



RAILROADS

Annual Report

of

Dakota Northern Railroad Inc.
(Corporate Name of Company)

to the

Tax Commissioner

State of North Dakota

For the Year Ending December 31, 20 17

This report must be filed on or before May 1 of each year. One copy of the R-1 Report to the Surface Transportation Board, one copy of the Annual Report Form 10-K, and one copy of the Annual Report to Stockholders must accompany this report and will be made a part of it.

Organization

Name of Company: Dakota Northern Railroad Inc.

Date of Organization: 2005

Nature of Company: Class III Common Carrier Railroad

Under laws of what state or country organized: North Dakota

If a consolidated company, name constituent companies, giving reference to charter of each, and all amendments of same:

N/A

Date and authority of each consolidation: _____

N/A

If a reorganized company, give name of original corporation and refer to law under which it was organized:

N/A

Location of principal office: 28997 255th Ave SW PO Box 705 Crookston MN 56716

Comparative Statement by States of Mileage, Earnings, Operating Expenses, and Taxes for Year Ended Dec. 31, 20 17

	System	N. Dak.	State Of	State of	State of
1. Mileage operated _____	48	48			
2. Total miles of road* operated Dec. 31 ²⁰¹⁷ _____	48	48			
3. Avg. miles of road* operated during year ended Dec. 31 ²⁰¹⁷ _____	48	48			
4. Total mileage of all tracks operated Dec. 31 ²⁰¹⁷ _____	48	48			
5. % in each state _____	100%	100%			
6. Care mileage plus locomotive mileage _____	Not Tracked				
7. % in each state _____					
8. Revenue traffic units (ton mileage + passenger mileage) _____	4049	4049			
9. % in each state _____	100%	100%			
	1319234	1319234			
10. Gross operating revenues, total _____	1319234	1319234			
11. % in each state _____	100%	100%			
12. Per mile of road* operated _____	27484	27484			
13. Total operating expenses _____	1403901	1403901			
14. Per mile of road* operated _____	29248	29248			
15. Per cent of gross operating revenue _____	100%	100%			
16. Taxes Accrued, State _____	0	0			
17. Per mile of road* operated _____	0	0			
18. Per cent of gross operating revenue _____	0	0			
19. Taxes Accrued, Federal _____	0	0			
20. Per mile of road* operated _____	0	0			
21. Per cent of gross operating revenue _____	0	0			
22. Net revenue from railway operations _____	-84667	-84667			
23. % in each state _____	100%	100%			
24. Operating ratio _____	1.06417	1.06417			
*Main Track, System and North Dakota					

Show 100% valuation of operating property, as assessed by the State Board of Assessment or Equalization, for the past three years, in each state in which respondent operates.

Name of State	20 <u>16</u>	<u>2015</u>	<u>2014</u>	Percentage of Value Taxable
1. North Dakota				100%
2. _____				
3. _____				
4. _____				
5. _____				
6. _____				
7. _____				
8. _____				
9. _____				
10. _____				
11. _____				
12. _____				
13. _____				
14. _____				
15. _____				
16. _____				
17. _____				
18. _____				
19. _____				
20. _____				

Gross Earnings - Current Year

	System	North Dakota
2017	\$ 1,319,234.00	\$ 1,319,234.00
Ratio Of North Dakota Gross Earnings To Total		100 %

	Two Preceding Years System	North Dakota
2016	\$ 1,842,980.00	\$ 1,842,980.00
2015	\$ 1,410,413.00	\$ 1,410,413.00

Revenue Traffic Units - Current Year

(ton mile e p p senger mileage)

	System	North Dakota
2017	\$ 4,049.00	\$ 4,049.00
Ratio Of North Dakota Ton And Passenger Mileage To Total		100 %

	Two Preceding Years System	North Dakota
2016	\$ 4,152.00	\$ 4,152.00
2015	\$ 3,375.00	\$ 3,375.00

Car Mileage And Locomotive Mileage - Current Year

	System	North Dakota
2017	\$ 4,049.00	\$ 4,049.00
Ratio Of North Dakota Car Mileage And Locomotive Mileage To Total		100 %

	Two Preceding Years System	North Dakota
2016	\$ 4,152.00	\$ 4,152.00
2015	\$ 3,375.00	\$ 3,375.00

Income Account
Year Ended December 31, 20 17

in No.		o f r c rent yea	Amount for preceding year
	Op ating Income		
	Railway Operating Income		
1	Railway operating revenues	1,319,234	1,842,980
2	Railway operating expenses	1,403,901	1,829,912
	Net revenue from railway operations (line 1 less line 2).....	-84,667	13,068
	Other Income		
4	Total Other Income	99,648	4
5	Total Income (line 3 plus line 4).....	14,981	13,072
	Miscellaneous Deductions From Income		
6	Total Miscellaneous Deductions		
7	Income available for fixed charges (line 5 less line 6)	14,981	13,072
	Fixed Charges		
8	Total fixed charges		
	co e f fi ed charges (line 7 less line 8).....	14,981	13,072
10	Other deductions		
11	Unusual or infrequent items		
12	Income (loss) from continuing operations (line 9 less lines 10 and 11).....	14,981	13,072
	Provision For Income Taxes		
13	Income taxes on ordinary income Federal tax @34% State tax @2.9%	5,528	4,824
14	Provision for deferred income taxes		
15	Total Provisions For Income Taxes	5,528	4,824
16	Income from continuing operations (line 12 less line 15).....	9,453	8,248
	Discontinued Operations		
17	Income or loss from discontinued segments (less income taxes)		
18	Income before extraordinary items (line 16 plus line 17)	9,453	8,248
	Extraordinary Items And Accounting Changes		
19	Total extraordinary items (less income taxes)		
20	Cumulative effect of accounting change less income taxes).....		
21	Net income loss (lines 18 plus lines 19 and 20)	9,453	8,248
	Reconciliation Of Net Railway Operating Income (NROI)		
22	Net revenue from railway operations	-84,667	13,068
23	Income taxes on ordinary income (-)	-5,528	-4,824
24	Provision for deferred income taxes (-)		
25	Income from lease of road and equipment (-).....		
26	Rent for leased road and equipment (+).....		
27	Net railway operating income (loss).....	-90,195	8,248

Inventory Of Capitalized Leased Cars
 December 31, 20 17

Year Acquired	Number of Cars	Total Original Cost	Depreciation Rate	Rental Rate Indicate Yearly or Monthly
1985 and prior				
1986				
1987				
1988				
1989				
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006	None			
2007	None			
2008	None			
Totals				

Inventory Of Noncapitalized Leased Cars
 December 31, 20 17

Year Acquired	Number of Cars	Total Original Cost	Depreciation Rate	Rental Rate Indicate Yearly or Monthly
1985 and prior				
1986				
1987				
1988				
1989				
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006	None			
2007	None			
2008	None			
Totals				

Inventory Of Capitalized Leased Locomotives

December 31, 20 17

Year Acquired	Number of Units	Total Original Cost	Depreciation Rate	Rental Rate Indicate Yearly or Monthly
1985 and prior				
1986				
1987				
1988				
1989				
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006	None			
2007	None			
2008	None			
Totals				

Annual Report of Dakota Northern Railroad Inc.
Inventory Of Noncapitalized Leased Locomotives
 December 31, 20 17

Year Acquired	Number of Units	Total Original Cost	Depreciation Rate	Rental Rate Indicate Yearly or Monthly
1985 and prior				
1986				
1987				
1988				
1989				
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001	2006 - 3			2 @ \$1200, 1 @ \$800 month
2002	2007 - 2			2 @ \$1200 mo ea
2003	2008 - 2			2 @ \$1200 mo ea
2004	2009 - 3			3 @ 2100 mo ea
2005	2010 - 3			3 @ 2100 mo ea
2006	2011 - 3			3 @ 2100 mo ea
2007	2012 - 3			3 @ 2100 mo ea
2008	2013 - 3			3 @ \$2100 mo ea
Totals				

Verification

The foregoing report must be verified by the oath of the officer having control of the accounting of the respondent. It should be verified, also, by the oath of the president or other chief officer of the respondent, unless the respondent states on the last preceding page of this report that such chief officer has no control over the accounting of the respondent. Under the provisions of section 20 of the Interstate Commerce Act, "the oath required * * * may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken."

Oath

(To be made by the officer having control of the accounting of the respondent)

State of Minnesota

County of Polk

ss.

Jason Bierwerth makes oath and says that he is Manager of Operations

(Insert here the official title of the affiant)

of Dakota Northern Railroad

(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Interstate Commerce Commission, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above named respondent during the period of time from and including

January 1, 20 17, to and including December 31, 20 17.

(Signature of affiant)

Subscribed and sworn to before me, a Notary, in and for the State and county

above named, this 27 day of April, 20 17

My commission expires 1/31/21

Monique Hollands

(Signature of officer authorized to administer oaths)



Supplemental Oath

(By the president or other chief officer of the respondent)

State of Minnesota

County of Polk

ss.

Jason Bierwerth makes oath and says that he is Manager of Operations

(Insert here the official title of the affiant)

of Dakota Northern Railroad

(Insert here the exact legal title or name of the respondent)

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the

operations of its property during the period of time from and including January 1, 20 17, to and including

December 31, 20 17.

(Signature of affiant)

Subscribed and sworn to before me, a Notary, in and for the State and county

above named, this 27 day of April, 20 17

My commission expires 1/31/21

Monique Hollands

(Signature of officer authorized to administer oaths)

