



Stutsman County

Jamestown, 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

STUTSMAN COUNTY
Jamestown, North Dakota

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STUTSMAN COUNTY
Jamestown, North Dakota

At December 31, 2017

COUNTY OFFICIALS

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

Commissioner - Chairman
Commissioner - Vice Chairman
Commissioner
Commissioner
Commissioner

Nicole Meland
Jessica Moser
Chad Kaiser
Jessica Alonge
Fritz Fremgen
Barb Hill
Mickey Nenow

Auditor
Treasurer
Sheriff
Recorder
State's Attorney
Clerk of Court
Road Superintendent

AUDIT PERSONNEL

Craig Hashbarger, CPA, CIA, CFE
Heath Erickson, CPA

Audit Manager
Audit In-Charge

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division:
FARGO OFFICE
MANAGER – CRAIG HASHBARGER
Phone: (701) 239-7274

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, Jamestown, North Dakota, as of and for the year ended December 31, 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 did not audit the financial statements of the James River Valley Library System, which represent 96 percent, 96 percent, and 92 percent, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the James River Valley Library System, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, Jamestown, North Dakota, as of December 31, 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.

STUTSMAN COUNTY

Independent Auditor's Report - Continued

Emphasis of a Matter

As discussed in Note 16 to the financial statements, Stutsman 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 34-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stutsman County's basic financial statements. The *schedule of fund activity* is presented for purposes of additional analysis and are not a required part of the financial statements.

The *schedule of fund activity* 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* 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 October 8, 2018 on our consideration of Stutsman County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stutsman County's internal control over financial reporting and compliance.

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
October 8, 2018

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF NET POSITION
December 31, 2017

	Primary Government	Component Units	
	Governmental Activities	Water Resource District	James River Valley Library System
ASSETS			
Cash and Investments	\$ 20,026,940	\$ 117,195	\$ 262,714
Intergovernmental Receivables	461,483	-	683,632
Accounts Receivable	290,037	-	-
Taxes Receivable	94,950	-	-
Road Receivables	560,723	-	-
Loans Receivable - Other	18,000	-	-
Job Development Loans Receivable	369,183	-	-
Prepaid Expenses	-	-	9,381
Restricted Assets:			
Hodge Fund	-	-	85,429
Capital Campaign	-	-	181,003
Centennial Initiative	-	-	15,328
Capital Assets, Net	<u>\$ 56,418,209</u>	<u>\$ -</u>	<u>\$ 1,588,635</u>
Total Assets	<u>\$ 78,239,525</u>	<u>\$ 117,195</u>	<u>\$ 2,826,122</u>
DEFERRED OUTFLOWS OF RESOURCES			
Derived from Pensions & OPEB	<u>\$ 4,811,655</u>	<u>\$ -</u>	<u>\$ 260,292</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 64,868	\$ -	\$ 15,880
Salaries Payable	52,987	-	-
Interest Payable	28,070	-	-
Retainages Payable	4,770	-	-
Long-Term Liabilities:			
Due Within One Year	462,699	-	-
Due After One Year	17,472,038	-	517,495
Total Liabilities	<u>\$ 18,085,432</u>	<u>\$ -</u>	<u>\$ 533,375</u>
DEFERRED INFLOWS OF RESOURCES			
Derived from Pensions & OPEB	<u>\$ 403,809</u>	<u>\$ -</u>	<u>\$ 31,261</u>
NET POSITION			
Net Investment in Capital Assets	\$ 49,718,209	\$ -	\$ 1,588,635
Restricted For:			
Capital Projects	1,347,908	-	-
Highways and Bridges	7,353,087	-	-
Health and Welfare	448,548	-	-
Flood Repair	1,843	-	-
Emergencies	877,124	-	-
Conservation of Natural Resources	429,088	-	-
Culture and Recreation	30,480	-	-
Economic Development	1,433,878	-	-
Hodge Fund	-	-	85,429
Capital Campaign	-	-	181,003
Centennial Initiative	-	-	15,328
Unrestricted	<u>2,921,774</u>	<u>117,195</u>	<u>651,383</u>
Total Net Position	<u><u>\$ 64,561,939</u></u>	<u><u>\$ 117,195</u></u>	<u><u>\$ 2,521,778</u></u>

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

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Water Resource District	James River Valley Library System
Primary Government							
Governmental Activities							
General Government	\$ 3,222,190	\$ 92,462	\$ 121,261	\$ -	\$ (3,008,467)	\$ -	\$ -
Public Safety	5,230,801	2,290,194	197,597	-	(2,743,010)	-	-
Highways	6,100,568	1,277,737	2,197,596	1,591,083	(1,034,152)	-	-
Flood Repair	-	-	133,062	-	133,062	-	-
Health and Welfare	2,911,311	135,666	810,115	-	(1,965,530)	-	-
Culture and Recreation	541,498	2,619	-	-	(538,879)	-	-
Conserv. of Natural Resources	557,794	50	-	-	(557,744)	-	-
Economic Development	237,341	-	38,399	-	(198,942)	-	-
Interest on Long-Term Debt	233,233	-	-	-	(233,233)	-	-
Total Primary Government	\$19,034,736	\$ 3,798,728	\$ 3,559,438	\$ 1,591,083	\$ (10,085,487)	\$ -	\$ -
Component Units							
Water Resource District	\$ 66,683	\$ -	\$ 99,900	\$ -		\$ 33,217	\$ -
James River Valley Library System	810,346	13,719	82,927	41,292		-	(672,408)
Total Component Units	\$ 877,029	\$ 13,719	\$ 182,827	\$ -		\$ 33,217	\$ (672,408)
General Revenues							
Property Taxes							
Levied For General Purposes					\$ 3,925,027	\$ 31,917	\$ 976,021
Levied For Special Reserve					3,817,214	-	-
Levied For Debt Service					429,313	-	-
Non Restricted Grants And Contributions					1,819,615	-	-
Restricted Investment Earnings					-	-	189
Earnings on Investments					81,431	104	795
Miscellaneous Revenue					1,237,864	241	-
Special Item - Loss On Disposition Of Assets					-	-	(943)
Total General Revenues					\$ 11,310,464	\$ 32,262	\$ 976,062
Change in Net Position					\$ 1,224,977	\$ 65,479	\$ 303,654
Net Position - January 1					\$ 63,234,877	\$ 51,716	\$ 2,240,763
Prior Period Adjustment					102,085	-	(22,639)
Net Position - January 1, as restated					\$ 63,336,962	\$ 51,716	\$ 2,218,124
Net Position - December 31					\$ 64,561,939	\$ 117,195	\$ 2,521,778

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

STUTSMAN COUNTY
Jamestown, North Dakota

GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2017

	General	County Road & Bridge	Social Services	Highway Tax	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 5,681,489	\$ 2,420,900	\$ 1,898,740	\$ 5,225,880	\$ 4,799,931	\$ 20,026,940
Intergovernmental Receivables	197,373	-	12,686	181,131	70,293	461,483
Accounts Receivable	218,462	-	-	-	71,575	290,037
Taxes Receivable	50,352	11,572	23,144	-	9,882	94,950
Road Receivable	-	560,723	-	-	-	560,723
Due from Other Funds	8,786	-	-	-	-	8,786
Loans Receivable - Other	18,000	-	-	-	-	18,000
JSDC Loans Receivable	-	-	-	-	369,183	369,183
Total Assets	<u>\$ 6,174,462</u>	<u>\$ 2,993,195</u>	<u>\$ 1,934,570</u>	<u>\$ 5,407,011</u>	<u>\$ 5,320,864</u>	<u>\$ 21,830,102</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 19,142	\$ 55	\$ 19,632	\$ -	\$ 26,039	\$ 64,868
Salaries Payable	18,848	34,139	-	-	-	52,987
Due to Other Funds	-	-	-	-	8,786	8,786
Total Liabilities	<u>\$ 37,990</u>	<u>\$ 34,194</u>	<u>\$ 19,632</u>	<u>\$ -</u>	<u>\$ 34,825</u>	<u>\$ 126,641</u>
Deferred Inflows of Resources:						
Taxes Receivable	\$ 50,352	\$ 11,572	\$ 23,144	\$ -	\$ 9,882	\$ 94,950
Road Receivables	-	560,723	-	-	-	560,723
Total Deferred Inflows of Resources	<u>\$ 50,352</u>	<u>\$ 572,295</u>	<u>\$ 23,144</u>	<u>\$ -</u>	<u>\$ 9,882</u>	<u>\$ 655,673</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 88,342</u>	<u>\$ 606,489</u>	<u>\$ 42,776</u>	<u>\$ -</u>	<u>\$ 44,707</u>	<u>\$ 782,314</u>
Fund Balances:						
Non-Spendable						
Loans Receivable	\$ 18,000	\$ -	\$ -	\$ -	\$ 369,183	\$ 387,183
Restricted						
Debt Service	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	1,347,908	1,347,908
General Government	-	-	-	-	88,593	88,593
Public Safety	-	-	-	-	604,101	604,101
Highways and Bridges	-	2,386,706	-	5,407,011	104,406	7,898,123
Health and Welfare	-	-	1,891,794	-	99,097	1,990,891
Flood Repair	-	-	-	-	1,843	1,843
Emergencies	-	-	-	-	873,788	873,788
Conservation of Natural Resources	-	-	-	-	540,699	540,699
Culture and Recreation	-	-	-	-	190,630	190,630
Economic Development	-	-	-	-	1,064,695	1,064,695
Assigned						
General Government	2,292,292	-	-	-	-	2,292,292
Unassigned						
General Fund	3,775,828	-	-	-	-	3,775,828
Negative Fund Balances	-	-	-	-	(8,786)	(8,786)
Total Fund Balances	<u>\$ 6,086,120</u>	<u>\$ 2,386,706</u>	<u>\$ 1,891,794</u>	<u>\$ 5,407,011</u>	<u>\$ 5,276,157</u>	<u>\$ 21,047,788</u>
Total Liabilities and Fund Balances	<u>\$ 6,174,462</u>	<u>\$ 2,993,195</u>	<u>\$ 1,934,570</u>	<u>\$ 5,407,011</u>	<u>\$ 5,320,864</u>	<u>\$ 21,830,102</u>

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

STUTSMAN COUNTY
Jamestown, North Dakota

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

Total *Fund Balances* for Governmental Funds \$ 21,047,788

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. 56,418,209

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. 94,950

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. 560,723

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

Deferred Outflows Related to Pensions and OPEB	\$ 4,811,655	
Deferred Inflows Related to Pensions and OPEB	<u>(403,809)</u>	4,407,846

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:

Bonds Payable	\$ (6,700,000)	
Special Assessments Payable	(46,795)	
Accrued Interest Payable on Debt	(28,070)	
Retainages Payable	(4,770)	
Net Pension and OPEB Liability	(10,561,455)	
Compensated Absences	<u>(626,487)</u>	<u>(17,967,577)</u>

Total Net Position of Governmental Activities \$ 64,561,939

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

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	County Road & Bridge	Social Services	Highway Tax	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and Special Assessments	\$ 3,935,688	\$ 932,089	\$ 1,818,609	\$ -	\$ 1,502,068	\$ 8,188,454
Intergovernmental	1,867,586	400,594	779,692	1,779,365	551,816	5,379,053
Charges for Services	1,967,912	1,442,922	737	-	542,272	3,953,843
Licenses, Permits and Fees	6,410	9,440	3,660	-	-	19,510
Interest Income	35,441	13,296	12,242	-	20,452	81,431
Miscellaneous	142,805	11,085	2,734	26,460	1,054,779	1,237,863
Total Revenues	\$ 7,955,842	\$ 2,809,426	\$ 2,617,674	\$ 1,805,825	\$ 3,671,387	\$ 18,860,154
EXPENDITURES						
Current:						
General Government	\$ 2,533,372	\$ -	\$ -	\$ -	\$ 668,069	\$ 3,201,441
Public Safety	4,675,519	-	-	-	279,431	4,954,950
Highways and Bridges	-	3,888,990	-	-	1,197,015	5,086,005
Health and Welfare	86,175	-	2,575,498	-	-	2,661,673
Culture and Recreation	-	-	-	-	575,115	575,115
Conserv. of Natural Resources	-	-	-	-	508,254	508,254
Economic Development	-	-	-	-	237,341	237,341
Debt Service:						
Principal	1,465	-	-	-	200,000	201,465
Interest and Fees	245	-	-	-	234,912	235,157
Total Expenditures	\$ 7,296,776	\$ 3,888,990	\$ 2,575,498	\$ -	\$ 3,900,137	\$ 17,661,401
Excess (Deficiency) of Revenues Over Expenditures	\$ 659,066	\$ (1,079,564)	\$ 42,176	\$ 1,805,825	\$ (228,750)	\$ 1,198,753
OTHER FINANCING SOURCES (USES)						
Transfers In	\$ 145,174	\$ 1,606,000	\$ -	\$ -	\$ 1,311,720	\$ 3,062,894
Special Assessments	39,469	-	-	-	-	39,469
Transfers Out	(842,300)	(469,694)	-	(1,606,000)	(144,900)	(3,062,894)
Total Other Financing Sources and Uses	\$ (657,657)	\$ 1,136,306	\$ -	\$ (1,606,000)	\$ 1,166,820	\$ 39,469
Net Changes in Fund Balance	\$ 1,409	\$ 56,742	\$ 42,176	\$ 199,825	\$ 938,070	\$ 1,238,222
Fund Balance - January 1	\$ 6,084,711	\$ 2,329,964	\$ 1,849,618	\$ 5,207,186	\$ 4,257,307	\$ 19,728,786
Prior Period Adjustments	-	-	-	-	80,780	80,780
Fund Balance - Jan. 1, as restated	\$ 6,084,711	\$ 2,329,964	\$ 1,849,618	\$ 5,207,186	\$ 4,338,087	\$ 19,809,566
Fund Balance - December 31	\$ 6,086,120	\$ 2,386,706	\$ 1,891,794	\$ 5,407,011	\$ 5,276,157	\$ 21,047,788

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

STUTSMAN COUNTY
Jamestown, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net Change in *Fund Balances* - Total Governmental Funds \$ 1,238,222

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and capital contributions exceeded depreciation in the current year.

Current Year Capital Outlay	\$ 1,689,238	
Capital Contributions	1,591,083	
Current Year Depreciation Expense	<u>(2,289,438)</u>	990,883

In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold (156,126)

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

Repayment of Debt - Bonds	\$ 200,000	
Issuance of Special Assessments	(39,469)	
Repayment of Debt - Special Assessments	<u>1,465</u>	161,996

The net pension and OPEB liability, and related deferred outflows of resources and deferred inflows of resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net change in Net Pension and OPEB Liability	\$ (3,905,320)	
Net change in Deferred Outflows of Resources	2,809,600	
Net change in Deferred Inflows of Resources	<u>26,364</u>	(1,069,356)

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	\$ (1,222)	
Net change in Retainages Payable	250,180	
Net change in Interest Payable	<u>1,924</u>	250,882

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

Net change in Taxes Receivable	\$ (16,900)	
Net change in Road Receivables	<u>(174,624)</u>	(191,524)

Change in Net Position of Governmental Activities \$ 1,224,977

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

STUTSMAN COUNTY
Jamestown, North Dakota

STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
AGENCY FUNDS
December 31, 2017

	Agency Funds
ASSETS	
Cash and Investments	<u>\$ 7,432,481</u>
LIABILITIES	
Due to Other Governments	<u>\$ 7,432,481</u>

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

STUTSMAN COUNTY
Jamestown, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The accompanying financial statements present the activities of the County. The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The 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 the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

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

Component Units

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

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

James River Valley Library System - The County's governing board appoints a voting majority of the members of the James River Valley Library System's governing board. Although the County does not have the authority to approve or modify the library board operational and capital budgets, the tax levy established by the library board must be approved by the County's governing board.

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

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

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

B. Government-wide and fund financial statements

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

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

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

Fund Financial Statements: The fund financial statements provide information about the County's funds including its fiduciary funds and blended component unit. Separate statements for each fund category—*governmental* and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items 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.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

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.

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

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

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

Additionally, the County reports the following fund type:

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

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

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

D. Cash, Cash Equivalents and Investments

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

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

E. Capital Assets

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

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

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

The Library has established a capitalization threshold of \$100. Capital assets of the James River Valley Library System are depreciated using the straight-line method over the following useful lives:

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

F. Compensated Absences

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

The Library allows employees to accumulate vacation and carry it over six months. Vacation is accrued depending on position and years of service from 1 hour for every 52 hours worked up to 4 hours for every 52 hours worked. Upon termination, no sick leave is paid but any unused vacation will be paid if the employee terminates after the first year, three month probationary period.

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.

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

H. Fund Balance**Fund Balance Spending Policy**

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

Minimum Fund Balance Policy

The County budget committee established a 15-20% general fund carryover balance target to help with financial stability. The 15-20% fund balance range is a part of the budget recommendation adopted by the County each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the district.

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

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

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

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

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

Restricted Fund Balances

Restricted fund balances are shown by primary function on the balance sheet. 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).

Assigned Fund Balance

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

I. Net Position

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

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

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

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

Unrestricted net position is primarily unrestricted amounts related to the general fund, as well as amounts shown for negative funds and negative net position. Unrestricted net position is available to meet the district's ongoing obligations.

J. Pensions

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

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. Interfund Transactions

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

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

At December 31, 2017, the County's carrying amount of deposits was \$25,662,427, and the bank balances were \$26,000,180. Of the bank balances, \$1,450,000 was covered by Federal Depository Insurance. Additionally, the County is currently holding \$10,047,184 of short term, high-credit-quality, money market instruments through Wells Fargo Investments (Invesco), which are guaranteed by the full faith of the United States Government. The remaining balances were collateralized with securities held by the pledging institution's agent in the government's name.

At December 31, 2017, the Stutsman County Water Resource District had a carrying amount of deposits of \$117,195 and the bank balances were \$119,292, all of which was covered by Federal Depository Insurance.

At December 31, 2017, the James River Valley Library System had a carrying amount of deposits of \$544,128 and the bank balances were \$547,629, all of which was covered by Federal Depository Insurance.

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 held certificates of deposit in the amount of \$975,500.

The Stutsman County Water Resource District held certificates of deposit in the amount of \$90,025 which are all considered deposits.

The James River Valley Library System held certificates of deposit in the amount of \$320,614, of which \$195,170 were considered investments. James River Valley Library System has no investments other than fully insured or collateralized demand and time deposits.

Custodial Credit Risk

The County will minimize custodial credit risk, which is the risk of loss or failure of the depository bank (or credit union), by obtaining necessary documentation to show compliance with state law and a perfected security interest under state law. To minimize custodial credit risk the County shall limit investments with any one broker to no more than 10% of their Securities Investor Protection Corporation, SIPC, coverage plus any excess coverage if provided.

The County also has a maintenance of liquidity policy whereby County funds shall be invested in a manner that ensures that they are reasonably available to meet anticipated cash flows requirements.

The Water Resource District and Library does not have a deposit policy for custodial credit risk. At December 31, 2017, the Library's deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the financial institution in the Library's name.

Interest Rate Risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: 1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and 2) investing operating funds, when most prudent, in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

The County investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the applicable investment risk constraints and liquidity needs. It is understood that return on investments is of secondary importance when compared to the safety and liquidity objectives described above.

The Water Resource District and Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3: TAXES RECEIVABLE

Taxes receivable represent the past four years of delinquent uncollected taxes and special assessments. No allowance has been established for uncollectible taxes and special assessment receivables.

The County treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Any material collections are distributed after the end of each month.

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

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017 (beginning balances restated):

Primary Government

Primary Government	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 596,200	\$ -	\$ -	\$ -	\$ 596,200
Construction in Progress	6,174,462	1,585,920	-	(6,459,627)	1,300,755
Total Capital Assets, Not Being Depreciated	\$ 6,770,662	\$ 1,585,920	\$ -	\$ (6,459,627)	\$ 1,896,955
<i>Capital assets being depreciated:</i>					
Infrastructure	\$ 63,134,282	\$ 324,133	\$ -	\$ 6,445,553	\$ 69,903,968
Buildings	11,778,123	-	-	14,074	11,792,197
Vehicles & Equipment	7,691,592	1,370,268	519,245	-	8,542,615
Total Capital Assets, Being Depreciated	\$ 82,603,997	\$ 1,694,401	\$ 519,245	\$ 6,459,627	\$ 90,238,780
<i>Less Accumulated Depreciation for:</i>					
Infrastructure	\$ 24,108,182	\$ 1,415,131	\$ -	\$ -	\$ 25,523,313
Buildings	6,008,269	217,104	-	-	6,225,373
Vehicles & Equipment	3,674,757	657,202	363,119	-	3,968,840
Total Accumulated Depreciation	\$ 33,791,208	\$ 2,289,437	\$ 363,119	\$ -	\$ 35,717,526
Total Capital Assets Being Depreciated, Net	\$ 48,812,789	\$ (595,036)	\$ 156,126	\$ 6,459,627	\$ 54,521,254
Primary Government Capital Assets, Net	\$ 55,583,451	\$ 990,884	\$ 156,126	\$ -	\$ 56,418,209

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Depreciation expense was charged to functions:

Primary Government	Total
General Government	\$ 200,557
Public Safety	219,922
Highways and Bridges	1,776,170
Health and Welfare	15,972
Conservation of Natural Resources	20,306
Culture and Recreation	56,510
Total Depreciation Expense	\$ 2,289,437

Discretely Presented Component UnitJames River Valley Library System

James River Valley Library System	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Prepaid Building Costs	440,153	106,190	-	-	546,343
Total Capital Assets, Not Being Depreciated	\$ 446,153	\$ 106,190	\$ -	\$ -	\$ 552,343
<i>Capital assets being depreciated:</i>					
Buildings	\$ 431,147	\$ 120,485	\$ 31,976	\$ -	\$ 519,656
Bookmobile	93,290	239,502	93,290	-	239,502
Equipment	167,284	10,748	-	-	178,032
Books & periodicals	1,418,320	121,165	53,827	-	1,485,658
Total Capital Assets, Being Depreciated	\$ 2,110,041	\$ 491,900	\$ 179,093	\$ -	\$ 2,422,848
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ 305,844	\$ 11,506	\$ 28,034	\$ -	\$ 289,316
Bookmobile	93,290	11,975	93,290	-	11,975
Equipment	146,387	10,626	-	-	157,013
Books & Periodicals	846,179	135,900	53,827	-	928,252
Total Accumulated Depreciation	\$ 1,391,700	\$ 170,007	\$ 175,151	\$ -	\$ 1,386,556
Total Capital Assets Being Depreciated, Net	\$ 718,341	\$ 321,893	\$ 3,942	\$ -	\$ 1,036,292
Library System Capital Assets, Net	\$ 1,164,494	\$ 428,083	\$ 3,942	\$ -	\$ 1,588,635

Depreciation expense was charged to the culture and recreation function.

NOTE 5: LONG-TERM LIABILITIES

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

Primary Government

Primary Government	Beg Bal Restated	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable	\$ 6,900,000	\$ -	\$ 200,000	\$ 6,700,000	\$ 205,000
Special Assessments Payable	8,791	39,469	1,465	46,795	7,104
Compensated Absences *	625,265	1,222	-	626,487	250,595
Net Pension & OPEB Liability *	6,654,361	3,907,094	-	10,561,455	-
Total Primary Government	\$14,188,417	\$ 3,947,785	\$ 201,465	\$17,934,737	\$ 462,699

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

Schedule of Maturities

The annual debt service requirements for long-term debt (excluding compensated absences and net pension liability) outstanding as of December 31, 2017, are as follows:

Year Ending Dec 31	PRIMARY GOVERNMENT			
	Bonds Payable		Special Assessments	
	Principal	Interest	Principal	Interest
2018	\$ 205,000	\$ 224,563	\$ 7,104	\$ 743
2019	210,000	220,462	7,104	1,248
2020	215,000	216,263	7,104	1,025
2021	220,000	211,962	7,104	803
2022	225,000	205,363	7,104	580
2023-2027	1,510,000	892,013	11,275	536
2028-2032	2,840,000	552,200	-	-
2033-2037	1,275,000	75,437	-	-
Totals	\$ 6,700,000	\$ 2,598,263	\$ 46,795	\$ 4,935

Discretely Presented Component UnitJames River Valley Library System

James River Valley Library System	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences *	\$ 7,855	\$ 1,417	\$ -	\$ 9,272	\$ -
Net Pension and OPEB Liability *	320,954	187,269	-	508,223	-
Total Library System	\$ 328,809	\$ 188,686	\$ -	\$ 517,495	\$ -

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

Operating Lease Commitments

Effective August 21, 2017, the Library entered into a lease agreement with the County for the space to operate the Stutsman County Library for a term of 20 years. Lease expense is \$1 per year. The Library leases its copier under a sixty-month lease and a postage meter under a sixty-three month lease. Lease expense for the year ended December 31, 2017 was \$2,652.

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

Year Ending Dec 31	Amounts
2018	\$ 1,860
2019	1,788
2020	298
Total	\$ 3,946

NOTE 6: RISK MANAGEMENT

The County and the James River Valley Library System are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions joined together to form the North Dakota Insurance Reserve Fund (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. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. For the County the coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability, one million for automobile and \$6,319,699 for public assets/mobile equipment and portable property. The County also has the Steam Boiler insured with The Hartford Steam Boiler Inspection and Insurance Company with an equipment breakdown limit of \$26,000,000. The James River Valley Library System participates in the NDIRF to provide liability coverage.

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The County and the James River Valley Library have worker's compensation with the North Dakota Workforce Safety and Insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 7: CONDUIT DEBT OBLIGATIONS

Community Development Block Grant Loans

From time to time, the County has issued Community Development Block Grant Loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the loans, ownership of the acquired facilities transfers to the private-sector entity served by the loan issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the loans. Accordingly, the loans are not reported as liabilities in the accompanying financial statements. At December 31, 2017, there were three Community Development Block Grant Loans outstanding with a principal amount outstanding of \$485,364.

Industrial Revenue Bonds

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2017, there were two series of Industrial Revenue Bonds with an original issued principal amount of \$8,625,000.

Recovery Zone Facility Bonds

As of December 31, 2017, the County was involved in a program that issues Recovery Zone Facility Bonds. Recovery Zone Facility Bonds are a type of tax-exempt private activity bond that may be used to finance certain kinds of business development activities in areas of significant economic distress. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2017 there were three Recovery Zone Facility Bonds with an original issued principal amount of \$4,700,000.

Housing Finance Agency Bonds

As of December 31, 2017, the County was involved in a program that issues tax-exempt bonds that state and local governments issue through housing finance agencies to help fund below-market-interest-rate mortgages for first-time qualifying homebuyers. Eligible borrowers are first-time homebuyers with low to moderate incomes below 115 percent of median family income. Neither the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2017, there was one nontaxable issuance an original issued principal amount of \$3,600,000, and a taxable portion an original issued principal amount of \$900,000.

NOTE 8: 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 provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired after January 1, 2017 the Rule of 85 will be replaced with a rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

At December 31, 2017, the County reported a liability of \$10,092,767 and the Library reported a liability of \$485,670 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 County's and Library's proportion of the net pension liability was based on the County's and Library'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 County's proportion for the County was 0.627922 percent, which was a decrease of 0.006768 percent from its proportion measured as of June 30, 2016. At June 30, 2017, the Library's proportion was 0.0302016 percent, which was a decrease of 0.002716 percent from its proportion measured as of June 30, 2016.

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

For the year ended December 31, 2017, the County recognized pension expense of \$1,557,927 and the Library recognized pension expense of \$79,878. At December 31, 2017, the County and Library 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	\$ 59,991	\$ 49,174
Changes in Assumptions	4,138,716	227,638
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	135,739	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	155,199	97,502
Employer Contributions Subsequent to the Measurement Date	238,438	-
Total Primary Government	\$ 4,728,083	\$ 374,314

James River Valley Library System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,887	\$ 2,366
Changes in Assumptions	199,158	10,954
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	6,532	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	35,182	16,538
Employer Contributions Subsequent to the Measurement Date	12,454	-
Total Library System	\$ 256,213	\$ 29,858

\$238,438 and \$12,454 for the County and Library System, 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	Library
2018	\$ 910,062	\$ 48,702
2019	1,096,313	57,665
2020	954,125	50,798
2021	742,369	38,515
2022	412,462	18,221
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:

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 County's and Library'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:

Proportionate Share of the Net Pension Liability	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Primary Government	\$ 13,701,240	\$ 10,092,767	\$ 7,090,668
Library	659,312	485,670	341,207

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 9: 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 County reported a liability of \$468,688, and the Library reported a liability of \$22,553 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 County's and Library's proportion of the net OPEB liability was based on the County's and Library's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017 the County's proportion was 0.592518 percent. At June 30, 2017 the proportion for the Library was 0.028512 percent.

For the year ended December 31, 2017 the County recognized OPEB expense of \$859,547 the Library recognized OPEB expense of \$3,789. At December 31, 2017 the County and Library 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	\$ -	\$ 11,431
Changes in Assumptions	45,395	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	17,721
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	343
Employer Contributions Subsequent to the Measurement Date	38,177	-
Total Primary Government	\$ 83,572	\$ 29,495

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

James River Valley Library System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 550
Changes in Assumptions	2,184	-
Net Difference Between Projected and Actual Investment		853
Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	176	-
Employer Contributions Subsequent to the Measurement Date	1,719	-
Total Library System	\$ 4,079	\$ 1,403

\$38,177 and \$1,719 was reported for the County and Library, 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	Library
2018	\$ 833	70
2019	833	70
2020	833	70
2021	833	70
2022	5,263	283
2023	5,263	283
Thereafter	2,042	111

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 7.50%. 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:

Proportionate Share of the Net OPEB Liability	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Primary Government	\$ 586,741	\$ 468,688	\$ 367,496
Library	28,234	22,553	17,684

NOTE 10: TRANSFERS

The following table shows amounts reported for transfers in and transfers out as reported in the basic financial statements in the governmental funds for the year ended December 31, 2017:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 145,174	\$ 842,300
County Road & Bridge	1,606,000	469,694
Highway Aid	-	1,606,000
Nonmajor Funds		
E-911 Emergency Telephone	-	134,600
County Agent	-	10,000
Park	227,418	-
Courthouse Building	165,650	300
Law Enforcement Construction	166,550	-
Road & Bridge Building	459,420	-
County Sheriff Capital Fund	201,682	-
Information Technology Cap. Proj.	91,000	-
Total Transfers	\$ 3,062,894	\$ 3,062,894

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

STUTSMAN COUNTY

Notes to the Financial Statements – Continued

NOTE 11: JOINT VENTURES

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

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2017, which is the most current audited information available:

2017	
Total Assets and Deferred Outflows	\$ 9,615,367
Total Liabilities and Deferred Inflows	2,210,110
Total Net Assets	<u>\$ 7,405,257</u>
Revenues	\$ 1,500,696
Expenses	1,140,458
Change in Net Position	<u>\$ 360,238</u>

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

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

The following is a summary of financial information on the joint venture as of and for the year ended June 30, 2017, which is the most current audited information available:

2017	
Total Assets & deferred outflows	\$ 2,316,520
Total Liabilities & deferred inflows	1,232,065
Total Net Position	<u>\$ 1,084,455</u>
Revenues	\$ 2,606,079
Expenses	2,487,051
Change in Net Position	<u>\$ 119,028</u>

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

NOTE 12: CONSTRUCTION COMMITMENTS

The County had an open construction commitment as of December 31, 2017 as follows:

Project	Total Contract	Total Completed	Retainage	Remaining Balance
SC-4706(062) - Overlay Co. Rd. 44	\$ 1,356,007	\$ 1,250,530	\$ 4,770	\$ 110,247

NOTE 13: TAX ABATEMENTS

The County and political subdivisions within the County can negotiate property tax abatement agreements with individuals and various commercial entities/businesses. The County and the political subdivisions within have the following types of tax abatement agreements with various individuals and commercial entities at December 31, 2017.

The 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 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

Total program reduction in taxes – \$651,093

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.

STUTSMAN 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

Total program reduction in taxes – \$187,716

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 taxes – \$31,287

NOTE 15: CONTINGENT LIABILITIES

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

NOTE 16: PRIOR PERIOD ADJUSTMENT

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 activities of the County and Library, which consists of the net OPEB liability related to the North Dakota Public Employees Retirement System (NDPERS).

Prior Period Errors

Beginning net position adjustments were necessary for capital assets equipment cost and accumulated depreciation. Additionally, a prior period adjustment was necessary to beginning pension deferred outflows of resources for an improper amount reported in the prior year for contributions subsequent to the measurement date.

STUTSMAN COUNTYNotes to the Financial Statements – Continued

Primary Government	Amounts
Beginning Net Position, as previously reported	\$ 63,234,878
Capital assets cost - equipment	752,297
Capital assets depreciation - equipment	(90,503)
JSDC Loans Receivable	80,780
Special Assessments	(7,424)
Beginning pension deferred outflows of resources	(162,604)
Beginning OPEB liability	(470,462)
Net Position January 1, as restated	\$ 63,336,962

James River Valley Library System	Amounts
Beginning Net Position, as previously reported	\$ 2,240,763
Beginning OPEB liability	(22,639)
Net Position January 1, as restated	\$ 2,218,124

STUTSMAN COUNTY
Jamestown, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 3,887,376	\$ 3,887,376	\$ 3,935,688	\$ 48,312
Intergovernmental	2,495,420	1,932,009	1,867,586	(64,423)
Charges for Services	1,850,500	2,173,500	1,967,912	(205,588)
Licenses, Permits and Fees	7,500	7,500	6,410	(1,090)
Interest Income	30,000	33,770	35,441	1,671
Miscellaneous	133,180	133,180	142,805	9,625
Total Revenues	\$ 8,403,976	\$ 8,167,335	\$ 7,955,842	\$ (211,493)
EXPENDITURES				
Current:				
General Government	\$ 2,767,956	\$ 2,882,766	\$ 2,493,903	\$ 388,863
Public Safety	5,013,714	5,073,514	4,675,519	397,995
Health and Welfare	116,000	116,000	86,175	29,825
Debt Service:				
Principal	600	600	1,465	(865)
Interest	-	-	245	(245)
Total Expenditures	\$ 7,898,270	\$ 8,072,880	\$ 7,257,307	\$ 815,573
Excess (Deficiency) of Revenues Over Expenditures	\$ 505,706	\$ 94,455	\$ 698,535	\$ 604,080
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 134,600	\$ 175,275	\$ 145,174	\$ (30,101)
Transfers Out	(842,300)	(870,650)	(842,300)	28,350
Total Other Financing Sources and Uses	\$ (707,700)	\$ (695,375)	\$ (697,126)	\$ (1,751)
Net Change in Fund Balances	\$ (201,994)	\$ (600,920)	\$ 1,409	\$ 602,329
Fund Balance - January 1	\$ 6,084,711	\$ 6,084,711	\$ 6,084,711	\$ -
Fund Balance - December 31	\$ 5,882,717	\$ 5,483,791	\$ 6,086,120	\$ 602,329

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

STUTSMAN COUNTY
Jamestown, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD AND BRIDGE FUND
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 888,346	\$ 888,346	\$ 932,089	\$ 43,743
Intergovernmental	146,304	146,304	400,594	254,290
Charges for Services	1,211,000	1,211,000	1,442,922	231,922
Licenses, Permits and Fees	30,000	30,000	9,440	(20,560)
Interest Income	12,000	12,000	13,296	1,296
Miscellaneous	23,500	23,500	11,085	(12,415)
Total Revenues	\$ 2,311,150	\$ 2,311,150	\$ 2,809,426	\$ 498,276
EXPENDITURES				
Highways and Bridges	\$ 3,957,900	\$ 4,483,150	\$ 3,888,990	\$ 594,160
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,646,750)	\$ (2,172,000)	\$ (1,079,564)	\$ 1,092,436
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,800,000	\$ 1,800,000	\$ 1,606,000	\$ (194,000)
Transfers Out	(459,420)	(469,695)	(469,694)	1
Total Other Financing Sources and Uses	\$ 1,340,580	\$ 1,330,305	\$ 1,136,306	\$ (193,999)
Net Change in Fund Balances	\$ (306,170)	\$ (841,695)	\$ 56,742	\$ 898,437
Fund Balance - January 1	\$ 2,329,964	\$ 2,329,964	\$ 2,329,964	\$ -
Fund Balance - December 31	\$ 2,023,794	\$ 1,488,269	\$ 2,386,706	\$ 898,437

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

STUTSMAN COUNTY
Jamestown, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 1,777,692	\$ 1,777,692	\$ 1,818,609	\$ 40,917
Intergovernmental	867,386	867,386	779,692	(87,694)
Charges for Services	-	-	737	737
Licenses, Permits and Fees	2,800	2,800	3,660	860
Interest Income	14,000	14,000	12,242	(1,758)
Miscellaneous	3,275	3,275	2,734	(541)
Total Revenues	\$ 2,665,153	\$ 2,665,153	\$ 2,617,674	\$ (47,479)
EXPENDITURES				
Health and Welfare	\$ 2,922,192	\$ 2,922,192	\$ 2,575,498	\$ 346,694
Excess (Deficiency) of Revenues Over Expenditures	\$ (257,039)	\$ (257,039)	\$ 42,176	\$ 299,215
Fund Balance - January 1	\$ 1,849,618	\$ 1,849,618	\$ 1,849,618	\$ -
Fund Balance - December 31	\$ 1,592,579	\$ 1,592,579	\$ 1,891,794	\$ 299,215

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

STUTSMAN COUNTY
Jamestown, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 1,663,674	\$ 1,663,674	\$ 1,779,365	\$ 115,691
Interest Income	20,000	20,000	26,460	6,460
Total Revenues	\$ 1,683,674	\$ 1,683,674	\$ 1,805,825	\$ 122,151
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ (1,800,000)	\$ (1,800,000)	\$ (1,606,000)	\$ 194,000
Net Change in Fund Balances	\$ (116,326)	\$ (116,326)	\$ 199,825	\$ 316,151
Fund Balance - January 1	\$ 5,207,186	\$ 5,207,186	\$ 5,207,186	\$ -
Fund Balance - December 31	\$ 5,090,860	\$ 5,090,860	\$ 5,407,011	\$ 316,151

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

STUTSMAN COUNTY
Jamestown, North Dakota

PENSION AND 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***

Primary Government	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.627922%	0.634690%	0.644744%	0.602349%
County's proportionate share of the net pension liability (asset)	\$10,092,767	\$ 6,185,673	\$ 4,384,149	\$ 3,823,238
County's covered-employee payroll	\$ 6,410,102	\$ 6,396,175	\$ 5,743,887	\$ 5,074,056
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.71%	71.86%	73.30%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%	77.70%

James River Valley Library System	2017	2016	2015	2014
Library's proportion of the net pension liability (asset)	0.030216%	0.032932%	0.027713%	0.024979%
Library's proportionate share of the net pension liability (asset)	\$ 485,670	\$ 320,954	\$ 193,744	\$ 158,547
Library's covered-employee payroll	\$ 308,456	\$ 331,876	\$ 246,891	\$ 210,422
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.71%	78.47%	75.35%
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***

Primary Government	2017	2016	2015	2014
Statutorily required contribution	\$ 464,810	\$ 463,073	\$ 436,294	\$ 361,273
Contributions in relation to the statutorily required contribution	\$ 462,905	\$ 457,888	\$ 434,840	\$ 361,273
Contribution deficiency (excess)	\$ 1,905	\$ 5,185	\$ 1,454	\$ -
County's covered-employee payroll	\$ 6,410,102	\$ 6,396,175	\$ 5,743,887	\$ 5,074,056
Contributions as a percentage of covered-employee payroll	7.22%	7.16%	7.57%	7.12%

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

STUTSMAN COUNTY

Pension and OPEB Schedules - Continued

James River Valley Library System	2017	2016	2015	2014
Statutorily required contribution	\$ 22,367	\$ 24,027	\$ 18,753	\$ 14,982
Contributions in relation to the statutorily required contribution	\$ 23,664	\$ 22,688	\$ 20,246	\$ 14,982
Contribution deficiency (excess)	\$ (1,297)	\$ 1,339	\$ (1,493)	\$ -
County's covered-employee payroll	\$ 308,456	\$ 331,876	\$ 246,891	\$ 210,422
Contributions as a percentage of covered-employee payroll	7.67%	6.84%	8.20%	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***

Primary Government	2017
County's proportion of the net pension liability (asset)	0.592518%
County's proportionate share of the net pension liability (asset)	\$ 468,688
County's covered-employee payroll	\$ 6,410,102
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total pension liability	59.78%

James River Valley Library System	2017
Library's proportion of the net pension liability (asset)	0.028512%
Library's proportionate share of the net pension liability (asset)	\$ 22,553
Library's covered-employee payroll	\$ 308,456
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total pension liability	59.78%

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

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

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

Primary Government	2017
Statutorily required contribution	\$ 74,513
Contributions in relation to the statutorily required contribution	\$ 74,116
Contribution deficiency (excess)	\$ 397
County's covered-employee payroll	\$ 6,410,102
Contributions as a percentage of covered-employee payroll	1.16%

James River Valley Library System	2017
Statutorily required contribution	\$ 3,586
Contributions in relation to the statutorily required contribution	\$ 3,789
Contribution deficiency (excess)	\$ (203)
County's covered-employee payroll	\$ 308,456
Contributions as a percentage of covered-employee payroll	1.23%

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

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

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

NOTE 2: CHANGES OF ASSUMPTIONS – PENSION AND OPEB

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.

STUTSMAN COUNTY

Notes to the Required Supplementary Information – Continued

NOTE 3: LEGAL COMPLIANCE - BUDGETSBudget Amendments

The board of county commissioners amended the county budget for 2017 as follows:

	REVENUES/TRANSFERS IN		
	Original Budget	Budget Amendment	Amended Budget
Major Funds			
General Fund (Revenues)	\$ 8,403,976	\$ (258,291)	\$ 8,145,685
General Fund (Transfers)	134,600	30,400	165,000
Revolving Loan (General) Fund (Revenues)	-	21,650	21,650
Revolving Loan (General) Fund (Transfers)	-	10,275	10,275
Nonmajor Funds			
<u>Special Revenue Funds</u>			
Regional Child Support	-	33,745	33,745
Emergency Fund	273,543	61,408	334,951
Document Preservation	20,000	88,445	108,445
Cancelled-Lost Warrant Fund	90	10	100
<u>Capital Project Funds:</u>			
Capital Project Fund	-	815,864	815,864

	EXPENDITURES/TRANSFERS OUT		
	Original Budget	Budget Amendment	Amended Budget
Major Funds			
General Fund (Expenditures)	\$ 7,920,520	\$ 152,360	\$ 8,072,880
General Fund (Transfers Out)	842,300	28,350	870,650
General Fund (Revolving Loan Expenditures)	-	22,250	22,250
County Road and Bridge (Expenditures)	3,957,900	525,250	4,483,150
County Road and Bridge (Transfer Out)	459,420	10,275	469,695
Nonmajor Funds			
<u>Special Revenue Funds:</u>			
Restorative Justice	12,000	2,150	14,150
Unorganized District Roads	25,800	1,720	27,520
Park	400,895	163,558	564,453
Emergency	-	4,050	4,050
Drug Program	41,300	48,600	89,900
Document Preservation	2,500	112,255	114,755
Cancelled Warrant Fund	100	10	110
<u>Debt Service Funds</u>			
Bond Fund	432,463	3,450	435,913
<u>Capital Project Funds:</u>			
Capital Project Fund (Expenditures)	-	815,864	815,864
Capital Project Fund (Transfers Out)	-	300	300

STUTSMAN COUNTYNotes to the Required Supplementary Information – Continued

NOTE 4: BUDGET TO ACTUAL AMOUNTS – GENERAL FUND
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The City of Jamestown issued special assessments on property owned by Stutsman County during the year ending December 31, 2017. Special assessments and corresponding expenditures were reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds, but were not reported on the budgetary comparison schedule in the general fund. The county did not budget for these funds and these transactions were not recorded on the County's general ledger. The differences are as follows:

	Combined Statement	Adjustment	Budget to Actual
Expenditures	\$ 39,469	\$ (39,469)	\$ -
Special Assessments	39,469	(39,469)	-

STUTSMAN COUNTY
Jamestown, North Dakota

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

	Balance 1-1-17	Revenues	Transfers In	Transfers Out	Expenditures	Balance 12-31-17
Major Funds:						
10 General Fund	\$ 4,835,946.16	\$ 8,096,505.36	\$ 134,899.72	\$ 842,300.00	\$ 7,296,961.67	\$ 4,928,089.57
52 General Fund Sub Account	751,924.47	21,646.20	10,274.38	-	22,247.26	761,597.79
Total General Fund	\$ 5,587,870.63	\$ 8,118,151.56	\$ 145,174.10	\$ 842,300.00	\$ 7,319,208.93	\$ 5,689,687.36
15 Road & Bridge	\$ 2,430,688.39	\$ 2,809,425.99	\$ 1,606,000.00	\$ 469,694.38	\$ 3,955,575.45	\$ 2,420,844.55
18 Social Services	1,682,118.17	2,772,488.17	-	-	2,575,498.07	1,879,108.27
32 Highway Aid	5,045,012.62	1,786,867.15	-	1,606,000.00	-	5,225,879.77
Total Major Funds	\$ 14,745,689.81	\$ 15,486,932.87	\$ 1,751,174.10	\$ 2,917,994.38	\$ 13,850,282.45	\$ 15,215,519.95
Special Revenue Funds:						
13 Restorative Justice	\$ 18,067.70	\$ 14,356.02	\$ -	\$ -	\$ 12,644.01	\$ 19,779.71
14 9-1-1 Emerg. Telephone	244,775.03	234,483.95	-	134,600.00	108,005.19	236,653.79
16 Unorg. Dist. Roads	100,179.11	19,439.50	-	-	15,212.50	104,406.11
17 Reg. Child Support	8,665.00	33,745.00	-	-	-	42,410.00
21 Park	289,235.20	224,351.41	227,418.00	-	550,374.60	190,630.01
22 Emergency Fund	531,150.20	346,674.66	-	-	4,037.15	873,787.71
24 Weed Control	260,413.83	290,392.83	-	-	309,366.80	241,439.86
26 Veteran's	33,755.12	107,572.13	-	-	84,640.48	56,686.77
27 County Agent	96,030.02	211,466.12	-	10,000.00	198,887.66	98,608.48
31 Camping Fee Fund	423.57	36,130.11	-	-	36,553.68	-
37 Correctional Cntr. Commissary	64,049.11	21,186.30	-	-	10,173.03	75,062.38
38 Drug Program	202,334.05	105,879.73	-	-	81,383.42	226,830.36
44 Document Preservation	144,697.43	117,102.45	-	-	113,490.35	148,309.53
47 Chase Lake	25,500.00	-	-	-	-	25,500.00
48 Hazardous Chem. Levy	11,257.31	3,860.73	-	-	918.27	14,199.77
55 Cancelled-Lost Warrant Fund	108.47	135.08	-	-	108.47	135.08
56 Bond Forfeiture	45,005.01	-	-	-	-	45,005.01
77 Job Incentive	863,090.28	440,415.26	-	-	238,810.53	1,064,695.01
100 FEMA Funds	(41,985.51)	43,828.75	-	-	-	1,843.24
Off Book Activity- CDBG	1.00	44,064.49	-	-	44,064.49	1.00
Total Special Revenue Funds	\$ 2,896,751.93	\$ 2,295,084.52	\$ 227,418.00	\$ 144,600.00	\$ 1,808,670.63	\$ 3,465,983.82
Debt Service Funds:						
69 Bond Fund	\$ (3,799.42)	\$ 429,925.89	\$ -	\$ -	\$ 434,912.52	\$ (8,786.05)
Total Debt Service Funds	\$ (3,799.42)	\$ 429,925.89	\$ -	\$ -	\$ 434,912.52	\$ (8,786.05)
Capital Projects Funds:						
40 Courthouse Building	\$ 482,499.74	\$ 47,218.52	\$ 165,650.00	\$ -	\$ 213,067.67	\$ 482,300.59
41 Law Enforc. Construction	223,316.66	41,333.01	166,550.00	-	145,924.91	285,274.76
42 Capital Project Fund	299.72	815,862.72	-	299.72	815,862.72	-
43 Information Tech. Cap. Proj.	58,070.69	-	91,000.00	-	73,667.15	75,403.54
45 Road & Bridge Building	4,234.01	1,759.63	459,420.00	-	361,902.19	103,511.45
46 County Sheriff Capital Fund	92,040.36	33,425.00	201,682.00	-	119,137.00	208,010.36
49 Weed Board Cap. Imp.	177,032.79	883.73	-	-	-	177,916.52
Total Capital Projects Funds	\$ 1,037,493.97	\$ 940,482.61	\$ 1,084,302.00	\$ 299.72	\$ 1,729,561.64	\$ 1,332,417.22
Total Nonmajor Funds	\$ 3,930,446.48	\$ 3,665,493.02	\$ 1,311,720.00	\$ 144,899.72	\$ 3,973,144.79	\$ 4,789,614.99
Total Governmental Funds	\$ 18,676,136.29	\$ 19,152,425.89	\$ 3,062,894.10	\$ 3,062,894.10	\$ 17,823,427.24	\$ 20,005,134.94
Agency Funds:						
19 Central Valley Health	\$ 598.95	\$ 458,926.31	\$ -	\$ -	\$ 445,806.45	\$ 13,718.81
20 Airport	94.41	58,214.57	-	-	58,181.59	127.39
25 Historical Society	8,670.67	15,927.47	-	-	14,490.00	10,108.14
35 Library - General	313.09	227,055.89	-	-	226,925.07	443.91
73 Senior Citizens	150.37	210,076.02	-	-	201,428.89	8,797.50
74 Protest on Taxes	-	-	-	-	-	-
76 Game & Fish	32,037.43	27,878.57	-	-	59,916.00	-
81 Total Cities	-	-	-	-	-	-
83 Total School	-	-	-	-	-	-
84 Total Township	-	-	-	-	-	-
85 Water Resource District	43.19	31,933.96	-	-	31,917.22	59.93
86 Garrison Diversion	-	-	-	-	-	-
87 Total Rural Fire	-	-	-	-	-	-
88 State Funds	-	-	-	-	-	-
89 Soil Conservation	-	-	-	-	-	-
Total Agency Funds	\$ 41,908.11	\$ 1,030,012.79	\$ -	\$ -	\$ 1,038,665.22	\$ 33,255.68
Total Primary Government	\$ 18,718,044.40	\$ 20,182,438.68	\$ 3,062,894.10	\$ 3,062,894.10	\$ 18,862,092.46	\$ 20,038,390.62
Component Unit:						
Water Resource District	\$ 123,268.34	\$ 132,162.07	\$ -	\$ -	\$ 138,235.10	\$ 117,195.31
Total Reporting Entity	\$ 18,841,312.74	\$ 20,314,600.75	\$ 3,062,894.10	\$ 3,062,894.10	\$ 19,000,327.56	\$ 20,155,585.93

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division:
FARGO OFFICE
MANAGER – CRAIG HASHBARGER
Phone: (701) 239-7274

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Stutsman County, Jamestown, North Dakota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Stutsman County's basic financial statements, and have issued our report thereon dated October 8, 2018. Our report includes a reference to other auditors who audited the financial statements of the James River Valley Library System, as described in our report on Stutsman County's financial statements. This report does not include the results of the other auditors' testing on internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stutsman County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stutsman County's internal control. Accordingly, we do not express an opinion on the effectiveness of Stutsman County's internal control.

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

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

STUTSMAN COUNTY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Compliance and Other Matters

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

Purpose of this Report

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

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
October 8, 2018

STUTSMAN COUNTY
Jamestown, North Dakota

SUMMARY OF AUDITOR'S RESULTS AND FINDINGS
For the Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?	Unmodified
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?	<u> </u> Yes	<u> X </u> None reported
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> None reported

Section II – Financial Statement Findings

No matters were reported.

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



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MANAGER – CRAIG HASHBARGER
Phone: (701) 239-7274

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BISMARCK, NORTH DAKOTA 58505

GOVERNANCE COMMUNICATION

Board of County Commissioners
Stutsman County
Jamestown, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Stutsman County, Jamestown, North Dakota, for the year ended December 31, 2017 which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 8, 2018. We did not audit the financial statements of the James River Valley Library System, a discretely presented component unit of Stutsman County, which were audited by other auditors, and our opinion insofar as it relates to the amounts included for the James River Valley Library System, is based solely on the report of other auditors. 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 and Government Auditing Standards

As stated in our engagement letter dated July 9, 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 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, fraud, or other illegal acts may exist and not be detected by us.

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

As part of obtaining reasonable assurance about whether Stutsman County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

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 Stutsman County are described in Note 1 to the financial statements. Application of existing policies was not changed 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 and depreciation method related to 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	\$	418,031	
Accounts Receivable		300,885	
Revenue			\$ 718,916
Revenue		5,326	
Loan Payments			5,326
Expenditures		106,899	
Accounts Payable			53,912
Salaries Payable			52,987
Expenses		4,770	
Retainages Payable			4,770

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 October 8, 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.

STUTSMAN COUNTYGovernance Communication - Continued

This information is intended solely for the use of the Board of County Commissioners and management of Stutsman 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 Stutsman 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 Stutsman County.

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
October 8, 2018

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