

OFFICE OF THE STATE AUDITOR

AUDIT REPORT

**DICKEY COUNTY
ELLENDALE, NORTH DAKOTA**

FOR THE YEAR ENDED DECEMBER 31, 2013



DICKEY COUNTY
Ellendale, North Dakota

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DICKEY COUNTY
Ellendale, North Dakota

COUNTY OFFICIALS

At December 31, 2013

Gary White	Commissioner - Chairman
Dean Simek	Commissioner - Vice Chairman
John Hokana	Commissioner
Joel Hamar	Commissioner
Thor Sand	Commissioner
Beverly Kuska	Auditor
Gail Veland	Treasurer
Jim Bohannon	Sheriff
Deb Anderson	Recorder
Gary Neuharth	State's Attorney

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
Fax (701) 328-1406



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dickey County
Ellendale, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, Ellendale, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, Ellendale, North Dakota, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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* on pages 29-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

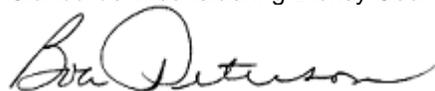
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickey County's basic financial statements. The *schedule of fund activity arising from cash transactions* and *schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the financial statements.

The *schedule of fund activity arising from cash transactions* and *schedule of expenditures of federal awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of fund activity arising from cash transactions* and *the schedule of expenditures of federal awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015 on our consideration of Dickey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickey County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
January 30, 2015

DICKEY COUNTY
Ellendale, North Dakota
STATEMENT OF NET POSITION
December 31, 2013

	Primary Governmental Activities	Component Units
ASSETS:		
Cash and Investments	\$ 4,840,907	\$ 914,763
Taxes Receivable	60,863	7,082
Accounts Receivable	6,589	-
Intergovernmental Receivable	297,066	-
Road Receivables	49,353	-
Loans Receivable	-	17,345
Capital Assets not being depreciated:		
Land	40,398	-
Construction in Progress	44,707	-
Capital Assets net of accumulated depreciation:		
Buildings	1,008,277	-
Equipment	1,243,829	-
Vehicles	258,285	-
Infrastructure	1,734,909	-
Total Capital Assets	<u>\$ 4,330,405</u>	<u>\$ -</u>
Total Assets	<u>\$ 9,585,183</u>	<u>\$ 939,190</u>
LIABILITIES:		
Accounts Payable	\$ 60,419	\$ -
Salary and Benefits Payable	10,172	93
Grants Received in Advance	654,157	-
Interest Payable	23,020	1,083
Long-Term Liabilities:		
Due Within One Year:		
Capital Leases Payable	265,302	-
Loan Payable	63,861	5,412
Compensated Absences Payable	8,788	572
Due After One Year:		
Capital Leases Payable	624,817	-
Loan Payable	76,365	12,803
Disaster Drawdown	877,127	-
Compensated Absences Payable	79,096	5,151
Total Liabilities	<u>\$ 2,743,124</u>	<u>\$ 25,114</u>
DEFERRED INFLOWS OF RESOURCES:		
Taxes Received in Advance	<u>\$ 809,241</u>	<u>\$ 85,100</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 3,300,060	\$ -
Restricted for:		
Debt Service	305,433	-
Public Safety	30,341	-
Highways and Bridges	568,171	-
Health and Welfare	500,114	79,577
Culture and Recreation	-	74,165
Conservation of Natural Resources	215,983	422,266
Emergencies	362,290	-
Economic Development	-	252,968
General Government	283,312	-
Unrestricted	<u>467,114</u>	<u>-</u>
Total Net Position	<u>\$ 6,032,818</u>	<u>\$ 828,976</u>

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Units
<u>Primary Government:</u>					
<u>Governmental Activities:</u>					
General Government	\$ 1,696,164	\$ 143,205	\$ 57,819	\$ (1,495,140)	\$ -
Public Safety	491,501	106,192	117	(385,192)	-
Highways and Bridges	2,044,168	336,086	1,393,511	(314,571)	-
Flood Repair	775,535	-	1,439,641	664,106	-
Health and Welfare	750,464	655	416,324	(333,485)	-
Culture and Recreation	23,042	-	-	(23,042)	-
Conservation of Natural Resources	296,830	16,384	14,874	(265,572)	-
Interest on Long-Term Debt	56,025	-	-	(56,025)	-
Total Primary Government	\$ 6,133,729	\$ 602,522	\$ 3,322,286	\$ (2,208,921)	\$ -
Component Units	\$ 530,286	\$ 180,707	\$ 100,861		\$ (248,718)
<u>General Revenues:</u>					
Taxes:					
Property taxes; levied for general purposes				\$ 434,256	\$ 342,866
Property taxes; levied for special purposes				1,953,416	-
Property taxes; levied for debt service				452,834	-
Non restricted grants and contributions				532,147	11,350
Earnings on investments				14,190	445
Miscellaneous revenue				176,544	46,013
Total General Revenues				\$ 3,563,387	\$ 400,674
Change in Net Position				\$ 1,354,466	\$ 151,956
Net Position - January 1				\$ 5,189,510	\$ 677,020
Prior Period Adjustment				(511,158)	-
Net Position - January 1 - As Restated				\$ 4,678,352	\$ 677,020
Net Position - December 31				\$ 6,032,818	\$ 828,976

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

DICKEY COUNTY
Ellendale, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	Major Funds							Other Governmental Funds	Total Governmental Funds
	General	Farm to Market Roads	DC ER Projects	County Road and Bridge	Social Services	Oasis and Social Security	FEMA Funds		
ASSETS									
Cash and Investments	\$ 530,983	\$ 253,700	\$ 15,049	\$ 1,222,784	\$ 445,192	\$ 292,683	\$ 654,157	\$ 1,426,359	\$ 4,840,907
Taxes Receivable	10,080	5,950	-	3,717	8,767	11,198	-	21,151	60,863
Accounts Receivable	-	-	-	-	-	-	-	6,589	6,589
Intergovernmental Receivable	106,468	17,790	-	92,323	26,099	7,956	-	46,430	297,066
Road Receivables	-	-	-	49,353	-	-	-	-	49,353
Due from Other Funds	21,460	-	-	-	-	-	-	-	21,460
Total Assets	\$ 668,991	\$ 277,440	\$ 15,049	\$ 1,368,177	\$ 480,058	\$ 311,837	\$ 654,157	\$ 1,500,529	\$ 5,276,238
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
<u>Liabilities:</u>									
Accounts Payable	\$ 4,233	\$ 15,726	\$ -	\$ 40,412	\$ -	\$ -	\$ -	\$ 48	\$ 60,419
Salaries and Benefits Payable	5,291	-	-	1,637	2,852	-	-	392	10,172
Grants Received in Advance	-	-	-	-	-	-	654,157	-	654,157
Due to Other Funds	-	-	-	-	-	-	-	21,460	21,460
Total Liabilities	\$ 9,524	\$ 15,726	\$ -	\$ 42,049	\$ 2,852	\$ -	\$ 654,157	\$ 21,900	\$ 746,208
<u>Deferred Inflows of Resources:</u>									
Taxes Receivable	\$ 10,080	\$ 5,950	\$ -	\$ 3,717	\$ 8,767	\$ 11,198	\$ -	\$ 21,151	\$ 60,863
Road Receivables	-	-	-	49,353	-	-	-	-	49,353
Taxes Received in Advance	170,893	90,469	-	37,183	113,086	175,327	-	222,283	809,241
Total Deferred Inflows of Resources	\$ 180,973	\$ 96,419	\$ -	\$ 90,253	\$ 121,853	\$ 186,525	\$ -	\$ 243,434	\$ 919,457
<u>Fund Balances:</u>									
Committed For:									
County Improvement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,107	\$ 11,107
Restricted For:									
General Government	-	-	-	-	-	125,312	-	144,907	270,219
Public Safety	-	-	-	-	-	-	-	44,617	44,617
Highways and Bridges	-	165,295	-	1,235,875	-	-	-	-	1,401,170
Flood Repair	-	-	15,049	-	-	-	-	-	15,049
Health and Welfare	-	-	-	-	355,353	-	-	161,290	516,643
Conservation of Natural Resources	-	-	-	-	-	-	-	215,877	215,877
Emergency	-	-	-	-	-	-	-	360,115	360,115
Debt Service	-	-	-	-	-	-	-	318,742	318,742
Unassigned	478,494	-	-	-	-	-	-	(21,460)	457,034
Total Fund Balances	\$ 478,494	\$ 165,295	\$ 15,049	\$ 1,235,875	\$ 355,353	\$ 125,312	\$ -	\$ 1,235,195	\$ 3,610,573
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 668,991	\$ 277,440	\$ 15,049	\$ 1,368,177	\$ 480,058	\$ 311,837	\$ 654,157	\$ 1,500,529	\$ 5,276,238

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

DICKEY COUNTY
Ellendale, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total *Fund Balances* for Governmental Funds \$ 3,610,573

Total net position reported for government activities in the statement of net position is different because:

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

Cost of Capital Assets	\$ 6,723,815	
Less Accumulated Depreciation	<u>(2,393,410)</u>	
Net Capital Assets		4,330,405

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. 60,863

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. 49,353

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, 2013 are:

Capital Leases Payable	\$ (890,119)	
Bonds Payable	(877,127)	
Loans Payable	(140,226)	
Interest Payable	(23,020)	
Compensated Absences	<u>(87,884)</u>	
Total Long-Term Liabilities		<u>(2,018,376)</u>

Total Net Position of Governmental Activities \$ 6,032,818

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Major Funds							Other Governmental Funds	Total Governmental Funds
	General	Farm to Market Roads	DC ER Projects	County Road and Bridge	Social Services	Oasis and Social Security	FEMA Funds		
Revenues:									
Taxes	\$ 435,828	\$ 272,145	\$ -	\$ 211,837	\$ 401,733	\$ 525,382	\$ -	\$ 987,362	\$ 2,834,287
Licenses, Permits and Fees	50,205	-	-	-	655	-	-	-	50,860
Intergovernmental	397,825	62,993	1,078,842	1,330,517	349,496	44,926	360,799	229,035	3,854,433
Charges for Services	85,415	-	-	307,357	-	-	-	130,161	522,933
Interest Income	14,017	-	-	-	-	-	-	173	14,190
Miscellaneous	-	-	-	40,018	2,657	3,110	-	130,759	176,544
Total Revenues	\$ 983,290	\$ 335,138	\$ 1,078,842	\$ 1,889,729	\$ 754,541	\$ 573,418	\$ 360,799	\$ 1,477,490	\$ 7,453,247
Expenditures:									
Current:									
General Government	\$ 682,463	\$ -	\$ -	\$ -	\$ -	\$ 567,520	\$ -	\$ 413,800	1,663,783
Public Safety	381,866	-	-	-	-	-	-	138,019	519,885
Highways	39,320	641,098	-	1,742,426	-	-	-	299	2,423,143
Flood Repair	-	-	519,558	-	-	-	257,779	-	777,337
Health and Welfare	375	-	-	-	671,482	-	-	78,672	750,529
Culture and Recreation	19,805	-	-	-	-	-	-	-	19,805
Conserv. of Natural Resources	-	-	-	-	-	-	-	337,107	337,107
Debt Service:									
Principal	-	-	1,755,358	95,875	-	-	-	163,861	2,015,094
Interest and Fees	-	-	33,460	18,429	-	-	-	7,957	59,846
Total Expenditures	\$ 1,123,829	\$ 641,098	\$ 2,308,376	\$ 1,856,730	\$ 671,482	\$ 567,520	\$ 257,779	\$ 1,139,715	\$ 8,566,529
Excess (Deficiency) of Revenues Over Expenditures	\$ (140,539)	\$ (305,960)	\$ (1,229,534)	\$ 32,999	\$ 83,059	\$ 5,898	\$ 103,020	\$ 337,775	\$ (1,113,282)
Other Financing Sources (Uses):									
Bond Proceeds	\$ -	\$ -	\$ 527,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,015
Lease Proceeds	-	-	-	381,946	-	-	-	-	381,946
Transfers In	2,091	200,000	537,693	-	83,000	-	-	20,200	842,984
Transfers Out	-	-	-	(200,000)	(88,000)	(2,091)	(203,366)	(349,527)	(842,984)
Total Other Financing Sources and Uses	\$ 2,091	\$ 200,000	\$ 1,064,708	\$ 181,946	\$ (5,000)	\$ (2,091)	\$ (203,366)	\$ (329,327)	\$ 908,961
Net Change in Fund Balances	\$ (138,448)	\$ (105,960)	\$ (164,826)	\$ 214,945	\$ 78,059	\$ 3,807	\$ (100,346)	\$ 8,448	\$ (204,321)
Fund Balance - January 1	\$ 616,942	\$ 271,255	\$ 179,875	\$ 1,020,930	\$ 277,294	\$ 121,505	\$ 807,310	\$ 1,030,941	\$ 4,326,052
Prior Period Adjustment	-	-	-	-	-	-	(706,964)	195,806	(511,158)
Fund Balance - Jan. 1, As Restated	\$ 616,942	\$ 271,255	\$ 179,875	\$ 1,020,930	\$ 277,294	\$ 121,505	\$ 100,346	\$ 1,226,747	\$ 3,814,894
Fund Balance - December 31	\$ 478,494	\$ 165,295	\$ 15,049	\$ 1,235,875	\$ 355,353	\$ 125,312	\$ -	\$ 1,235,195	\$ 3,610,573

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

DICKEY COUNTY
Elendale, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net Change in *Fund Balances* - Total Governmental Funds \$ (204,321)

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

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

Current Year Capital Outlay	\$ 980,960	
Current Year Depreciation Expense	<u>(363,249)</u>	617,711

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

Loss on Disposals of Capital Assets		(208,207)
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The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is amount by which debt repayment exceeded debt proceeds.

Bond Proceeds	\$ (527,015)	
Capital Lease Proceeds	(381,946)	
Repayment of Debt	<u>2,015,094</u>	1,106,133

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	\$ 4,381	
Net Change in Interest Payable	<u>3,821</u>	8,202

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

Net Change in Taxes Receivable	\$ 6,219	
Net Change in Road Receivables	<u>28,729</u>	<u>34,948</u>

Change in Net Position of Governmental Activities		<u>\$ 1,354,466</u>
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The notes to the financial statements are an integral part of this statement.

DICKEY COUNTY
Elendale, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2013

<u>Assets:</u>	
Cash and Investments	<u>\$ 1,366,673</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>\$ 1,366,673</u>

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF NET POSITION
COMPONENT UNITS
December 31, 2013

	Water Resource District	Health District	County Park	County Fair	JDA	Totals
ASSETS:						
Cash and Investments	\$ 434,566	\$ 118,859	\$ 62,322	\$ 38,053	\$ 260,963	\$ 914,763
Taxes Receivable	2,175	1,907	383	816	1,801	7,082
Loans Receivable	-	-	-	-	17,345	17,345
Total Assets	\$ 436,741	\$ 120,766	\$ 62,705	\$ 38,869	\$ 280,109	\$ 939,190
LIABILITIES:						
Salary and Benefits Payable	\$ -	\$ 93	\$ -	\$ -	\$ -	\$ 93
Interest Payable	-	-	-	1,083	-	1,083
Long-Term Liabilities:						
Due Within One Year:						
Loan Payable	-	-	-	5,412	-	5,412
Compensated Absences	-	572	-	-	-	572
Due After One Year:						
Loan Payable	-	-	-	12,803	-	12,803
Compensated Absences	-	5,151	-	-	-	5,151
Total Liabilities	\$ -	\$ 5,816	\$ -	\$ 19,298	\$ -	\$ 25,114
DEFERRED INFLOWS:						
Taxes Received in Advance	\$ 14,475	\$ 35,373	\$ 8,111	\$ -	\$ 27,141	\$ 85,100
NET POSITION:						
Restricted For:						
Health and Welfare	\$ -	79,577	-	\$ -	\$ -	\$ 79,577
Culture and Recreation	-	-	54,594	19,571	-	74,165
Economic Development	-	-	-	-	252,968	252,968
Conservation of Natural Resources	422,266	-	-	-	-	422,266
Total Net Position	\$ 422,266	\$ 79,577	\$ 54,594	\$ 19,571	\$ 252,968	\$ 828,976

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

DICKEY COUNTY
Ellendale, North Dakota

STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended December 31, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Water Resource District	Health District	County Park	County Fair	JDA	
<u>Component Units:</u>									
Dickey County Water Resource Dist.	\$ 25,595	\$ -	\$ -	\$ (25,595)	\$ -	\$ -	\$ -	\$ -	\$ (25,595)
Dickey County Health District	343,786	144,088	100,861	-	(98,837)	-	-	-	(98,837)
Dickey County Park	16,795	-	-	-	-	(16,795)	-	-	(16,795)
Dickey County Fair	62,319	9,259	-	-	-	-	(53,060)	-	(53,060)
Dickey Job Development Authority	81,791	27,360	-	-	-	-	-	(54,431)	(54,431)
Total Component Units	\$ 530,286	\$ 180,707	\$ 100,861	\$ (25,595)	\$ (98,837)	\$ (16,795)	\$ (53,060)	\$ (54,431)	\$ (248,718)
<u>General Revenues:</u>									
Taxes:									
Property taxes				\$ 120,293	\$ 84,694	\$ 21,761	\$ 38,658	\$ 77,460	\$ 342,866
Non restricted grants and contributions				3,239	1,199	3,599	2,215	1,098	11,350
Earnings on investments				440	-	-	5	-	445
Miscellaneous revenue				4,560	-	-	41,453	-	46,013
Total General Revenues				\$ 128,532	\$ 85,893	\$ 25,360	\$ 82,331	\$ 78,558	\$ 400,674
Change in Net Position				\$ 102,937	\$ (12,944)	\$ 8,565	\$ 29,271	\$ 24,127	\$ 151,956
Net Position - January 1				\$ 319,329	\$ 92,521	\$ 46,029	\$ (9,700)	\$ 228,841	\$ 677,020
Net Position - December 31				\$ 422,266	\$ 79,577	\$ 54,594	\$ 19,571	\$ 252,968	\$ 828,976

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

DICKEY COUNTY
Ellendale, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Dickey County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the county's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of Dickey County. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county such that exclusion would cause the county's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Dickey County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Dickey County.

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

COMPONENT UNITS

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

Discretely Presented Component Units: The component unit columns in the basic financial statements include the financial data of the county's five component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

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

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

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

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

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

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

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

	2013
Historical Society	\$7,756
Senior Citizens	47,143

B. Government-wide and Fund Financial Statements

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

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

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

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

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar item are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the county.

The County reports the following major governmental funds:

General Fund. This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

DC ER Projects Fund. This fund accounts for financial resources related to specific highway repairs/projects. The major primary source of revenue is State/Federal grants/reimbursements.

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

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

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

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

The County reports the following fund type:

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits, money market accounts, and certificates of deposit with a maturity of 3 months or less. Investments consist of certificates of deposit with a maturity of more than 3 months.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

F. Compensated Absences

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

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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

H. Interfund Transactions

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

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

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

I. Fund Balances / Net Position

GASB Statement No. 54 requires fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

Fund Balance Spending Policy:

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

Minimum Fund Balance Policy:

Dickey County established a \$300,000 general fund carryover balance target to help with financial stability. The fund balance range is a part of the county's fiscal policies. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county. Unassigned general fund balance of \$478,494 at December 31, 2013 represented 44% of actual 2013 general fund expenditures.

Replenishing Deficiencies

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

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

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

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (farm to market roads, DC ER project, county road and bridge, social services, FEMA, and OASIS/social security) are disclosed in more detail in Note 1B.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

CLASSIFICATION	DEFINITION	EXAMPLES
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	Inventories, prepaid amounts (expenses), long-term receivables, endowment funds.
Restricted	Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. (b) Imposed by law through constitutional provisions or enabling legislation.	Funds restricted by State Statute, unspent bond proceeds, grants earned but not spent, debt covenants, taxes raised for a specific purpose.
Committed	A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the governing board. Formal action is required to be taken to establish, modify or rescind a fund balance commitment.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Assigned	Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are under the direction of the board and the county auditor.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.
Unassigned	Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. (a) The General Fund is the only fund that can report a positive unassigned fund balance; (b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.	Available for any remaining general fund expenditure.

Dickey County reports committed, restricted, and unassigned fund balances at December 31, 2013.

Committed Fund Balance:

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

Restricted Fund Balances – consist of the following items at December 31, 2013:

Restricted fund balances totaling \$3,142,432 are shown by applicable function on the balance sheet for general government, public safety, highways and bridges, flood repair, health and welfare, culture and recreation, conservation of resources, emergencies, and debt service. Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted & Committed Fund Balances:

(a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements:

- Restricted tax levies – includes fund balances for various tax levies other than the general fund.
- Restricted grants/reimbursements – primarily includes FEMA funds, other grant funds, and highway tax distribution.

Unassigned fund balances:

Unassigned fund balances at year-end 2013 consist of an amount in the general fund totaling \$478,494, and negative non-major funds totaling (\$21,460 – grants fund).

Net Position:

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

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

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

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

J. 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.

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 2: LEGAL COMPLIANCE - BUDGETS**BUDGET AMENDMENTS**

The Board of County Commissioners amended the county budget for the year ended December 31, 2013 as follows:

Fund	EXPENDITURES / TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
<u>Special Revenue Funds:</u>			
County Road and Bridge	\$1,549,372	\$ 85,000	\$1,634,372
Land Sales	87,500	84,427	171,927
Emergency Poor (transfers)	-	15,200	15,200
Poor Relief	71,825	2,017	73,842
24/7	450	1,200	1,650
Horizons	1,500	669	2,169
FEMA County 2010	24,606	44,876	69,482
County Hazard	1,000	5,245	6,245
Grant Fund	11,546	18,176	29,722

NOTE 3: DEPOSITS

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

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

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

At year ended December 31, 2013, the county's carrying amount of deposits was \$7,073,394 and the bank balances totaled \$7,388,357. Of the bank balances, \$1,255,074 was covered by Federal Depository Insurance (\$10,600 was separately covered through FDIC for Job development CD's that were collateralized for loans). Of the remaining bank balances totaling \$6,133,283 all were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2013, the fair board's carrying amount of deposits was \$38,053 and the bank balances totaled \$38,053, all of which was covered by Federal Depository Insurance.

DICKEY COUNTY

Notes to the Financial Statements – Continued

Credit Risk:

The county may invest idle funds as authorized in North Dakota Statutes, as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.

As of December 31, 2013, the County had certificates of deposit totaling \$725,491, all of which were considered deposits.

Concentration of Credit Risk:

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

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due for weed control that were not collected as of December 31, 2013.

NOTE 5: TAXES RECEIVABLE

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

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

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

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

NOTE 6: ROAD ACCOUNTS RECEIVABLE

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

NOTE 7: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of various social service programs, highway tax distribution, state aid and other state and federal grants.

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 8: JOB DEVELOPMENT LOANS RECEIVABLE

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

The Authority had the following activity in loans outstanding for the year ended December 31, 2013:

Name/Business	Balance January 1	New Loans/ Additions	Principal Payments	Balance December 31
Serenita	\$ 8,715	\$ -	\$ 120	\$ 8,595
Pheasant Lanes	3,536	-	3,536	-
Ellendale Vet Service	5,500	-	2,750	2,750
Donna's Café	7,000	-	1,000	6,000
Total	\$24,751	\$ -	\$7,406	\$17,345

Collateral on Loans Outstanding:

The Job Development Authority, one of the aggregate discretely presented component units of Dickey County, has provided collateral of CD's to cover loans made to various businesses during the year ended December 31, 2013. The County reports the cash in the CD's, while the bank reports the loans receivable. Starion Financial and First State Bank is responsible for collecting loan payments, and are ultimately responsible for uncollectible loans. The amount of loans issued totaled \$209,521, and balances outstanding totaled \$201,526 at December 31, 2013.

NOTE 9: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2013:

Governmental Activities:	Balance January 1	Transfers/ Increases	Transfers/ Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	\$ 40,398	\$ -	\$ -	\$ 40,398
Construction in Progress	-	44,707	-	44,707
Total Capital Assets, Not Being Depreciated	\$ 40,398	\$ 44,707	\$ -	\$ 85,105
<i>Capital assets, being depreciated:</i>				
Buildings	\$1,435,551	\$164,295	\$ -	\$1,599,847
Equipment	2,221,479	691,443	518,383	2,394,539
Vehicles	686,428	80,515	20,220	746,723
Infrastructure	1,897,601	-	-	1,897,601
Total Capital Assets, Being Depreciated	\$6,241,059	\$936,253	\$538,603	\$6,638,710
<i>Less accumulated depreciation for:</i>				
Buildings	\$ 556,793	\$ 34,776	\$ -	\$ 591,569
Equipment	1,215,463	245,426	310,176	1,150,713
Vehicles	450,911	57,746	20,220	488,437
Infrastructure	137,389	25,302	-	162,691
Total Accumulated Depreciation	\$2,360,556	\$363,250	\$330,396	\$2,393,410
Total Capital Assets Being Depreciated, Net	\$3,880,503	\$573,003	\$208,207	\$4,245,300
Governmental Activities-Capital Assets, Net	\$3,920,901	\$617,710	\$208,207	\$4,330,405

DICKEY COUNTY

Notes to the Financial Statements – Continued

Depreciation expense was charged to functions/programs of the county as follows for the year ended December 31, 2013:

Governmental Activities:	2013
General Government	\$ 33,136
Public Safety	24,905
Highways	298,225
Culture and Recreation	3,237
Conservation of Natural Resources	3,746
Total Depreciation Expense - Governmental Activities	\$363,250

NOTE 10: ACCOUNTS PAYABLE

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

NOTE 11: DUE TO/FROM OTHER FUNDS

Due to and due from other funds on the governmental funds modified accrual balance sheet at December 31, 2013 represents the amount of cash borrowed by the grants fund totaling \$21,460 covered by the General Fund.

NOTE 12: SALARIES/BENEFITS PAYABLE

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

NOTE 13: GRANTS RECEIVED IN ADVANCE

Grants received in advance is a liability consisting of funds received in the FEMA fund where the cash has been received but the eligibility requirements have not been met at December 31, 2013.

NOTE 14: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long term debt outstanding at December 31, 2013.

NOTE 15: LONG-TERM DEBT

PRIMARY GOVERNMENT:

Changes in Long-Term Liabilities - During the year ended December 31, 2013, the following changes occurred in governmental activities long-term liabilities for the primary government:

Governmental Activities:	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Leases Payable	\$ 604,047	\$381,946	\$ 95,874	\$ 890,119	\$265,302
Disaster Drawdown	2,205,470	527,015	1,855,358	877,127	-
Loans Payable	204,088	-	63,862	140,226	63,861
Compensated Absences *	92,264	-	4,380	87,884	8,788
Total Governmental Activities	\$3,105,869	\$908,961	\$2,019,474	\$1,995,356	\$337,951

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

Outstanding debt (excluding compensated absences) at December 31, 2013 consists of the following issues:

Capital Leases:

\$78,491 – Capital Lease for a John Deere Dozer D5G due in annual installments of \$17,609 through January 2014 with interest at 5.2%.	\$ 16,699
\$257,541 – Capital Lease for a Caterpillar 140M Motor Grader due in annual installments of \$31,578 with a final lump payment of \$140,000 through February 2014 with interest at 3%.	134,163
\$268,727 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$30,167 through Sept. 2018, interest at 2.3%.	268,727
\$126,345 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$27,060 through April 2017 with interest at 2.3%.	102,222
\$260,719 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$31,174 through April 2017 with interest at 2.3%.	235,606
\$113,219 – Capital Lease for a John Deere 772G Motor Grader due in annual installments of \$29,683 through April 2017 with interest at 2.3%.	113,219
\$32,500 – Capital Lease for a Columbia Truck due in annual installments of \$6,975 through April 2016 with interest at 3.6%.	<u>19,483</u>
Total Primary Government Capital Leases Payable	<u>\$ 890,119</u>

Capital Financing Program – Disaster Loan Drawdown

\$3,616,343 – Disaster Loan drawdown for road projects that required payment before reimbursement was obtained. Interest is calculated at intervals throughout the year at 2.25%. Payments vary throughout the year based on reimbursements received.	<u>\$ 877,127</u>
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Loans/Certificate of Indebtedness:

\$30,718 – Certificate of Indebtedness for a County Boiler due in annual installments of \$4,587 to \$5,392 through March 2017 with interest at 3.75%.	\$ 17,553
\$136,000 – Certificate of Indebtedness for a Road Grader due in annual installments of \$27,200 to \$30,260 through October 2015 with interest at 3.75%.	54,400
\$168,000 – Certificate of Indebtedness for an International Truck due in annual installments of \$31,515 to \$35,939 through April 2015 with interest at 3.8%.	<u>68,273</u>
Total Primary Government Loans/Certificate of Indebtedness	<u>\$ 140,226</u>
Total Primary Government Long-Term Debt (Excluding Compensated Absences)	<u>\$1,907,472</u>

DICKEY COUNTY

Notes to the Financial Statements – Continued

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

GOVERNMENTAL ACTIVITIES				
Year Ending December 31	Capital Leases		Loans/CI's	
	Principal	Interest	Principal	Interest
2014	\$259,581	\$22,994	\$ 65,088	\$5,332
2015	110,226	14,832	66,361	2,857
2016	112,875	12,184	4,389	335
2017	23,780	9,480	4,388	166
2018	169,657	3,945	-	-
Total	\$890,119	\$63,435	\$140,226	\$8,690

Note: The ND Finance Authority does not currently have a schedule of future payments for the Disaster Loan Drawdown.

DISCRETELY PRESENTED COMPONENT UNITS:

Health District:

Changes in Long-Term Liabilities - During the years ended December 31, 2013, the following changes occurred in governmental long-term liabilities of the District:

	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Compensated Absences *	\$4,780	\$943	\$ -	\$5,723	\$572

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

County Fair:

Changes in Long-Term Liabilities - During the years ended December 31, 2013, the following changes occurred in governmental long-term liabilities of the District:

	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Loan Payable	\$22,995	\$ -	\$4,780	\$18,215	\$5,412

Loans Payable:

\$32,000 Loans Payable to Starion Financial, due in annual installments of \$2,901 through 2016, interest at 4.25% \$ 4,125

\$30,000 Loans Payable to Starion Financial, due in annual installments of \$3,954 through 2019, interest at 5.9% 14,090

Total Loans Payable \$18,215

Debt service requirements on long-term debt at December 31, 2013 are as follows:

Year Ending December 31	Loans Payable	
	Principal	Interest
2014	\$ 5,412	\$1,443
2015	4,328	1,970
2016	3,192	763
2017	3,480	475
2018	1,803	475
Total	\$18,215	\$4,811

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 16: DEFERRED INFLOWS OF RESOURCES

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

NOTE 17: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements of the governmental activities for the year ended December 31, 2013:

	Transfers In	Transfers Out
General Fund	\$ 2,091	\$ -
Farm to Market Road	200,000	-
DC ER Projects	537,693	-
County Road and Bridge	-	200,000
Oasis and Social Security	-	2,091
Social Services	83,000	88,000
FEMA Funds	-	203,366
County Bond Fund	-	324,327
Emergency Poor	-	15,200
Family Focus	20,200	-
Total Transfers	\$842,984	\$842,984

NOTE 18: PENSION PLAN

Dickey County contributes to the North Dakota Public Employee's Retirement System (NDPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. NDPERS provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, P.O. Box 1214, Bismarck, North Dakota, 58502-1214.

Plan members are required to contribute 6% of their annual covered salary. Dickey County has elected to contribute the employees required contribution. The county is required to contribute 7.26% of the employee's salary, which consists of 6.12% for employee retirement and 1.14% for the retiree health benefits fund. The contribution requirements of plan members and the county are established and may be amended by the State legislature. The County's contributions to NDPERS for the years ending December 31, 2013, 2012, and 2011 were \$136,190, \$113,163, and \$91,200, respectively, equal to the required contributions for the year.

NOTE 19: RISK MANAGEMENT

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

DICKEY COUNTY

Notes to the Financial Statements – Continued

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Dickey County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence for general liability and automobile and \$3,293,675 for public assets (mobile equipment and portable property).

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

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

NOTE 20: DEFICIT CASH FUND BALANCE

At December 31, 2013, the grants fund had a \$21,640 negative cash balance.

NOTE 21: PRIOR PERIOD ADJUSTMENT

There were prior period adjustments for the period ending December 31, 2012 to properly restate January 1, 2013 amounts for governmental activities and funds that involved adjustments to accrue and to report deferred inflows of resources for FEMA disaster assistance grants received in advance, as well as to reclassify one agency fund to a special revenue fund. The fund reclassified was the land rental and sale fund. A prior period adjustment was also required to report a prepaid expense in the weed control fund.

Governmental Activities:	Amounts
Beginning Net Position, as previously reported	\$ 5,189,510
Adjustments to restate the January 1, 2013 Net Position:	
Prepaid expense adjustment to weed control fund	26,230
Adjustment to accrue FEMA fund deferred inflows of resources	(706,964)
Fund Balance net adjustment to reclassify an agency fund	169,577
Net Position January 1, as restated	<u>\$4,678,352</u>

Governmental Fund Balances:	Amounts
Beginning Total Fund balances	\$4,326,052
Adjustments to restate the January 1, 2013 Fund Balance:	
Prepaid expense adjustment to weed control fund	26,230
Adjustment to accrue FEMA fund deferred inflows of resources	(706,964)
Adjustment to reclassify an agency fund	169,577
Fund Balance January 1, as restated	<u>\$3,814,894</u>

DICKEY COUNTY

Notes to the Financial Statements – Continued

NOTE 22: BUDGET TO ACTUAL RECONCILIATION

The county entered into a lease for the purchase of two motor graders during 2013. The lease proceeds and corresponding highway expenditures were reported on the statement of revenues, expenditures and changes in fund balance – governmental funds for the miscellaneous road fund, but were not reported on the budgetary comparison schedule for the County Road and Bridge 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:

County Road & Bridge	Combined Statement	Adjustment	Budget to Actual
Expenditures	\$1,856,730	(\$381,946)	\$1,474,784
Lease Proceeds	381,946	(\$381,946)	-

NOTE 23: COMMITMENTS

Dickey County had the following commitment for construction contracts as of December 31 2013.

Project	Contract Amount	Total Completed	Remaining Balance	Retainage	Total
Weed Building	\$62,284	\$44,707	\$17,578	\$ -	\$44,707

NOTE 24: SUBSEQUENT EVENT

Dickey County issued an additional \$450,000 from the North Dakota Finance Authority (Disaster Drawdown Program) during July and August of 2014. The money received was used to pay contractors for road repairs. The remaining balance that would be available to Dickey County is \$55,019.

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 431,447	\$ 431,447	\$ 435,828	\$ 4,381
Licenses, Permits and Fees	36,500	36,500	50,205	13,705
Intergovernmental	348,012	348,012	397,825	49,813
Charges for Services	76,224	76,224	85,415	9,191
Interest Income	13,000	13,000	14,017	1,017
Total Revenues	\$ 905,183	\$ 905,183	\$ 983,290	\$ 78,107
<u>Expenditures:</u>				
Current:				
General Government	\$ 736,566	\$ 736,566	\$ 682,463	\$ 54,103
Public Safety	408,920	408,920	381,866	27,054
Health and Welfare	375	375	375	-
Culture and Recreation	20,749	20,749	19,805	944
Total Expenditures	\$ 1,166,610	\$ 1,166,610	\$ 1,123,829	\$ 42,781
Excess (Deficiency) of Revenues Over Expenditures	\$ (261,427)	\$ (261,427)	\$ (140,539)	\$ 120,888
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 2,100	\$ 2,100	\$ 2,091	\$ (9)
Net Change in Fund Balances	\$ (259,327)	\$ (259,327)	\$ (138,448)	\$ 120,879
Fund Balance - January 1	\$ 616,942	\$ 616,942	\$ 616,942	\$ -
Fund Balance - December 31	\$ 357,615	\$ 357,615	478,494	\$ 120,879

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROADS FUND
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 281,279	\$ 281,279	\$ 272,145	\$ (9,134)
Intergovernmental	57,583	57,583	62,993	5,410
Total Revenues	\$ 338,862	\$ 338,862	\$ 335,138	\$ (3,724)
<u>Expenditures:</u>				
Current:				
Highways	\$ 813,000	\$ 813,000	\$ 641,098	\$ 171,902
Excess of Revenues Over Expenditures	\$ (474,138)	\$ (474,138)	\$ (305,960)	\$ 168,178
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 200,000	\$ 200,000
Net Change in Fund Balances	\$ (474,138)	\$ (474,138)	\$ (105,960)	\$ 368,178
Fund Balance - January 1	\$ 271,255	\$ 271,255	\$ 271,255	\$ -
Fund Balance - December 31	\$ (202,883)	\$ (202,883)	\$ 165,295	\$ 368,178

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
DC ER PROJECTS FUND
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 3,181,793	\$ 3,181,793	\$ 1,078,842	\$ (2,102,951)
<u>Expenditures:</u>				
Current:				
Highways	\$ 2,334,053	\$ 2,334,053	\$ 519,558	\$ 1,814,495
Debt Service:				
Principal	1,000,080	1,000,080	1,755,358	(755,278)
Interest	-	-	33,460	(33,460)
Total Expenditures	\$ 3,334,133	\$ 3,334,133	\$ 2,308,376	\$ 1,025,757
Excess (Deficiency) of Revenues Over Expenditures	\$ (152,340)	\$ (152,340)	\$(1,229,534)	\$ (1,077,194)
<u>Other Financing Sources (Uses):</u>				
Bond Proceeds	\$ -	\$ -	\$ 527,015	\$ 527,015
Transfer In	-	-	537,693	537,693
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 1,064,708	\$ 1,064,708
Net Change in Fund Balances	\$ (152,340)	\$ (152,340)	\$ (164,826)	\$ (12,486)
Fund Balance - January 1	\$ 179,875	\$ 179,875	\$ 179,875	\$ -
Fund Balance - December 31	\$ 27,535	\$ 27,535	\$ 15,049	\$ (12,486)

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD AND BRIDGE FUND
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 221,056	\$ 221,056	\$ 211,837	\$ (9,219)
Intergovernmental	726,294	726,294	1,330,517	604,223
Charges for Services	250,000	250,000	307,357	57,357
Miscellaneous	-	-	40,018	40,018
Total Revenues	\$ 1,197,350	\$ 1,197,350	\$ 1,889,729	\$ 692,379
<u>Expenditures:</u>				
Current:				
Highways	\$ 1,549,372	\$ 1,634,372	\$ 1,360,480	\$ 273,892
Debt Service:				
Principal	-	-	95,875	(95,875)
Interest	-	-	18,429	(18,429)
Total Expenditures	\$ 1,549,372	\$ 1,634,372	\$ 1,474,784	\$ 159,588
Excess (Deficiency) of Revenues Over Expenditures	\$ (352,022)	\$ (437,022)	\$ 414,945	\$ 851,967
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (200,000)	\$ (200,000)
Net Change in Fund Balances	\$ (352,022)	\$ (437,022)	\$ 214,945	\$ 651,967
Fund Balance - January 1	\$ 1,020,930	\$ 1,020,930	\$ 1,020,930	\$ -
Fund Balance - December 31	\$ 668,908	\$ 583,908	\$ 1,235,875	\$ 651,967

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 415,317	\$ 415,317	\$ 401,733	\$ (13,584)
Intergovernmental	280,434	280,434	349,496	69,062
License, permits and fees	430	430	655	225
Miscellaneous	-	-	2,657	2,657
Total Revenues	\$ 696,181	\$ 696,181	\$ 754,541	\$ 58,360
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 729,135	\$ 731,152	\$ 671,482	\$ 59,670
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,954)	\$ (34,971)	\$ 83,059	\$ 118,030
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 83,000	\$ 83,000	\$ 83,000	\$ -
Transfers Out	-	-	(88,000)	(88,000)
Net Change in Fund Balances	\$ 50,046	\$ 48,029	\$ 78,059	\$ 30,030
Fund Balance - January 1	\$ 277,294	\$ 277,294	\$ 277,294	\$ -
Fund Balance - December 31	\$ 327,340	\$ 325,323	\$ 355,353	\$ 30,030

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
OASIS AND SOCIAL SECURITY FUND
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 543,699	\$ 543,699	\$ 525,382	\$ (18,317)
Intergovernmental	37,643	37,643	44,926	7,283
Miscellaneous	-	-	3,110	3,110
Total Revenues	<u>\$ 581,342</u>	<u>\$ 581,342</u>	<u>\$ 573,418</u>	<u>\$ (7,924)</u>
<u>Expenditures:</u>				
Current:				
General Government	\$ 630,885	\$ 630,885	\$ 567,520	\$ 63,365
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (49,543)</u>	<u>\$ (49,543)</u>	<u>\$ 5,898</u>	<u>\$ 55,441</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (2,100)	\$ (2,100)	\$ (2,091)	\$ 9
Net Change in Fund Balances	<u>\$ (51,643)</u>	<u>\$ (51,643)</u>	<u>\$ 3,807</u>	<u>\$ 55,450</u>
Fund Balance - January 1	<u>\$ 121,505</u>	<u>\$ 121,505</u>	<u>\$ 121,505</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 69,862</u></u>	<u><u>\$ 69,862</u></u>	<u><u>\$ 125,312</u></u>	<u><u>\$ 55,450</u></u>

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

DICKEY COUNTY
Ellendale, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FUNDS
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 700,000	\$ 700,000	\$ 360,799	\$ (339,201)
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ 1,210,306	\$ 1,255,182	\$ 257,779	\$ 997,403
Excess (Deficiency) of Revenues Over Expenditures	\$ (510,306)	\$ (555,182)	\$ 103,020	\$ 658,202
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (22,672)	\$ (22,672)	\$ (203,366)	\$ (180,694)
Net Change in Fund Balances	\$ (532,978)	\$ (577,854)	\$ (100,346)	\$ 477,508
Fund Balance - January 1	\$ 100,346	\$ 100,346	\$ 100,346	\$ -
Fund Balance - December 31	\$ (432,632)	\$ (477,508)	\$ -	\$ 477,508

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

DICKEY COUNTY
Ellendale, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The county commission adopts an “appropriated budget” on a basis consistent with accounting principles generally accepted in the United States (GAAP).
- The county auditor prepares an annual budget for the general fund and each special revenue fund of the county. NDCC 11-23-02. The budget includes proposed expenditures and means of financing them.
- The county commission holds a public hearing where any taxpayer may appear and shall be heard in favor of or against any proposed disbursements or tax levies. When the hearing shall have been concluded, the board shall adopt such estimate as finally is determined upon. All taxes shall be levied in specific amounts and shall not exceed the amount specified in the published estimates. NDCC 11-23-04
- The board of county commissioners, on or before the October meeting shall determine the amount of taxes that shall be levied for county purposes and shall levy all such taxes in specific amounts. NDCC 11-23-05
- Each budget is controlled by the county auditor at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.

DICKEY COUNTY
Ellendale, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT BASIS
For the Year Ended December 31, 2013

	Balance 1-1-13	Receipts	Transfers In	Debt Issuances	Transfers Out	Disbursements	Balance 12-31-13
Primary Government:							
General Fund	\$ 507,228.75	\$ 986,534.33	\$ 2,091.00	\$ -	\$ -	\$ 1,119,595.81	\$ 376,258.27
Major Funds (other than General):							
Farm to Market Road	\$ 351,756.10	\$ 334,318.48	\$ 200,000.00	\$ -	\$ -	\$ 722,842.81	\$ 163,231.77
DC ER Projects	(35,366.31)	1,294,082.94	537,693.11	527,015.48	-	2,308,375.93	15,049.29
County Road and Bridge	920,629.62	1,897,706.79	-	-	200,000.00	1,434,371.71	1,183,964.70
Social Services	247,907.72	757,829.02	83,000.00	-	88,000.00	671,482.26	329,254.48
Oasis and Social Security	121,504.59	565,462.18	-	-	2,091.00	567,519.60	117,356.17
FEMA	706,963.57	408,338.66	-	-	203,365.90	257,779.02	654,157.31
Total Major Funds	\$2,820,624.04	\$ 6,244,272.40	\$ 822,784.11	\$ 527,015.48	\$ 493,456.90	\$ 7,081,967.14	\$2,839,271.99
Special Revenue Funds:							
Emergency Poor	\$ 70,592.66	\$ 62,111.35	\$ -	\$ -	\$ 15,200.00	\$ -	\$ 117,504.01
Family Focus	1,364.63	56,524.16	20,200.00	-	-	73,904.38	4,184.41
Parent Aid	4,431.30	-	-	-	-	-	4,431.30
24-7	463.00	2,395.00	-	-	-	1,650.00	1,208.00
Horizons	4,158.76	1,000.00	-	-	-	2,169.49	2,989.27
Emergency Fund	247,288.09	110,905.03	-	-	-	298.80	357,894.32
County Corrections Center	20,871.70	26,971.12	-	-	-	32,287.72	15,555.10
Veterans Service Officer	5,998.79	22,957.74	-	-	-	24,700.13	4,256.40
Insurance Levy	25,824.59	68,647.99	-	-	-	71,334.19	23,138.39
Health Insurance	53,534.02	329,906.25	-	-	-	268,836.28	114,603.99
County Agent	14,012.87	58,544.94	-	-	-	64,808.14	7,749.67
Weed Control	150,030.65	116,065.72	-	-	-	79,048.26	187,048.11
911	20,766.46	98,314.00	-	-	-	95,531.21	23,549.25
Hazard	40.85	6,868.84	-	-	-	6,244.84	664.85
Homeland Security	(1,195.49)	8,016.50	-	-	-	2,305.00	4,516.01
Grants	(836.04)	9,098.10	-	-	-	29,722.00	(21,459.94)
Document Preservation	11,419.26	7,217.46	-	-	-	13,181.05	5,455.67
Extension	1,704.29	1,257.95	-	-	-	1,071.92	1,890.32
Land Rental and Sale	169,577.46	13,456.32	-	-	-	171,926.93	11,106.85
Total Special Revenue Funds	\$ 800,047.85	\$ 1,000,258.47	\$ 20,200.00	\$ -	\$ 15,200.00	\$ 939,020.34	\$ 866,285.98
Debt Service Fund:							
Special Assessment	\$ 482.54	\$ 4,941.31	\$ -	\$ -	\$ -	\$ 2,598.00	2,825.85
County Loan	16,395.29	69,821.25	-	-	-	71,818.49	14,398.05
County Bond 2011	343,099.43	389,942.02	-	-	334,327.21	100,000.00	298,714.24
Total Debt Service Funds	\$ 359,977.26	\$ 464,704.58	\$ -	\$ -	\$ 334,327.21	\$ 174,416.49	\$ 315,938.14
Total Non-Major Funds	\$1,160,025.11	\$ 1,464,963.05	\$ 20,200.00	\$ -	\$ 349,527.21	\$ 1,113,436.83	\$1,182,224.12
Total Governmental Funds	\$3,980,649.15	\$ 7,709,235.45	\$ 842,984.11	\$ 527,015.48	\$ 842,984.11	\$ 8,195,403.97	\$4,021,496.11
Agency Funds:							
State Tax	\$ 8,689.67	\$ 26,654.30	\$ -	\$ -	\$ -	\$ 26,209.63	\$ 9,134.34
County Ambulance	95.82	103,138.18	-	-	-	102,957.63	276.37
County Airport	21.06	25,201.72	-	-	-	25,170.68	52.10
Senior Citizens	27.76	47,194.60	-	-	-	47,143.38	78.98
County Historical Society	1,096.72	7,362.28	-	-	-	7,755.93	703.07
Fines	708.01	-	-	-	-	-	708.01

Continued on next page....

DICKEY COUNTY
Ellendale, North Dakota

SCHEDULE OF FUND ACTIVITY - CLIENT BASIS
For the Year Ended December 31, 2013

	Balance 1-1-13	Receipts	Transfers In	Debt Issuances	Transfers Out	Disbursements	Balance 12-31-13
CONTINUED....							
<u>Agency Funds: (Cont'd):</u>							
Water Conservancy - Garrison	\$ 8,689.67	\$ 31,404.00	\$ -	\$ -	\$ -	\$ 30,959.33	\$ 9,134.34
Soil Conservation Service	12,692.95	38,707.58	-	-	-	41,227.33	10,173.20
Kedish House	-	3,954.13	-	-	-	3,954.13	-
Overloads	-	2,980.00	-	-	-	2,980.00	-
Taxes Paid Under Protest	11,544.73	42,043.47	-	-	-	45,249.52	8,338.68
Cancer Insurance	-	33,306.70	-	-	-	33,306.70	-
Blue Cross Blue Shield	39,606.08	450,317.64	-	-	-	482,966.67	6,957.05
Income Tax Withholding	-	158,282.17	-	-	-	158,282.17	-
Life Insurance	694.26	7,845.95	-	-	-	7,910.58	629.63
Retirement	-	37,518.53	-	-	-	37,518.53	-
State Withholding	-	18,305.12	-	-	-	18,305.12	-
Dues/Garnishments	-	15,652.00	-	-	-	15,652.00	-
Deferred Comp.	-	56,177.08	-	-	-	56,177.08	-
Mobile Home	20,355.21	16,126.07	-	-	-	20,022.64	16,458.64
Flex	1,824.56	29,699.74	-	-	-	29,565.41	1,958.89
Dental/Vision	-	16,363.06	-	-	-	15,643.11	719.95
State Game and Fish	27,397.88	56,580.00	-	-	-	63,942.00	20,035.88
Township Debt	(40,883.22)	39,319.69	-	-	-	16,500.00	(18,063.53)
County Fair	41.62	40,849.23	-	-	-	40,772.36	118.49
District Court Special	291,599.70	154,721.22	-	-	-	427,057.92	19,263.00
Total Cities, Parks and Townships	414,524.44	2,862,729.21	-	-	-	2,899,244.57	378,009.08
Total Rural Fire Protection District	11,624.80	52,066.97	-	-	-	32,172.18	31,519.59
Total School Districts	1,065,461.91	3,048,458.48	-	-	-	3,297,857.57	816,062.82
Total Agency Funds	\$1,875,813.63	\$ 7,422,959.12	\$ -	\$ -	\$ -	\$ 7,986,504.17	\$1,312,268.58
Total Primary Government	\$5,856,462.78	\$15,132,194.57	\$ 842,984.11	\$ 527,015.48	\$ 842,984.11	\$16,181,908.14	\$5,333,764.69
<u>Component Units:</u>							
County Water Resource District:							
General	\$ 282,640.27	\$ 108,423.80	\$ 10,574.00	\$ -	\$ -	\$ 24,731.11	\$ 376,906.96
Jackson Improvement District	863.60	-	-	-	-	863.60	-
Riverdale Improvement District	41.07	-	-	-	-	-	41.07
Drain #1	5,286.62	10,391.61	-	-	10,574.00	-	5,104.23
Oakes Pilot Drain	28,586.97	9,451.85	-	-	-	-	38,038.82
Total County Water Resource Dist.	\$ 317,418.53	\$ 128,267.26	\$ 10,574.00	\$ -	\$ 10,574.00	\$ 25,594.71	\$ 420,091.08
Job Development Authority	\$ 202,179.63	\$ 113,433.71	\$ -	\$ -	\$ -	\$ 81,791.70	\$ 233,821.64
County Park	45,974.41	25,031.48	-	-	-	16,795.27	54,210.62
Health District	95,426.99	330,808.74	-	-	-	342,842.36	83,393.37
County Fair	14,135.66	91,489.81	-	-	-	67,572.76	38,052.71
Total Component Units	\$ 675,135.22	\$ 689,031.00	\$ 10,574.00	\$ -	\$ 10,574.00	\$ 534,596.80	\$ 829,569.42
Total Reporting Entity	\$6,531,598.00	\$15,821,225.57	\$ 853,558.11	\$ 527,015.48	\$ 853,558.11	\$16,716,504.94	\$6,163,334.11

DICKEY COUNTY
Ellendale, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	2013 Expenditures
<u>U.S. DEPARTMENT OF JUSTICE:</u>		
<u>Passed Through State's Attorney General:</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 3,954
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed Through State Department of Human Services:</u>		
Promoting Safe and Stable Families	93.556	\$ 4,093
Temporary Assistance for Needy Families	93.558	47,031
Child Support Enforcement	93.563	7,981
Child Care and Development Block Grant	93.596	4,900
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.645	435
Children's Justice Grants to States (Recovery)	93.658	35,931
Adoption Assistance (Recovery)	93.659	599
Stephanie Tubbs Jones Child Welfare Services Program	93.767	289
Foster Care-Title IV-E	93.994	1,110
Total U.S. Department of Health and Human Services		\$ 102,369
<u>U.S. DEPARTMENT OF INTERIOR:</u>		
<u>Passed Through North Dakota Game and Fish:</u>		
Sport Fish Restoration Program	15.605	\$ 19,913
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>		
<u>Passed Through State Department of Transportation:</u>		
Highway Planning and Construction	20.205	** \$ 1,078,842
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed Through State Department of Emergency Services:</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 227,451
Homeland Security Grant Program	97.067	8,017
Total U.S. Department of Homeland Security		\$ 235,468
Total Expenditure of Federal Awards		\$ 1,440,546

** - Major Program

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dickey County under programs of the federal government for the year ended December 31, 2013. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of Dickey County, it is not intended to and does not present the financial position or changes in net position of Dickey County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribe Governments, wherein certain types of expenditures are allowable or are limited as to reimbursement.

STATE AUDITOR

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FARGO OFFICE
MANAGER – DAVID MIX
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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

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

Independent Auditor's Report

Board of County Commissioners
Dickey County
Ellendale, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickey County, Ellendale, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Dickey County's basic financial statements, and have issued our report thereon dated January 30, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [2013-01].

Compliance and Other Matters

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

DICKEY COUNTY

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

Dickey County's Response to Findings

Dickey County's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. Dickey County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Robert R. Peterson
State Auditor

Fargo, North Dakota
January 30, 2015

STATE AUDITOR

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
Dickey County
Ellendale, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Dickey County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Dickey County's major federal program for the year ended December 31, 2013. Dickey County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Dickey County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dickey County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Dickey County's compliance.

Opinion on Each Major Federal Program

In our opinion, Dickey County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

DICKEY COUNTY

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 - Continued

Report on Internal Control Over Compliance

Management of Dickey County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dickey County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dickey County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Dickey County as of and for the year ended December 31, 2013, and have issued our report thereon dated January 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Robert R. Peterson
State Auditor

Fargo, North Dakota
January 30, 2015

DICKEY COUNTY
Ellendale, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?

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

Internal control over financial reporting:

Material weaknesses identified? _____ Yes _____ X None noted

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

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

Federal Awards

Internal control over major programs:

Material weakness identified? _____ Yes _____ X None noted

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

Type of auditor's report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes _____ X None noted

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes _____ X No

DICKEY COUNTY

Schedule of Findings and Questioned Costs – Continued

Section II - Financial Statement Findings

2013-02 – SOCIAL SERVICE CHECK

Condition:

A check paid to the order of Dickey County Social Services was cashed at a local bank for \$321.25. The County did not receipt the funds through the treasurer's office.

Effect:

The Dickey County officials are unsure where the funds are currently located which results in a probable loss of funds to Dickey County of \$321.25.

Cause:

The check was properly paid to the order of Dickey County Social Services, but the check was actually cashed at a local bank. According to Dickey County Officials, the employee whom cashed the check placed the check in question within a stack of other personnel checks to be cashed and was able to achieve a receipt of cash.

Criteria:

The general duties under NDCC 11-11-11 states *the board of county commissioners shall superintend the fiscal affairs of the county and shall supervise the conduct of the respective county officers*. Proper internal controls surrounding expenditures must exist which would include approval of invoices and approval of future purchases (gas cards for social services) to decrease the risk of loss due to error of fraud.

Recommendation:

We recommend that checks written to a county department be deposited appropriately through the County Treasurer. We further recommend that all checks with an intended purpose of paying a vendor be paid with a corresponding invoice to ensure proper payment of funds.

Views of Responsible Officials / Planned Corrective Actions:

I agree with the recommendation. An educational staff meeting is being organized for the employees of Dickey County. Information will be presented regarding the handling of county funds. No checks issued to a county office are to be cashed. All money should be deposited with the County Treasurer in a timely matter. We will be asking for daily and no longer than one week unless other arrangements have been made. An account will be setup to be used for donations. Checks or cash will be deposited to this fund. The corresponding office will then need to voucher to the County Auditor with supporting documents to use these funds. A County warrant will be issued after approval of the commission. If any violations are noticed they will be reported.

Section III - Federal Award Findings and Questioned Costs

No matters reported.