</b>	<b>691,438</b>	<b>(467,483)</b>	<b>1,222,472</b>	<b>8,034,448</b>	
<b>Fund balances - December 31, 2016</b>	<b>\$ 1,306,687</b>	<b>\$ 2,712,540</b>	<b>\$ 1,508,805</b>	<b>\$ 317,236</b>	<b>\$ 809,165</b>	<b>\$ 956,880</b>	<b>\$ 7,611,313</b>	

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED DECEMBER 31, 2016**

<b>Net change in fund balances - total governmental funds (page 8)</b>	<u>\$ (423,135)</u>
Amounts reported for governmental activities in the statement of activities (page 5) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	<u>87,218</u>
Depreciation expense	<u>(338,513)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable property taxes	<u>2,760</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:	
Loan principal payments	<u>46,155</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Accrued compensated absences	<u>2,702</u>
<b>Change in Net Position in Governmental Activities</b>	<u><u>\$ (622,813)</u></u>

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
December 31, 2016**

	<b>Agency Funds</b>
<b>Description</b>	<b>Agency Composite</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,465,240
<b>Total Assets</b>	<b>\$ 1,465,240</b>
 <b>LIABILITIES</b>	
Warrants payable	\$ 807,096
Due to other governments	658,144
<b>Total Liabilities</b>	<b>\$ 1,465,240</b>

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. Summary of Significant Accounting Policies**

The accounting policies of Golden Valley County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**Reporting Entity**

The County is governed by an elected three-member Board of County Commissioners and is considered a legally independent separate governmental organization able to sue or be sued, buy, sell, or lease property, approve or modify their budget, set its own taxes or rates, and issue bonded debt.

The primary government ("County") is financially accountable for a component unit if it appoints a voting majority of the unit's governing body and if it has the ability to impose its' will on the component unit or if there is an affirmative potential financial benefit or burden. The County has no component units.

School districts and other independent taxing units are reflected only in the combined balance sheet as agency funds since the County is responsible, by law, for the collection of taxes and/or the maintenance of cash funds for these entities.

**Basic Financial Statements**

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the County as a whole, excluding fiduciary activities. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported in the financial statements. All activities are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The Government-wide Statement of Net Position reports all financial and capital resources of the County, excluding fiduciary funds. It is displayed in a format of assets less liabilities equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

1. **Summary of Significant Accounting Policies – cont.**

Restricted net position is those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position, not otherwise classified as restricted, is shown as unrestricted. Generally, the County would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the County are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use, or directly benefit from goods, services, or privileges provided by a particular function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income, and other revenues, not identifiable with particular functions or programs, are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The County reports the following major governmental funds:

General Fund – This fund reports the primary fund of the County. This fund is used to account for all financial resources not reported in other funds.

Road Reserve - Board sets aside for future road projects. Revenue is from BLM mineral payments and moneys transferred.

Highway Tax – This fund is used to provide funds for road projects.

Road & Bridge – This fund is used for major road projects.

Special County Road – This fund is used to fund a majority of the road department.

1. **Summary of Significant Accounting Policies – cont.**

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees, and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits, penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as an other financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the County's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

**Capital Assets**

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, curbs, etc.) are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are defined by the County as assets with an initial cost of more than \$5,000 with a useful life of one year or more.

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.

1. **Summary of Significant Accounting Policies – cont.**  
**Capital Assets – cont.**

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.

Property, plant, and equipment of the primary government as well as the component units are depreciated using the straight line method over the following estimated useful lives:

	<u>Assets</u>	<u>Years</u>
Buildings		25 - 50
Vehicles		10 - 15
Equipment other than vehicles		10 - 20

No provision is being made to capitalize interest on debt to finance construction of assets.

**Taxes and Assessments**

An allowance for uncollectible accounts was not maintained for real and personal property taxes receivable. The direct write-off method is used for these accounts.

**Inventory**

Inventory is recorded at cost basis. The cost is recorded as an expenditure at the time an item is consumed or used, rather than when purchased. The inventory is reflected as non-spendable in the Highway Tax and Special County Road Funds and is, therefore, unavailable for appropriation. The County's inventory consisted of gravel, culverts, bridges, and signs.

**Compensated Absences**

The County's policy on vacation days is that an employee earns vacation days during each 12 month period beginning with the anniversary date of employment. Employees are allowed to accrue and carry forward into the next year a maximum of 240 hours or 30 days of vacation. Upon termination of employment, employees will be paid for vacation benefits that have accrued through the last day of work up to a limit of 240 hours or 30 days.

Sick leave is also accrued with a maximum of 45 days, 15 of which may be paid upon termination.

As of December 31, 2016, accrued vacation and sick leave approximated \$145,568. The amount applicable to the General Fund was \$56,693 and to the Special Revenue Funds was \$88,875.

**Encumbrances**

Encumbrance accounting is used for the General Fund and Special Revenue Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.



1. **Summary of Significant Accounting Policies – cont.**

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Interfund Transactions**

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated in the government-wide financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Fund Balances – Governmental Funds**

As of December 31, 2016, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

1. Summary of Significant Accounting Policies – cont.  
Fund Balances – Governmental Funds – cont.

Committed – amounts that can be used only for specific purposes determined by formal action of the County Commission. The County Commission is the highest level of decision making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the County Commission.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the County's adopted policy, only the County Commission may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County Commission has provided otherwise in its commitment or assignment actions.

	General	Special County Road	Road Reserve	Highway Tax	Road & Bridge	Other Gov. Funds	Total Gov. Funds
<b>FUND BALANCES</b>							
<b>Nonspendable</b>							
Inventory	\$ -	\$ 61,729	\$ -	\$ 1,172,788	\$ -	\$ -	\$ 1,234,517
<b>Restricted for:</b>							
Public Works	-	255,507	1,897,557	336,017	-	-	2,489,081
<b>Committed to:</b>							
Public Works	-	-	-	-	809,165	51,461	860,626
Conservation	-	-	-	-	-	112,296	112,296
General Government	-	-	-	-	-	909	909
Public Safety	-	-	-	-	-	120,213	120,213
Social & Economic	-	-	-	-	-	117,667	117,667
<b>Assigned for:</b>							
General Government	-	-	-	-	-	13,407	13,407
Public Safety	-	-	-	-	-	6,335	6,335
Public Works	-	-	814,983	-	-	14,862	829,845
Social & Economic	-	-	-	-	-	42,206	42,206
Capital Outlay	-	-	-	-	-	477,524	477,524
<b>Unassigned:</b>	1,306,687	-	-	-	-	-	1,306,687
<b>Total Fund Balance:</b>	\$ <u>1,306,687</u>	\$ <u>317,236</u>	\$ <u>2,712,540</u>	\$ <u>1,508,805</u>	\$ <u>809,165</u>	\$ <u>956,880</u>	\$ <u>7,611,313</u>

2. **Cash and Cash Equivalents**

The County maintains a cash pool for all funds under the control of the County Treasurer.

Cash includes cash and cash equivalents of checking and savings deposits.

The composition of cash and cash equivalents on December 31, 2016 was as follows:

<u>Cash</u>	
Cash in Banks	
Demand and Savings Deposits	\$ 7,000,116
Total	<u>\$ 7,000,116</u>

Deposits - At year-end, the carrying amount of the County's deposits was \$7,000,116 and the bank balance was \$6,090,426. These deposits include demand and savings deposits. Of the bank balance, \$955,035 was covered by Federal Depository Insurance, the balance \$5,135,391 was covered by pledged securities, in the name of the County.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party.

North Dakota statutes require that the County obtain pledged securities for the uninsured portion of the deposits equal to 110% of such deposits. The amount of collateral held for County deposits at December 31, 2016 exceeded the amount required by State statutes.

State statutes authorize political subdivisions to invest in: 1) Bonds, treasury bills, and notes or other securities that are a direct obligation of, or an obligation insured or guaranteed by the Treasury of the United States or its agencies, instrumentalities or organizations created by an act of Congress; 2) Securities sold under agreements to repurchase written by a financial institution which the underlying securities for the agreement to repurchase are of the type listed above; 3) Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation or the state; 4) Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the Federal Deposit Insurance Corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the Commissioner of Financial Institutions; 5) State and local securities; 6) Commercial paper issued by a United States corporation rated in the highest category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

3. **Taxes Receivable**

Taxes receivable consists of delinquent uncollected taxes at December 31.

Property tax revenue is recognized in compliance with the National Council on Government Accounting (NCGA) Interpretation 3, "Revenue Recognition-Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. Available means then due, or past due and receivable within

3. **Taxes Receivable – cont.**

the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Since no material taxes are collected within the time period, taxes receivable are recorded as deferred revenue.

Property taxes attach as an enforceable lien on property on January 1. A 5% reduction is allowed if paid by February 15th. Penalty and interest are added March 1<sup>st</sup>, unless the first half of the taxes has been paid. Additional penalties are added October 15th if not paid.

4. **Unavailable Revenues**

Unavailable revenue consists of amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

5. **Risk Management**

The County participates in the North Dakota Insurance Reserve Fund, North Dakota Fire and Tornado Fund, and the North Dakota Worker's Compensation Bureau to control their risk of loss. There have been no settled claims that exceeded the insurance coverage in any of the past three fiscal years.

6. **Retirement Plan**

The County has a pension plan available to all employees whose gross wages are at least \$5,000. The County matches up to 3% of the employee's contribution. The County's contribution to the plan for the year ended December 31, 2015 was \$34,576 and December 31, 2016 was \$30,201.

7. **Long Term Debt**

The County had entered into a lease agreement to finance the acquisition of a Bobcat on November 23, 2015. The County paid off the balance of the lease during 2016 from the Special County Road Fund, including \$2,361 of interest.

The following is a summary of the total Compensated Absences for the fiscal year ended December 31, 2016:

<u>Compensated Absences</u>			
<u>12/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2016</u>
\$ <u>148,270</u>	\$ <u>-</u>	\$ <u>2,701</u>	\$ <u>145,569</u>

**8. Capital Assets**

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 23,435	\$ -	\$ -	\$ 23,435
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>23,435</u>	<u>-</u>	<u>-</u>	<u>23,435</u>
Capital assets being depreciated				
Buildings	2,146,051	-	-	2,146,051
Machinery and equipment	2,630,710	99,324	16,762	2,713,272
Improvements other than buildings	23,550	-	-	23,550
Total capital assets being depreciated	<u>4,800,311</u>	<u>99,324</u>	<u>16,762</u>	<u>4,882,873</u>
Less accumulated depreciation for:				
Buildings	(427,088)	(51,121)	-	(478,209)
Machinery and equipment	(1,600,599)	(286,214)	4,656	(1,882,157)
Improvements other than buildings	(8,538)	(1,178)	-	(9,716)
Total accumulated depreciation	<u>(2,036,225)</u>	<u>(338,513)</u>	<u>4,656</u>	<u>(2,370,082)</u>
Net capital assets being depreciated	<u>2,764,086</u>			<u>2,512,791</u>
Governmental activities capital assets net	<u>\$ 2,787,521</u>			<u>\$ 2,536,226</u>
Depreciation expense:				
Public Works	\$ 224,200			
Public Safety	46,077			
Conservation	21,333			
Unallocated	46,903			
	<u>\$ 338,513</u>			

**9. Transfers**

The following is a schedule of operating transfers for 2016:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 71,953	\$ 37,573
Road Reserve	-	1,671,144
Special County Road	30,000	-
Social Services	240,000	-
BLM	-	30,000
County Poor	-	240,000
Road & Bridge	1,671,144	-
911	16,000	-
Wireless 911	-	14,000
County Agent	35,573	-
County Rec	-	61
County Park	-	7,135
Social Security	-	27,156
County Loan	-	37,601

10. **Subsequent Events**

Subsequent events have been evaluated through the date of these financial statements. The County has entered into two contracts in 2017. One for \$73,785, which has been completed. One for \$152,015, of which nothing has been done to date.

REQUIRED SUPPLEMENTARY INFORMATION

GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 182,479	\$ 182,479	\$ 141,153	\$ (41,326)
Licenses, permits, fees	30,400	30,400	62,722	32,322
Intergovernmental revenue	1,118,072	1,118,072	909,486	(208,586)
Charges for services	141,580	141,580	137,845	(3,735)
Miscellaneous revenue	84,021	84,021	27,505	(56,516)
Investment earnings	35,000	35,000	24,163	(10,837)
TOTAL REVENUES	<u>1,591,552</u>	<u>1,591,552</u>	<u>1,302,874</u>	<u>(288,678)</u>
EXPENDITURES:				
Current:				
General government	1,073,894	1,073,894	953,483	120,411
Public safety	592,367	592,367	469,012	123,355
Public works	31,838	31,838	24,669	7,169
Health and welfare	6,000	6,000	6,000	-
Culture & recreation	29,479	29,479	35,106	(5,627)
Conservation	37,080	37,080	37,080	-
TOTAL EXPENDITURES	<u>1,770,658</u>	<u>1,770,658</u>	<u>1,525,350</u>	<u>245,308</u>
Excess of Revenues Over/(Under) Expenditures	<u>(179,106)</u>	<u>(179,106)</u>	<u>(222,476)</u>	<u>(43,370)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	144,200	144,200	71,953	(72,247)
Operating Transfers - Out	-	-	(37,573)	(37,573)
TOTAL OTHER FINANCING USES	<u>144,200</u>	<u>144,200</u>	<u>34,380</u>	<u>(109,820)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (34,906)</u>	<u>\$ (34,906)</u>	<u>(188,096)</u>	<u>\$ (153,190)</u>
Fund balances - January 1, 2016			<u>1,494,783</u>	
Fund balances - December 31, 2016			<u>\$ 1,306,687</u>	

See Notes to Required Supplementary Information



GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
ROAD RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	-	-	1,534,902	1,534,902
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	-	1,534,902	1,534,902
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	230,235	(230,235)
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	-	230,235	(230,235)
Excess of Revenues Over/(Under) Expenditures	-	-	1,304,667	1,304,667
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	(995,000)	(1,695,000)	(1,671,144)	23,856
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	(995,000)	(1,695,000)	(1,671,144)	23,856
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (995,000)</u>	<u>\$ (1,695,000)</u>	(366,477)	<u>\$ 1,328,523</u>
Fund balance - January 1, 2016			3,079,017	
Fund balance - December 31, 2016			<u>\$ 2,712,540</u>	

See Notes to Required Supplementary Information

GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
HIGHWAY TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	231,434	231,434
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	50	50
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	-	231,484	231,484
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,963,000	1,963,000	736,900	1,226,100
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,963,000	1,963,000	736,900	1,226,100
Excess of Revenues Over/(Under) Expenditures	<u>(1,963,000)</u>	<u>(1,963,000)</u>	<u>(505,416)</u>	<u>1,457,584</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	-	-	-	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (1,963,000)</u>	<u>\$ (1,963,000)</u>	<u>(505,416)</u>	<u>\$ 1,457,584</u>
Fund balance - January 1, 2016			2,014,221	
Fund balance - December 31, 2016			<u>\$ 1,508,805</u>	

See Notes to Required Supplementary Information

GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL COUNTY ROAD FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	-	-	230,528	230,528
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	46,495	46,495
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	-	277,023	277,023
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	953,671	953,671	681,225	272,446
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	953,671	953,671	681,225	272,446
Excess of Revenues Over/(Under) Expenditures	<u>(953,671)</u>	<u>(953,671)</u>	<u>(404,202)</u>	<u>4,577</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	30,000	30,000
Operating Transfers - Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	-	-	30,000	30,000
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (953,671)</u>	<u>\$ (953,671)</u>	<u>(374,202)</u>	<u>\$ 34,577</u>
Fund balance - January 1, 2016			691,438	
Fund balance - December 31, 2016			<u>\$ 317,236</u>	

See Notes to Required Supplementary Information

GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
ROAD & BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 140,860	\$ 140,860	\$ 118,223	\$ (22,637)
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	1,953,437	1,953,437	1,844,299	(109,138)
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	59,764	59,764
	<u>2,094,297</u>	<u>2,094,297</u>	<u>2,022,286</u>	<u>(72,011)</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,045,632	3,195,632	2,416,782	778,850
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>2,045,632</u>	<u>3,195,632</u>	<u>2,416,782</u>	<u>778,850</u>
TOTAL EXPENDITURES				
Excess of Revenues Over/(Under) Expenditures	<u>48,665</u>	<u>(1,101,335)</u>	<u>(394,496)</u>	<u>706,839</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	104,000	104,000	1,671,144	1,567,144
Operating Transfers - Out	-	-	-	-
	<u>104,000</u>	<u>104,000</u>	<u>1,671,144</u>	<u>1,567,144</u>
TOTAL OTHER FINANCING USES				
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ 152,665</u>	<u>\$ (997,335)</u>	1,276,648	<u>\$ 2,273,983</u>
Fund balance - January 1, 2016			<u>(467,483)</u>	
Fund balance - December 31, 2016			<u>\$ 809,165</u>	

See Notes to Required Supplementary Information

**GOLDEN VALLEY COUNTY  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 DECEMBER 31, 2016**

**Budgets/Variances**

The County adopted an annual budget for the General, Special Revenue, and Debt Services Funds on the cash basis of accounting.

Each officer must prepare a departmental budget. The County Auditor then prepares an annual budget. State law states that 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. A notice of meeting to act on the County budget must be published in, at least, one issue of the official county newspaper.

Budgets lapse at year-end.

The County amended the budgets as follows:

	Original Budget	Change	Final Budget
Road & Bridge	\$ 2,045,632	\$ 1,150,000	\$ 3,195,632
Road Reserve	995,000	700,000	1,695,000
SS Abuse Prevention	-	1,145	1,145
Unorganized	107,300	95,000	202,300
24/7	4,000	200	4,200

The Road Reserve Fund budget was overspent.

SUPPLEMENTARY INFORMATION

GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 347,941	\$ 347,941	\$ 303,563	\$ (44,378)
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	74,107	74,107	420,591	346,484
Charges for services	124,750	124,750	114,783	(9,967)
Investment earnings	-	-	7	7
Miscellaneous revenue	6,055	6,055	27,502	21,447
	<u>552,853</u>	<u>552,853</u>	<u>866,446</u>	<u>313,593</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	15,000	15,000	257	14,743
Public safety	57,046	57,246	33,960	23,286
Public works	107,300	202,300	197,603	4,697
Social and economic	504,717	505,862	490,196	15,666
Culture and recreation	55,393	55,393	54,657	736
Conservation	309,326	309,326	265,374	43,952
Capital outlay	500,000	500,000	25,611	474,389
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>1,548,782</u>	<u>1,645,127</u>	<u>1,067,658</u>	<u>577,469</u>
TOTAL EXPENDITURES				
Excess of Revenues Over/(Under) Expenditures	<u>(995,929)</u>	<u>(1,092,274)</u>	<u>(201,212)</u>	<u>891,062</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	291,573	291,573
Operating Transfers - Out	(306,297)	(306,297)	(318,352)	(12,055)
	<u>(306,297)</u>	<u>(306,297)</u>	<u>(26,779)</u>	<u>279,518</u>
TOTAL OTHER FINANCING USES				
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (1,302,226)</u>	<u>\$ (1,398,571)</u>	<u>(227,991)</u>	<u>\$ 1,170,580</u>
Fund balance - January 1, 2016			<u>1,184,871</u>	
Fund balance - December 31, 2016			<u>\$ 956,880</u>	

GOLDEN VALLEY COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
NON-MAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Excess of Revenues Over/(Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	(37,601)	(37,601)	(37,601)	-
TOTAL OTHER FINANCING USES	(37,601)	(37,601)	(37,601)	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	\$ (37,601)	\$ (37,601)	(37,601)	\$ -
Fund balance - January 1, 2016			37,601	
Fund balance - December 31, 2016			\$ -	



**GOLDEN VALLEY COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**SOCIAL SERVICES**

REVENUES:

Intergovernmental:

Administrative reimbursement	\$ 78,342
Reimburse from other County	127,333
Charges for services	2,495
Miscellaneous	14,270
TOTAL REVENUES	<u>222,440</u>

EXPENDITURES:

Administrative Costs

Salaries	320,857
Social Security tax & benefits expense	69,085
Travel	19,859
Operating expenses	40,455
Other	5,178
Total Administrative Costs	<u>455,434</u>

Capital Outlay

TOTAL EXPENDITURES	<u>478,105</u>
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Excess (Deficiency) of Revenues Over Expenditures	<u>(255,665)</u>
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OTHER FINANCIAL SOURCES (USES)

Operating Transfers - In	240,000
Operating Transfers - Out	-
TOTAL OTHER SOURCES	<u>240,000</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>(15,665)</u>
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Beginning Balance - January 1	<u>51,585</u>
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Ending Balance - December 31	<u>\$ 35,920</u>
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SEE NOTE ON NEXT PAGE

**GOLDEN VALLEY COUNTY  
NOTE TO SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SOCIAL SERVICES**

The Social Services Form 119 that is submitted on a monthly basis is in agreement with 2016 financial reporting of the County on a cash basis.



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## James J. Wosepka, PC – Certified Public Accountant

Licensed in North Dakota and Montana

### INDEPENDENT AUDITOR'S 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*

Board of County Commissioners  
Golden Valley County  
Beach, 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, each major fund, and the aggregate remaining fund information of Golden Valley County, Beach, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Golden Valley County, Beach, North Dakota's basic financial statements, and have issued our report thereon dated August 7, 2017.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Golden Valley County, Beach, North Dakota'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 Golden Valley County, Beach, North Dakota's internal control. Accordingly, we do not express an opinion on the effectiveness of Golden Valley County, Beach, North Dakota'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 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**

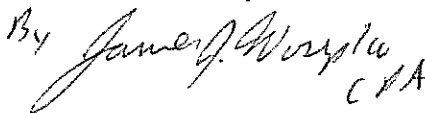
As part of obtaining reasonable assurance about whether Golden Valley County, Beach, North Dakota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Beach, North Dakota  
August 7, 2017

James J. Wosepka, PC

By  CFA

GOLDEN VALLEY COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Federal Assistance</u>	<u>Description</u>	<u>Passed through to Subrecipients</u>	<u>Total Expenditures</u>
<b>DIRECT ASSISTANCE</b>			
US Dept. of Agriculture			
10.666	(Major Program) Schools and Road - Grants to Counties	\$ 191,863	\$ 845,093
<b>TOTAL DIRECT ASSISTANCE</b>			
 <u>State Administered Assistance (No Passthrough Grant Numbers)</u>			
North Dakota Division of Emergency Services			
Federal Emergency Management Agency Civil Defense			
97.042	Emergency Management Performance Grants		9,897
97.067	Homeland Security Grant Program		2,162
			<u>12,059</u>
 North Dakota Department of Human Services			
Federal Department of Health and Human Services			
93.994	Maternal and Child Health Services Block Grant		450
93.658	Foster Care - Title IV-E		23,357
93.558	Temporary Assistance for Needy Families		20,719
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		2,863
93.659	Adoption Assistance - Title IV-E		497
93.556	Promoting Safe and Stable Families		29
93.645	Child Welfare Services State Grants		732
93.778	Medical Assistance Program		2,353
	Total Federal Department of Health and Human Services		<u>51,000</u>
	<b>Total Expenditures of Federal Funds</b>	<b>\$ 191,863</b>	<b>\$ 908,152</b>

**GOLDEN VALLEY COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2016**

**1. Purpose of the schedule**

The Schedule of Expenditures of Federal Awards (schedule) is a supplementary schedule to the financial statements and is presented for purposes of additional analysis. The schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**2. Summary of significant accounting policies**

**A. Basis of presentation**

**Federal financial assistance**

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursements for services rendered to individuals. Accordingly, nonmonetary federal assistance may be included in federal financial assistance and therefore, may be reported on the schedule. Golden Valley County received no nonmonetary federal assistance during 2015. Federal financial assistance does not include direct federal cash assistance to individuals.

**Catalog of federal domestic assistance**

Uniform Guidance requires the schedule to show the total expenditures for each of the federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs which have not been assigned a CFDA number are indicated with an "N/A".

**B. Major programs**

The Uniform Guidance established the levels of expenditures to be used in defining major federal financial assistance programs. The dollar threshold to distinguish type A and type B programs was \$750,000.

**GOLDEN VALLEY COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
DECEMBER 31, 2016**

**C. Reporting entity**

The schedule includes all federal financial assistance programs administered by the County.

**D. Basis of accounting**

Federal financial assistance expenditures included in the schedule is reported using the same basis of accounting as disclosed in Note 1 of the basic financial statements.

**E. Matching costs**

The schedule does not include matching expenditures.

**F. Indirect Cost Rate**

Golden Valley County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. Funds to sub-recipient**

The County passed through \$191,863 to the Schools and other entities from the Schools and Roads – Grants to Counties – CFDA 10.666.

**4. Carryover funds**

Schools and Roads – Grants to Counties – CFDA 10.666

Carryover funds from December 31, 2015	\$ 2,697,772
Funds received during 2016	<u>1,534,902</u>
Funds available	\$ 4,232,674
Funds expended 2016	<u>(845,093)</u>
Carryover funds as of December 31, 2016	<u>\$ 3,387,581</u>

**GOLDEN VALLEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2016**

**A. SUMMARY OF AUDIT RESULTS**

1. The Auditor's Report expresses an unmodified opinion on the financial statements for Golden Valley County.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Golden Valley County were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The Auditor's Report on compliance for the major federal award programs for Golden Valley County expresses an unmodified opinion on all major federal programs.
6. Our audit showed no findings relative to the major federal award program required to be reported in accordance with the Uniform Guidance – 2 CFR 200.516(a) for Golden Valley County.
7. The programs tested as a major program included: The Schools and Roads-Grants to Counties from the US Department of Agriculture 10.666.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Golden Valley County was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE

**D. COUNTY'S RESPONSE**

N/A





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## James J. Wosepka, PC – Certified Public Accountant

Licensed in North Dakota and Montana

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Commissioners  
Golden Valley County  
Beach, North Dakota

#### Report on Compliance for Each Major Federal Program

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

#### Management's Responsibility

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

#### Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Golden Valley County, Beach, North Dakota's compliance.

## Opinion on Each Major Federal Program

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

## Report on Internal Control over Compliance

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

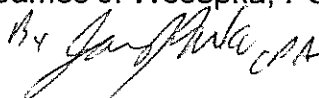
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Beach, North Dakota  
August 7, 2017

James J. Wosepka, PC



**GOLDEN VALLEY COUNTY  
BEACH, NORTH DAKOTA  
COMMENTS TO MANAGEMENT  
YEAR ENDED DECEMBER 31, 2016**

**OVERSPENT BUDGET**

The Road Reserve Fund was overspent.

The County budgeted for the transfers to other road related funds, but did not budget for the disbursements to sub-recipients.

**Recommendation**

The problem was discussed with Management. The County needs to budget all disbursements from a budgeted fund.

**County Response**

The County will budget for disbursements to sub-recipients in the future.

**PRIOR YEAR COMMENTS**

None