

OFFICE OF STATE AUDITOR

AUDIT REPORT

LAMOURE COUNTY
LAMOURE, NORTH DAKOTA

FOR THE YEAR ENDED DECEMBER 31, 2010



LAMOURE COUNTY
LaMoure, North Dakota

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LAMOURE COUNTY
LaMoure, North Dakota

COUNTY OFFICIALS

At December 31, 2010

Robert Flath

Bruce Klein
Victor Weigel
Kenneth Rohrbeck
Keith Heidinger

Michial Johnson
Kathy Exner
Robert Fernandes
Donnell Morrison
Kimberly Radermacher-Lagodinski
Karin Fischer
Michial Johnson

Commissioner - Chairman

Commissioner - Vice Chairman
Commissioner
Commissioner
Commissioner

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

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
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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
LaMoure County
LaMoure, North Dakota

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LaMoure County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, management has not recorded capital assets in the governmental activities and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would increase the assets, the net assets, net assets and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets and expenses of governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of LaMoure County, LaMoure, North Dakota, as of December 31, 2010, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of December 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of LaMoure 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LAMOURE COUNTY

Independent Auditor's Report - Continued

The budgetary comparison information on pages 20 through 23 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

LaMoure County, LaMoure, North Dakota, has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise LaMoure County's basic financial statements. The accompanying supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the schedule of fund activity arising from cash transactions which is prepared on a cash basis, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Robert R. Peterson
State Auditor

January 23, 2012

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Unit <u>Water Resource</u> <u>Board</u>
ASSETS:		
Cash and Investments	\$ 3,556,016	\$ 26,765
Taxes Receivable	36,255	-
Road Receivables	156,877	-
Intergovernmental Receivable	251,951	-
Total Assets	\$ 4,001,099	\$ 26,765
LIABILITIES:		
Accounts Payable	\$ 45,368	\$ -
Long-Term Liabilities:		
Due Within One Year:		
Bonds Payable	55,000	-
Compensated Absences Payable	5,383	-
Due After One Year:		
Bonds Payable	345,000	-
Compensated Absences Payable	48,450	-
Total Liabilities	\$ 499,201	\$ -
NET ASSETS:		
Restricted for:		
Debt Service	\$ 45,843	\$ -
Public Safety	132,101	-
Highways	2,564,380	-
Health and Welfare	93,693	-
Culture and Recreation	9,407	-
Conservation of Natural Resources	68,605	26,765
Emergencies	81,781	-
Special Purposes	252,213	-
Unrestricted	253,875	-
Total Net Assets	\$ 3,501,898	\$ 26,765

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

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource Board
<u>Primary Government:</u>					
<u>Governmental Activities:</u>					
General Government	\$ 1,241,101	\$ 60,526	\$ 76,372	\$ (1,104,203)	
Public Safety	455,208	95,465	27,527	(332,216)	
Highways	1,949,245	340,697	1,290,544	(318,004)	
Health and Welfare	567,362	33,543	202,339	(331,480)	
Culture and Recreation	79,007	8,990	17,565	(52,452)	
Conserv. of Natural Resources	159,280	9,448	234	(149,598)	
Economic Development	17,891	-	-	(17,891)	
Interest Expense	12,652	-	-	(12,652)	
Total Primary Government	\$ 4,481,746	\$ 548,669	\$ 1,614,581	\$ (2,318,496)	
<u>Component Unit:</u>					
Water Resource Board	\$ 31,378	\$ -	\$ -		\$ (31,378)
<u>General Revenues:</u>					
<u>Taxes:</u>					
Property taxes; levied for general purposes				\$ 437,114	\$ -
Property taxes; levied for special purposes				1,500,626	4,072
<u>State aid & grants not restricted to specific programs:</u>					
State Aid Distribution and Grants				330,274	-
Other State Shared Revenues				57,343	-
Interest Revenue				52,816	31
Miscellaneous Revenue				131,852	397
Total General Revenues				\$ 2,510,025	\$ 4,500
Change in Net Assets				\$ 191,529	\$ (26,878)
Net Assets - January 1				\$ 3,310,530	\$ 53,643
Prior Period Adjustment				(161)	-
Net Assets - January 1, as restated				\$ 3,310,369	\$ 53,643
Net Assets - December 31				\$ 3,501,898	\$ 26,765

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

LAMOURE COUNTY
LaMoure, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010

	General	County Road and Bridge	Farm to Market Road	County Loan	FEMA	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and Investments	\$ 230,505	\$ 730,174	\$ 540,914	\$ 445,477	\$ 868,826	\$ 740,120	\$ 3,556,016
Taxes Receivable	7,617	1,977	5,501	-	-	21,160	36,255
Road Receivables	-	156,877	-	-	-	-	156,877
Intergovernmental Receivable	15,751	67,781	-	-	71,010	97,409	251,951
Total Assets	\$ 253,873	\$ 956,809	\$ 546,415	\$ 445,477	\$ 939,836	\$ 858,689	\$ 4,001,099
<u>LIABILITIES AND FUND BALANCE</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ -	\$ 32,575	\$ -	\$ -	\$ -	\$ 12,793	\$ 45,368
Deferred Revenue	7,617	158,854	5,501	-	-	21,160	193,132
Total Liabilities	\$ 7,617	\$ 191,429	\$ 5,501	\$ -	\$ -	\$ 33,953	\$ 238,500
<u>Fund Balances:</u>							
Unreserved, reported in:							
General Fund	\$ 246,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,256
Special Revenue Funds	-	765,380	540,914	-	939,836	824,374	3,070,504
Debt Service Funds	-	-	-	445,477	-	362	445,839
Total Fund Balances	\$ 246,256	\$ 765,380	\$ 540,914	\$ 445,477	\$ 939,836	\$ 824,736	\$ 3,762,599
Total Liabilities and Fund Balances	\$ 253,873	\$ 956,809	\$ 546,415	\$ 445,477	\$ 939,836	\$ 858,689	\$ 4,001,099

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

LAMOURE COUNTY
LaMoure, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2010

Total *Fund Balances* for Governmental Funds \$ 3,762,599

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

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. 36,255

Road 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. 156,877

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 assets. Balances at December 31, 2010 are:

Bonds Payable	\$ (400,000)	
Compensated Absences	<u>(53,833)</u>	<u>(453,833)</u>

Total Net Assets of Governmental Activities \$ 3,501,898

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

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	County Road and Bridge	Farm to Market Road	County Loan	FEMA	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 448,111	\$ 72,836	\$ 296,115	\$ 58,129	\$ -	\$ 1,111,987	\$ 1,987,178
Intergovernmental	101,582	776,368	934	-	497,785	625,530	2,002,199
Licenses, Permits and Fees	3,580	-	-	-	-	2,305	5,885
Charges for Services	87,341	347,642	-	-	-	114,745	549,728
Interest Income	52,816	-	-	-	-	-	52,816
Miscellaneous	10,250	12,608	-	-	-	108,994	131,852
Total Revenues	\$ 703,680	\$ 1,209,454	\$ 297,049	\$ 58,129	\$ 497,785	\$ 1,963,561	\$ 4,729,658
Expenditures:							
Current:							
General Government	\$ 636,877	\$ -	\$ -	\$ -	\$ -	\$ 598,971	\$ 1,235,848
Public Safety	249,223	-	-	-	-	205,955	455,178
Highways	-	1,062,297	96,127	-	565,428	216,961	1,940,813
Health and Welfare	40,500	-	-	-	-	527,351	567,851
Culture and Recreation	-	-	-	-	-	79,007	79,007
Conserv. of Natural Resources	-	-	-	-	-	159,992	159,992
Emergency	-	-	-	-	-	17,891	17,891
Debt Service:							
Interest & Service Charges	-	-	-	10	-	-	10
Total Expenditures	\$ 926,600	\$ 1,062,297	\$ 96,127	\$ 10	\$ 565,428	\$ 1,806,128	\$ 4,456,590
Excess (Deficiency) of Revenues Over Expenditures	\$ (222,920)	\$ 147,157	\$ 200,922	\$ 58,119	\$ (67,643)	\$ 157,433	\$ 273,068
Other Financing Sources (Uses):							
Loan Proceeds	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
Bond Discount	-	-	-	(12,642)	-	-	(12,642)
Transfers In	150,000	-	323,944	-	-	775,405	1,249,349
Transfers Out	(50,500)	(532,949)	-	-	-	(665,900)	(1,249,349)
Total Other Financing Sources and Uses	\$ 99,500	\$ (532,949)	\$ 323,944	\$ 387,358	\$ -	\$ 109,505	\$ 387,358
Net Change in Fund Balances	\$ (123,420)	\$ (385,792)	\$ 524,866	\$ 445,477	\$ (67,643)	\$ 266,938	\$ 660,426
Fund Balance - January 1	\$ 444,223	\$ 1,151,172	\$ 16,048	\$ -	\$ 1,007,479	\$ 483,412	\$ 3,102,334
Prior Period Adjustment	(74,547)	-	-	-	-	74,386	(161)
Fund Balance - Jan. 1, as restated	\$ 369,676	\$ 1,151,172	\$ 16,048	\$ -	\$ 1,007,479	\$ 557,798	\$ 3,102,173
Fund Balance - December 31	\$ 246,256	\$ 765,380	\$ 540,914	\$ 445,477	\$ 939,836	\$ 824,736	\$ 3,762,599

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

LAMOURE COUNTY
LaMoure, 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, 2010

Net Change in *Fund Balances* - Total Governmental Funds \$ 660,426

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

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 assets 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 assets. This is the amount by which debt proceeds exceeded repayment of debt.

 Issuance of debt (400,000)

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 Increase in Compensated Absences (12,514)

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.

 Net Increase in Taxes Receivable \$ (49,438)
 Net Increase in Road Receivables (6,945) (56,383)

Change in Net Assets of Governmental Activities \$ 191,529

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

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 1,778,213</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 1,778,213</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LaMoure County, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units except that capital asset balances and activity are not reported in the government wide financial statements due to a lack of capital asset records. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

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

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

COMPONENT UNIT

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

Discretely Presented Component Unit: The component unit columns in the government-wide financial statements include the financial data of the county's component unit. The component unit is reported in separate columns to emphasize that they are legally separate from the county.

LaMoure County Water Resource District: The LaMoure County Water Resource District governing board is appointed by the county's governing body. The county's governing body has the authority to disapprove, amend, or approve the water resource district budget.

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government, LaMoure County and its component unit, LaMoure County Water Resource District. 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, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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.

The County reports the following major governmental funds:

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

County Road and Bridge Fund. This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund.

Farm-to-Market Road Fund. This fund accounts for repair and improvement of highways and bridges that are legally restricted from taxes levied.

County Loan Fund. This fund accounts for debt proceeds and debt payments for the County's Limited Tax Bonds of 2010.

FEMA Fund. This fund accounts for all revenue and expenditures relating to federally declared disaster areas.

Additionally, the county reports the following fund type:

Agency Funds. These fund accounts for assets held by the County in a custodial capacity as an agent on behalf of others. The County's agency fund is used to account for various deposits of other governments.

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

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General

capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

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 and cash equivalents include amounts in demand deposits, money market accounts and highly liquid short-term investments with original maturities of 3 months or less.

E. Compensated Absences

Full time employees, except for social service employees, earn vacation benefits depending on tenure with the County as follows:

Length of Service	Days Per Year
0 through 5 years	10 days
6 through 10 years	15 days
11 through 15 years	18 days
16 years and over	20 days

Employees, except social service employees, can carry over a maximum of 20 days of vacation at December 31, of each year.

Social service employees earn vacation benefits from one to two days per month depending on tenure with the county. Social service employees can carry over a maximum of 30 days at April 30, of each year.

Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of 30 days for social service employees and 20 days for other employees, based on their current rate of pay. Vested or accumulated vacation leave is reported in the general long-term debt account group. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

F. 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 assets. 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.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

G. 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.

H. Fund Balances / Net Assets Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose, primarily for debt service. Restrictions of net assets on the government-wide statement of net assets primarily include certain functions legally restricted by specified tax levies.

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

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

At year ended December 31, 2010, the county's carrying amount of deposits was \$5,131,216 and the bank balances totaled \$5,277,997. Of the bank balances, \$1,599,451 was covered by Federal Depository Insurance and \$923,570 was covered by the Temporary Liquidity Guarantee Program. The remaining bank balances totaling \$2,754,976 were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2010, the Water Resource District's carrying amount of deposits was \$26,765 and the bank balances totaled \$27,140, all of which were covered by Federal Depository Insurance.

Credit Risk:

The county and its component unit 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.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

As of December 31, 2010, the county had certificates of deposit totaling \$2,460,678, and the water resource district had certificates of deposit totaling \$25,627.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

The taxes receivable represents the past four years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable.

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 and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

NOTE 4: ROAD RECEIVABLE

Road receivable consists of amounts due to the road department for work done for townships, cities, schools and individuals.

NOTE 5: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various welfare, sheriff, and emergency management programs. These amounts consist of a mix of State and Federal dollars.

NOTE 6: 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 7: DEFERRED REVENUES

Deferred revenues on the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

NOTE 8: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2010, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:

Governmental Activities	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Bonds Payable	\$ -	\$400,000	\$ -	\$400,000	\$55,000
Compensated Absences *	41,318	12,514	-	53,832	5,383
Total Governmental Activities	\$41,318	\$412,514	\$ -	\$453,832	\$60,383

LAMOURE COUNTY

Notes to the Financial Statements – Continued

* 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.

Outstanding debt (excluding compensated absences payable) at December 31, 2010 for the primary government governmental activities consists of the following issues:

General Obligation Bonds:

\$400,000 Limited Tax Bonds of 2010 with annual payments of \$55,000 to \$60,000; with interest at 1.65% to 2.50%. \$400,000

The annual requirements to amortize the outstanding debt, excluding compensated absences are as follows for the year ended December 31, 2010:

PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES		
Year Ending	Loans Payable	
December 31	Principal	Interest
2011	\$ 55,000	\$ 6,683
2012	55,000	6,769
2013	55,000	5,861
2014	55,000	4,954
2015	60,000	3,750
2016 - 2020	120,000	3,000
Totals	\$400,000	\$31,017

NOTE 9: OPERATING LEASES

The County entered into a 5-year operating lease for a BR 140H Motor Grader in 2005 and also entered into an operating lease for an AWD 140M Motor Grader in 2010. Total operating lease payments made during 2010 totaled \$52,381 on the two motor graders. There are balloon purchase amounts available at the end of the lease term available to the County should they decide to purchase them. Future payments are as follows:

Year Ending	Future
December 31	Payments
2010	\$30,402
2011	30,402
2012	30,402
Total Payments	\$91,206

NOTE 10: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. LaMoure County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of \$1,000,000 per occurrence for general liability and for automobile, and \$2,150,549 for public assets (mobile equipment and portable property).

LAMOURE COUNTYNotes to the Financial Statements – Continued

LaMoure County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12 month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

LaMoure County has workers compensation with the North Dakota Workforce Safety and Insurance. The county provides health insurance benefits for the county employees through Blue Cross/Blue Shield of North Dakota, and pays 100% of the health insurance premium for single persons; 82.5% for singles with dependents, and 70% for family plans.

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

NOTE 11: PENSION PLAN**North Dakota Public Employees' Retirement System**

LaMoure County participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of LaMoure County. The plan provides retirement, disability and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees, who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 4% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. LaMoure County has implemented a salary reduction agreement and is currently contributing the employees share. LaMoure County is required to contribute 5.26% of each participant's salary as the employer's share. In addition to the 4.12% employer contribution the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using

LAMOURE COUNTY

Notes to the Financial Statements – Continued

an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. LaMoure County's required and actual contributions to NDPERS for the fiscal years ended December 31, 2010, 2009 and 2008 were \$66,083, \$59,660, and \$55,127, respectively.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

NOTE 12: DEFICIT BALANCES

The following funds had negative fund balances for the years ended December 31, 2010:

Special Revenue Funds:	Balance
County Agent	\$ (174)
County Memorial Park	(571)
OASIS Health Insurance	(355)
Advertising Fund	(161)
Community Nursing	(34,779)
Immunizations	(29,489)
Grants (State and Federal)	(25,729)
Culvert Purchase and Resale	(141,045)

NOTE 13: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended December 31, 2010:

	Transfers In	Transfers Out
<u>Major Funds:</u>		
General Fund	\$ 150,000	\$ 50,500
County Road and Bridge Fund	-	532,949
Farm to Market Road Fund	323,944	-
County Loan Fund	-	-
<u>Special Revenue Funds:</u>		
Social Welfare	300,000	-
County Agent	27,640	-
County Memorial Park	58,260	-
Correctional Center	41,000	-
OASIS Health Insurance	-	79,000
Advertising Fund	-	10,000
Comprehensive Health Insurance	79,000	-
JR Backway Fund	10,000	-
State Aid Distribution	-	276,900
Human Services	-	300,000
Community Nursing	40,500	-
Special Project/Vehicle	10,000	-
Equipment Purchase	190,328	-
Bridge Replacement	18,677	-
Total Transfers	\$1,249,349	\$1,249,349

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 14: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for 2009 in the General Fund and Other Governmental Funds, and the Statement of Activities consist of beginning balance adjustments and net adjustments for decreasing Intergovernmental Receivables in the General Fund by \$74,547, increasing Intergovernmental Receivables in Other Governmental Funds by \$74,547, and removing two funds that were deemed to be agency funds by \$161. The effect of the prior period adjustment to beginning fund balance and net assets is as follows:

Governmental Funds:	General Fund
Beginning Fund Balance	\$444,223
Adjustments to restate the January 1, 2010 Fund Balance:	
Adjustment for 2009 Intergovernmental Receivables	(74,547)
Fund Balance, January 1, as restated	\$369,676

Governmental Funds:	Other Governmental Funds
Beginning Fund Balance	\$483,412
Adjustments to restate the January 1, 2010 Fund Balance:	
Adjustment for 2009 Intergovernmental Receivables	74,547
Adjustment for 2009 Agency Funds	(161)
Fund Balance, January 1, as restated	\$557,798

Governmental Activities:	Amounts
Beginning Net Assets, as previously reported	\$3,310,530
Adjustments to restate the January 1, 2010 Net Assets:	
Fund balance adjustment, net	(161)
Net Assets January 1, as restated	\$3,310,369

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 468,696	\$ 468,696	\$ 448,111	\$ (20,585)
Intergovernmental	309,172	309,172	101,582	(207,590)
Licenses, Permits and Fees	1,520	1,520	3,580	2,060
Charges for Services	70,249	70,249	87,341	17,092
Interest Income	80,000	80,000	52,816	(27,184)
Miscellaneous	4,650	4,650	10,250	5,600
Total Revenues	<u>\$ 934,287</u>	<u>\$ 934,287</u>	<u>\$ 703,680</u>	<u>\$ (230,607)</u>
<u>Expenditures:</u>				
Current:				
General Government	\$ 770,283	\$ 770,283	\$ 636,877	\$ 133,406
Public Safety	260,084	260,084	249,223	10,861
Health & Welfare	40,500	40,500	40,500	-
Total Expenditures	<u>\$ 1,070,867</u>	<u>\$ 1,070,867</u>	<u>\$ 926,600</u>	<u>\$ 144,267</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (136,580)</u>	<u>\$ (136,580)</u>	<u>\$ (222,920)</u>	<u>\$ (86,340)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 150,000	\$ 150,000
Transfers Out	-	-	(50,500)	(50,500)
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,500</u>	<u>\$ 99,500</u>
Net Change in Fund Balance	<u>\$ (136,580)</u>	<u>\$ (136,580)</u>	<u>\$ (123,420)</u>	<u>\$ 13,160</u>
Fund Balance - January 1	\$ 444,223	\$ 444,223	\$ 444,223	\$ -
Prior Period Adjustment	-	-	(74,547)	74,547
Fund Balance - January 1, as restated	<u>\$ 369,676</u>	<u>\$ 369,676</u>	<u>\$ 369,676</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 233,096</u></u>	<u><u>\$ 233,096</u></u>	<u><u>\$ 246,256</u></u>	<u><u>\$ 13,160</u></u>

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD AND BRIDGE FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 74,621	\$ 74,621	\$ 72,836	\$ (1,785)
Intergovernmental	-	-	776,368	776,368
Charges for Services	-	-	347,642	347,642
Miscellaneous	-	-	12,608	12,608
Total Revenues	<u>\$ 74,621</u>	<u>\$ 74,621</u>	<u>\$ 1,209,454</u>	<u>\$ 1,134,833</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 1,214,666</u>	<u>\$ 1,214,666</u>	<u>\$ 1,062,297</u>	<u>\$ 152,369</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$(1,140,045)</u>	<u>\$(1,140,045)</u>	<u>\$ 147,157</u>	<u>\$ 1,287,202</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (532,949)</u>	<u>\$ (532,949)</u>
Net Change in Fund Balances	<u>\$(1,140,045)</u>	<u>\$(1,140,045)</u>	<u>\$ (385,792)</u>	<u>\$ 754,253</u>
Fund Balance - January 1	<u>\$ 1,151,172</u>	<u>\$ 1,151,172</u>	<u>\$ 1,151,172</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 11,127</u></u>	<u><u>\$ 11,127</u></u>	<u><u>\$ 765,380</u></u>	<u><u>\$ 754,253</u></u>

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 307,762	\$ 307,762	\$ 296,115	\$ (11,647)
Intergovernmental	-	-	934	934
Total Revenues	\$ 307,762	\$ 307,762	\$ 297,049	\$ (10,713)
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ 700,000	\$ 700,000	\$ 96,127	\$ 603,873
Excess (Deficiency) of Revenues Over Expenditures	\$ (392,238)	\$ (392,238)	\$ 200,922	\$ 593,160
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 323,944	\$ 323,944
Net Change in Fund Balances	\$ (392,238)	\$ (392,238)	\$ 524,866	\$ 917,104
Fund Balance - January 1	\$ 16,048	\$ 16,048	\$ 16,048	\$ -
Fund Balance - December 31	\$ (376,190)	\$ (376,190)	\$ 540,914	\$ 917,104

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FUND
For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Intergovernmental	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 497,785</u>	<u>\$ (502,215)</u>
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 565,428</u>	<u>\$ 434,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,643)</u>	<u>\$ (67,643)</u>
Fund Balance - January 1	<u>\$ 1,007,479</u>	<u>\$ 1,007,479</u>	<u>\$ 1,007,479</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 1,007,479</u>	<u>\$ 1,007,479</u>	<u>\$ 939,836</u>	<u>\$ (67,643)</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

NOTE 2: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2010, LaMoure County had the following fund expenditures in excess of budgeted amounts:

Special Revenue Funds:			
Memorial Park	\$75,320	\$ 77,077	\$ (1,757)
Correctional Center	27,000	74,475	(47,475)
Social Security	-	186,868	(186,868)
Ambulance	67,000	71,864	(4,864)
Camp	-	1,930	(1,930)
Document Preservation	2,245	2,935	(690)
Bioterrorism	-	9,482	(9,482)
School Nurse	-	21	(21)
Community Nurse	-	130,039	(130,039)
MCH	-	483	(483)
Immunization	-	31,557	(31,557)
Health Tracks	-	534	(534)
Injury Prevention	-	293	(293)
County Extension	2,800	7,213	(4,413)
Culvert Purchase	10,000	196,354	(186,354)

No remedial action is anticipated or required regarding these excess expenditures.

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2010

	Balance 1-1-10	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-10
Primary Government:							
Major Funds:							
General Fund	\$ 362,928.05	\$ 694,677.05	\$ 150,000.00	\$ -	\$ 50,500.00	\$ 926,600.11	\$ 230,504.99
County Road and Bridge Fund	1,179,515.96	1,159,513.82	-	-	532,949.48	1,075,906.20	730,174.10
Farm to Market Road Fund	16,049.02	297,047.74	323,944.03	-	-	96,127.19	540,913.60
County Loan Fund	-	58,129.14	-	400,000.00	-	12,651.92	445,477.22
FEMA Fund	979,959.17	454,294.55	-	-	-	565,428.02	868,825.70
Total Major Funds	\$ 2,538,452.20	\$ 2,663,662.30	\$ 473,944.03	\$ 400,000.00	\$ 583,449.48	\$ 2,676,713.44	\$ 2,815,895.61
Nonmajor Funds:							
Social Welfare	\$ 12,821.81	\$ 71,957.65	\$ 300,000.00	\$ -	\$ -	\$ 358,376.55	\$ 26,402.91
Veterans Service Officer	551.12	6,531.90	-	-	-	5,994.39	1,088.63
County Agent	(1,257.76)	44,395.42	27,640.00	-	-	70,951.78	(174.12)
Weed Control	49,408.19	86,929.30	-	-	-	78,732.40	57,605.09
County Memorial Park	(1,395.60)	19,640.94	58,260.00	-	-	77,076.54	(571.20)
Correctional Center	(495.05)	35,153.18	41,000.00	-	-	74,475.12	1,183.01
Oasis Health Insurance	378.06	78,266.69	-	-	79,000.00	-	(355.25)
Oasis and Social Security	36,056.66	182,396.33	-	-	-	186,867.71	31,585.28
Technology Fund	11,433.80	62,363.38	-	-	-	58,571.81	15,225.37
Advertising Fund	9,604.22	234.50	-	-	10,000.00	-	(161.28)
Special Assess. on County Property	285.77	76.14	-	-	-	-	361.91
Insurance Reserve	14,631.52	79,109.39	-	-	-	59,510.97	34,229.94
Comp. Health Insurance	2,350.65	162,523.29	79,000.00	-	-	225,637.20	18,236.74
Ambulance	6,850.29	65,137.79	-	-	-	71,864.42	123.66
Emergency Fund	98,903.74	735.81	-	-	-	17,891.08	81,748.47
Camp Fund	(313.90)	9,448.00	-	-	-	1,930.14	7,203.96
JR Backway Fund	30,240.55	-	10,000.00	-	-	1,488.24	38,752.31
State Aid Distribution	7,697.00	312,051.78	-	-	276,900.00	-	42,848.78
Document Preservation Fund	5,086.75	3,735.00	-	-	-	2,935.00	5,886.75
Human Services	17,724.05	346,559.04	-	-	300,000.00	-	64,283.09
Wireless E911	78,757.19	60,249.34	-	-	-	43,949.35	95,057.18
Tobbaco School Component Fund	-	4,062.50	-	-	-	2,159.33	1,903.17
Tobbaco Comm. Component Fund	-	43,141.45	-	-	-	827.03	42,314.42
Bioterrorism	-	49,321.09	-	-	-	9,481.60	39,839.49
School Nursing	-	2,057.00	-	-	-	20.50	2,036.50
Community Nursing	(2,662.06)	57,097.09	40,500.00	-	-	129,714.15	(34,779.12)
Maternal Child Health	-	1,995.00	-	-	-	482.86	1,512.14
Immunizations	-	2,067.41	-	-	-	31,556.73	(29,489.32)
Health Tracks	-	-	-	-	-	533.93	(533.93)
Injury Prevention	-	50.00	-	-	-	293.00	(243.00)
Nurse Health Maintenance	-	18,852.04	-	-	-	410.04	18,442.00
District Court	-	5.00	-	-	-	-	5.00
Grants (State & Federal)	(56,807.58)	84,170.89	-	-	-	53,092.38	(25,729.07)
County Extension	5,710.69	3,611.64	-	-	-	7,213.16	2,109.17
4-H Building	430.70	1,050.00	-	-	-	159.51	1,321.19
Special Project/Vehicle	8.13	4,067.44	10,000.00	-	-	4,176.32	9,899.25
Hazardous Chemical	4,459.17	1,187.50	-	-	-	-	5,646.67
Equipment Purchase	41,365.58	30,525.00	190,328.45	-	-	20,606.98	241,612.05
Culvert Purchase & Resale	2,089.86	53,219.23	-	-	-	196,353.60	(141,044.51)
Bridge Replacement	66,059.50	-	18,677.00	-	-	-	84,736.50
Total Nonmajor Funds	\$ 439,973.05	\$ 1,983,975.15	\$ 775,405.45	\$ -	\$ 665,900.00	\$ 1,793,333.82	\$ 740,119.83
Total Governmental Funds	\$ 2,978,425.25	\$ 4,647,637.45	\$ 1,249,349.48	\$ 400,000.00	\$ 1,249,349.48	\$ 4,470,047.26	\$ 3,556,015.44

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LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2010

	Balance 1-1-10	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-10
CONTINUED....							
<u>Agency Funds:</u>							
Historical Society (Museum)	\$ 17.39	\$ 5,078.94	\$ -	\$ -	\$ -	\$ 5,047.68	\$ 48.65
Senior Citizens	143.99	52,322.43	-	-	-	52,385.32	81.10
Airport Authority	-	-	-	-	-	189.88	(189.88)
County Airport-2 mill	182.55	35,414.73	-	-	-	35,353.69	243.59
Defense Facility Fee Fund	800.00	1,715.38	-	-	-	2,515.38	-
Criminal Court Administrative Fund	2,025.00	2,668.79	-	-	-	4,338.79	355.00
Civil Filing Fees	650.00	1,850.00	-	-	-	2,500.00	-
Domestic Violence	70.00	65.00	-	-	-	135.00	-
State Fines & Forfeits	4,528.25	10,607.44	-	-	-	15,148.97	(13.28)
State Revenue	97.50	20,164.44	-	-	-	20,224.34	37.60
State Court Costs	50.00	300.00	-	-	-	350.00	-
Indigent Services	150.00	270.00	-	-	-	420.00	-
Garrison Diversion	83.55	22,754.40	-	-	-	22,821.05	16.90
Court Trust	30,147.41	1,040.70	-	-	-	28,670.00	2,518.11
Restitutions	356.15	-	-	-	-	-	356.15
Estimate Tax	-	8,156.07	-	-	-	8,515.73	(359.66)
Victim/Witness Fees	225.00	525.00	-	-	-	750.00	-
Game and Fish Licenses	14,488.60	38,642.00	-	-	-	33,845.00	19,285.60
Soil Conservation District	97.51	20,186.61	-	-	-	20,246.53	37.59
Jud Rural Fire	99.89	9,108.50	-	-	-	9,198.00	10.39
Gackle Fire District	0.03	331.66	-	-	-	331.69	-
Water Resource Fund	48.57	4,540.97	-	-	-	4,549.69	39.85
Library	222.50	48,654.87	-	-	-	48,791.21	86.16
CDLF Loan Fund	21,997.80	1,347.74	-	-	-	14,838.08	8,507.46
Medical Reimbursement	712.51	-	-	-	-	-	712.51
Undistributed Taxes	1,610,106.49	42,683.40	-	-	-	-	1,652,789.89
Total Cities	3,930.32	634,911.79	-	-	-	613,078.50	25,763.61
Total Parks	-	3,598.35	-	-	-	3,598.35	-
Total Schools	80,387.88	2,619,240.37	-	-	-	2,632,258.63	67,369.62
Total Townships	1,979.97	499,364.66	-	-	-	500,829.06	515.57
Total Agency Funds	\$ 1,773,598.86	\$ 4,085,544.24	\$ -	\$ -	\$ -	\$ 4,080,930.57	\$ 1,778,212.53
Total Primary Government	\$ 4,752,024.11	\$ 8,733,181.69	\$ 1,249,349.48	\$ 400,000.00	\$ 1,249,349.48	\$ 8,550,977.83	\$ 5,334,227.97
<u>Discretely Presented Component Unit:</u>							
Water Resource District	\$ 53,164.55	\$ 4,978.58	\$ -	\$ -	\$ -	\$ 31,377.65	\$ 26,765.48
Total Reporting Entity	\$ 4,805,188.66	\$ 8,738,160.27	\$ 1,249,349.48	\$ 400,000.00	\$ 1,249,349.48	\$ 8,582,355.48	\$ 5,360,993.45

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION PASS-THROUGH PROGRAMS:</u>		
<u>Passed Through the State Department of Transportation:</u>		
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	\$ 1,788
<u>U.S. DEPARTMENT OF HOMELAND SECURITY PASS-THROUGH PROGRAMS:</u>		
<u>Passed Through the State Department of Emergency Service:</u>		
Emergency Preparedness Demonstration Program	97.001	\$ 2,380
Emergency Management Performance Grants	97.042	24,114
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	*** 498,905
Total U.S. Department of Homeland Security Pass-Through Programs		\$ 525,399
<u>U.S. DEPARTMENT OF COMMERCE-THROUGH PROGRAMS:</u>		
<u>Passed Through the State Department of Emergency Service:</u>		
Public Safety Interoperable Communications Grant Program	11.555	\$ 52,746
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY-THROUGH PROGRAMS:</u>		
<u>Passed Through the State Department of Health:</u>		
Nonpoint Source Implementation Grants	66.460	\$ 24,541
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASS-THROUGH PROGRAMS:</u>		
<u>Passed Through the State Department of Commerce:</u>		
Community Development Block Grants/Entitlement Grants	14.218	\$ 181
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed Through the State Department of Human Services:</u>		
Children's Health Insurance Program	93.767	\$ 110
Foster Care-Title IV-E (Recovery)	93.658	14,135
Adoption Assistance (Recovery)	93.659	34
Stephanie Tubbs Jones Child Welfare Services Program	93.556	923
Child Abuse and Neglect State Grants	93.669	222
Temporary Assistance for Needy Families	93.558	9,458
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2,045
Maternal and Child Health Services Block Grant to the States	93.994	408

Continued on next page.....

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
CONTINUED.....		
<u>Passed Through the State Department of Health:</u>		
Public Health Emergency Preparedness	93.069	\$ 49,321
Immunization Grants	93.268	2,820
Maternal and Child Health Services Block Grant to the States	93.994	<u>1,985</u>
<u>Total U.S. Department of Health and Human Services Pass-Through Programs</u>		<u>\$ 81,461</u>
Total Expenditures of Federal Awards		<u><u>\$ 686,116</u></u>

*** - major program

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of LaMoure County under programs of the federal government for the year ended December 31, 2010. 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 LaMoure County, it is not intended to and does not present the financial position or changes in net assets of LaMoure 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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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*

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the years ended December 31, 2010, which collectively comprise LaMoure County's basic financial statements and have issued our report thereon dated January 23, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LaMoure County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaMoure County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LaMoure County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the *accompanying schedule of findings and questioned costs*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses [and other deficiencies that we consider to be significant deficiencies].

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 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. We consider the deficiencies described in the *accompanying schedule of findings and questioned costs as item 2010-02* to be a material weakness.

A *significant deficiency* is a deficiency, or 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. We consider the deficiency described in the *accompanying schedule of findings and questioned costs as item 2010-01* to be a significant deficiency.

Compliance and Other Matters

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

We noted certain matters that we reported to management of LaMoure County in a separate letter dated January 23, 2012.

LaMoure County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LaMoure County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the County and is not intended to be and should not be used by anyone other than these specified parties.



Robert R. Peterson
State Auditor

January 23, 2012

STATE AUDITOR

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

Compliance

We have audited LaMoure 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 LaMoure County's major federal program for the year ended December 31, 2010. LaMoure County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of LaMoure County's management. Our responsibility is to express an opinion on LaMoure County's compliance based on our audit.

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 LaMoure 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. Our audit does not provide a legal determination of LaMoure County's compliance with those requirements.

In our opinion, LaMoure County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of LaMoure County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LaMoure County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 LaMoure 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the county, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Bob Peterson".

Robert R. Peterson
State Auditor

January 23, 2012

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Reports Issued?

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

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant deficiencies identified not considered to be material weaknesses? X Yes No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal Control over major programs:

Material weaknesses identified? Yes X No

Reportable conditions identified not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

2010-01 – FRAUD RISK PROGRAM AND CONTROLS

Condition:

LaMoure County lacks formal internal controls documentation related to segregation of duties and other procedures performed over material account balances and classes of transactions. The county also lacks a written fraud risk management program to specifically identify fraud risks that includes policies or procedures relating to a formal systematic risk assessment process including a thorough fraud risk assessment, and including channels for reporting suspected instances of impropriety.

Effect:

The county exposes itself to risk of loss of assets, potential liabilities, and damage to the county's reputation, whether due to error or fraud.

Cause:

The client was unaware of requirements surrounding fraud risk management programs and controls.

Criteria:

The most important guidance relating to internal control is contained in *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework includes discussions about the importance of adequate risk assessment, code of conduct, and background investigations.

Recommendation:

We recommend LaMoure County governing board and management develop and implement internal control policies at an overall entity level, at the account balance and class of transaction level, and develop procedures specifically relating to developing and implementing an internal controls document regarding a formal systematic risk assessment process that includes a thorough fraud risk assessment and develop channels for reporting suspected instances of impropriety.

Views of Responsible Officials / Planned Corrective Actions:

We agree with your recommendation and this will be reviewed with our Commissioners and States Attorney upon receiving your final report.

2010-02 – LACK OF CAPITAL ASSET RECORDS AND POLICY

Condition:

The County lacks capital asset records and thus capital assets are not reported in the government wide financial statements. Additionally, the county lacks an updated capital assets policy and no tracking of capital asset additions and deletions took place for the year under audit.

Effect:

The government-wide statement opinion unit is adverse due to lack of capital asset records. Additionally, control over capital assets is severely compromised due to a lack of capital asset records.

Cause:

LaMoure County started a listing of capital assets, but it was not complete at the time of our audit. The county lacked the requisite time to complete the capital asset records as of the time of field work.

Criteria:

Accounting principles generally accepted in the United States of America require capital assets to be reported in the government-wide statements.

Recommendation:

We recommend that LaMoure County set up and maintain complete capital asset records for applicable classes of capital assets. We also recommend the County develop detailed written capital asset policies outlining the current unwritten policies in place that include at least the following: determination of appropriate useful lives by asset classes/types; determination of a depreciation method; determination of salvage values if any; and, differentiating between capitalized costs and repairs/expenses. This policy should be reviewed and approved by the governing board.

Views of Responsible Officials / Planned Corrective Actions:

We agree and will continue to work on the capital assets for all of our departments.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.