

**OFFICE OF
STATE AUDITOR**

AUDIT REPORT

**RAMSEY COUNTY
DEVILS LAKE, NORTH DAKOTA**

FOR THE YEAR ENDED DECEMBER 31, 2011



RAMSEY COUNTY
Devils Lake, North Dakota

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RAMSEY COUNTY
Devils Lake, North Dakota

COUNTY OFFICIALS

December 31, 2011

Joe Belford	Commissioner - Chairperson
Bill Mertens	Commissioner - Vice Chairperson
Mark E. Olson	Commissioner
Scott Diseth	Commissioner
Ed Brown	Commissioner
Elizabeth Fischer	County Auditor
Lisa Diseth	County Treasurer
Lisa Diseth	Superintendent of Schools
Kari Landsem	Clerk of Court
Katie Nadeau	County Recorder
Steven Nelson	Sheriff
Lonnie Olson	State's Attorney
Tim Heisler-Retired 2/11	Emergency Manager/Risk Manager
Kristen Nelson - New 4/25/11	(Appointed)
Tanya Wieler	Human Resource Coordinator

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
Ramsey County
Devils Lake, North Dakota

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and aggregate remaining fund information of Ramsey County, Devils Lake, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ramsey 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 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.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ramsey County, Devils Lake, North Dakota, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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 July 31, 2012, on our consideration of Ramsey 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.

Accounting principles generally accepted in the United States of America require that *the management's discussion and analysis and budgetary comparison information* on pages 4 through 10 and pages 36 through 41 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, 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. 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.

RAMSEY COUNTY

Independent Auditor's Report - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ramsey 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 (Circular A-133) are presented for purposes of additional analysis and are 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 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 fund activity arising from cash transactions is not fairly stated in all material respects in relation to the financial statements taken as a whole. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.



Robert R. Peterson
State Auditor

July 31, 2012

RAMSEY COUNTY
Devils Lake, North Dakota

Management's Discussion and Analysis
December 31, 2011

The Management's Discussion and Analysis (MD&A) of Ramsey County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2011; the intent of the MD&A is to look at the County's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2011 are as follows

- The assets of Ramsey County exceeded its liabilities at the close of the most recent fiscal year by \$19,638,803 of this amount; \$897,124 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets of Ramsey County increased \$6,458,720 a result of the current year's operations.
- Total revenues from all sources were \$21,706,707 on the government-wide statement of activities and \$14,941,904 on the modified accrual basis.
- Total expenses were \$15,247,987 on the government-wide statement of activities and total expenditures were \$16,972,692 on the modified accrual basis.
- The County's general fund had \$1,787,057 in total revenues and \$1,602,031 in total expenditures. There was a total of \$1,127 increased from other financing sources. Overall, the general fund balance increased by \$186,153 (29%) for the year ended December 31, 2011. Unassigned fund balance of the general fund totaled \$824,641 or 51% of 2011 general fund expenditures.
- At the close of the report year, Ramsey County's governmental funds reported combined ending fund balances of \$6,115,830. Approximately 12% of this or \$710,128 is available for spending at the government's discretion (unassigned fund balances).
- The County issued \$2,000,000 of bonds in 2011 to finance road projects.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand Ramsey County as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's major funds in separate columns with all other governmental funds presented in total in one column.

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Assets and Statement of Activities

These statements are summaries of all the funds used by the Ramsey County to provide programs and activities and attempt to answer the question "How did the County do financially during the year ended December 31, 2011?"

RAMSEY COUNTY
Management's Discussion and Analysis – Continued

The Statement of Net Assets presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information on how the County's net assets changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes).

These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Assets and the Statement of Activities, the County reports governmental activities. Governmental activities are the activities where most of the County's programs and services are reported including, but not limited to, general government, public safety, health and welfare, highways, culture and recreation, and economic development.

The government-wide financial statements include not only Ramsey County itself (known as the *primary government*), but also a legally separate water resource district for which Ramsey County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 11-12 of this report.

REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

Balance Sheet – Governmental Funds

The County uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the County to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the County's major funds. Using the criteria established by GASB Statement No. 34, the County's general, highway tax, social services, 2009 flood, 2010 flood, 2011 flood, and 2010 Series B G.O. Bond fund are considered "major funds".

The County's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds". The basic governmental fund financial statements can be found on pages 13-18 of this report.

Internal Service Fund. This fund accounts for medical insurance and workers' compensation insurance and unemployment claims provided to other departments on a cost-reimbursement basis. The internal service fund statements can be found on pages 19-21 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Ramsey County's own programs. The basic fiduciary fund financial statement can be found on page 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-35 of the report.

RAMSEY COUNTY
Management's Discussion and Analysis – Continued

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the County's net assets as of December 31, 2011 and 2010.

As indicated in the financial highlights above, the County's net assets increased by \$6,458,720 (8%) for the year ended December 31, 2011.

The largest portion of Ramsey County's net assets of \$13,163,938 (67%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. Ramsey County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Ramsey County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Ramsey County's net assets of \$5,577,741 (28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$897,124 (5%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Ramsey County is able to report positive balances in all three categories of net assets. The government's total net assets increased by \$6,458,720 during the most recently completed fiscal year.

TABLE 1
NET ASSETS
December 31, 2011 and 2010

	12-31-11	12-31-10
ASSETS:		
Current Assets	\$ 7,855,661	\$ 8,170,175
Capital Assets (net of accumulated depreciation)	16,601,397	8,158,132
Total Assets	<u>\$24,457,058</u>	<u>\$16,328,307</u>
LIABILITIES:		
Current Liabilities	\$ 3,383,379	\$ 1,284,497
Long-Term Liabilities	1,434,876	2,846,951
Total Liabilities	<u>\$ 4,818,255</u>	<u>\$ 4,131,448</u>
NET ASSETS:		
Invested in Capital Assets, net of Related Debt	\$ 13,163,938	\$ 5,487,996
Restricted	5,577,741	5,460,964
Unrestricted	897,124	1,247,899
Total Net Assets	<u>\$19,638,803</u>	<u>\$12,196,859</u>

RAMSEY COUNTY
Management's Discussion and Analysis – Continued

Table II shows the changes in net assets for the fiscal years ended December 31, 2011 and 2010.

TABLE II		
CHANGES IN NET ASSETS		
As of December 31, 2011 and 2010		
	<u>12-31-11</u>	<u>12-31-10</u>
Revenues		
<u>Program Revenues:</u>		
Charges for Services	\$ 495,036	\$ 736,504
Operating Grants & Contributions	9,402,693	5,437,919
Capital Grants & Contributions	6,797,390	558,035
<u>General Revenues:</u>		
Property Taxes	3,677,732	3,997,266
Non restricted Grants and Contributions	899,529	650,663
Unrestricted Investment Earnings	37,172	52,082
Miscellaneous Revenue	397,155	369,173
Total Revenues	<u>\$21,706,707</u>	<u>\$11,801,642</u>
Expenses		
General Government	\$ 1,331,571	\$ 1,681,515
Public Safety	779,520	718,150
Highways and Bridges	2,705,346	3,743,150
Flood Repair	7,901,728	2,409,997
Health and Welfare	2,314,436	1,833,094
Culture and Recreation	-	154,334
Conservation of Natural Resources	203,992	170,445
Economic Development	-	90,684
Interest and Service Charges	97,531	114,273
Total Expenses	<u>\$15,247,987</u>	<u>\$10,915,642</u>
Net Change in Assets	<u>\$ 6,458,720</u>	<u>\$ 886,000</u>
Net Assets – January 1	\$12,196,859	\$11,309,119
Prior Period Adjustment	<u>983,224</u>	<u>1,740</u>
Net Assets – December 31	<u><u>\$19,638,803</u></u>	<u><u>\$12,196,859</u></u>

Property taxes constituted 17%, operating grants and contributions 44%, charges for services 2%, non-restricted grants and contributions 4%, capital grants & contributions 31% and miscellaneous revenue and investment earnings made up 2% of the total revenues of governmental activities of the County for year ended December 31, 2011. Overall, revenues increased by \$9.9 million (84%). Intergovernmental revenue increased by \$3.9 million (73%), this is due to increase in FEMA road repair funds for 2009, 2010 & 2011 flooding & mitigation. Additionally, capital grants and contributions increased by \$6.2 million.

General government constituted 9%, public safety 5%, highways and bridges 18%, Flood repair & mitigation 52%, health & welfare 14%, and the remaining 2% is split among three other categories of total expenses for governmental activities for the year ended December 31, 2011. Overall, expenses increased by \$4.33 million or 40%. Most of this increase is attributable to highways and bridge expenses increased due to spending 2009, 2010 & 2011 flood funds in 2011 and also Bond or COI paid off.

RAMSEY COUNTY
Management's Discussion and Analysis – Continued

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

TABLE III
TOTAL AND NET COST OF SERVICES
As of December 31, 2011 and 2010

	Total Cost For Year Ended Dec. 31, 2011	Net Cost For Year Ended Dec. 31, 2011	Total Cost For Year Ended Dec. 31, 2010	Net Cost For Year Ended Dec. 31, 2010
General Government	\$ 1,331,571	\$ 287,946	\$ 1,681,515	\$1,523,258
Public Safety	779,520	454,948	718,150	652,896
Highways and Bridges	2,705,346	(6,916,447)	3,743,150	1,038,184
Flood repair & mitigation	7,901,728	2,879,798	2,409,997	(695,165)
Health and Welfare	2,134,436	(1,502,152)	1,833,094	1,173,726
Culture and Recreation	-	-	154,334	137,895
Conservation of Natural Resources	203,992	153,077	170,445	147,433
Economic Development	-	-	90,684	90,684
Emergency	93,863	93,863	-	-
Interest and Service Charges	97,531	97,531	114,273	114,273
Total Expenses	\$15,247,987	\$1,447,132	\$10,915,642	\$4,183,184

Total costs increased by 40%, or \$4.33 million as noted above, and net costs of services decreased by 65%, or (\$2.7 million) from year end 2010 to year end 2011. The net cost of activities decreased overall due to capital grants and contributions of \$6.8 million in highways and bridges coupled with the increase in flood repair net costs.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the County's governmental funds is to provide information on the near-term inflows, outflows, and balances of available resources. Unassigned fund balance generally can be used as a measure of the County's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The County's governmental funds had total revenue of \$14,941,904 and expenditures of \$16,972,692 for the year ended December 31, 2011. The totals represent an overall \$3,625,631 or 32% increase in revenues and a \$4,710,129 or 38% increase in expenditures over the prior fiscal year-end. Intergovernmental revenue increased overall by \$4.2 million (69%) primarily because of funding from FEMA for 2009, 2010, and 2011 flood related funds. Also, taxes decreased by \$351,600 (8.6%) and charges for services decreased by \$247,835 (35%). As of December 31, 2011 the County's general fund balance was \$824,641 and total unassigned fund balance for the entire County's governmental funds was \$710,128. The general fund balance increased by \$186,153 (29%). The increase in general fund balance was due to revenues exceeding expenditures by \$185,026. Revenue increased by \$173,772 in the general fund from 2010 and expenditures decreased by \$48,022.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the year ended December 31, 2011, the County Board did not amend the general fund revenues or expenditures in total.

Actual general fund revenue for the year ended December 31, 2011 was \$70,261 more than budgeted (a total 4.1% positive variance). The most significant variance was \$99,848 more in and intergovernmental income than originally budgeted.

RAMSEY COUNTY
Management's Discussion and Analysis – Continued

Actual general fund expenditures were \$56,643 less than budgeted, or a 3.4% positive variance. The positive variance was primarily due to \$161,142 less spent in general government than budgeted

See Note 2 for further information on budget amendments and other county governmental funds on page 29 of this report. See also, budgetary comparison schedules for the major funds on pages 36-41 of this report.

CAPITAL ASSETS ADMINISTRATION

As of December 31, 2011, the Ramsey County had \$16,601,397 invested in capital assets (net of related debt). Table IV shows the balances at December 31, 2011 and 2010.

TABLE IV
CAPITAL ASSETS
 (Net of Accumulated Depreciation)
 December 31, 2011 and 2010

	12-31-11	12-31-10
Land	\$ 22,216	\$ 22,216
Buildings	1,737,058	1,779,649
Equipment and Vehicles	1,136,751	1,260,513
Infrastructure	5,311,966	3,293,302
Construction in progress	8,393,406	1,802,452
Total Capital Assets (net of accumulated depreciation)	\$16,601,397	\$8,158,132

This total represents a net increase of \$8,443,265 (104%) in capital assets from January 1, 2011. The capital assets increase is due to the addition of various road infrastructure projects in construction in progress. For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 6 to the audited financial statements that follow this analysis on page 31 of this report.

DEBT ADMINISTRATION

At the end of the most recent fiscal year, Ramsey County had total debt outstanding of \$3,437,459. Of this amount, \$2,226,728 is due within one year.

Ramsey County's debt increased by \$767,323 (29%) during the year ended December 31, 2011 due to the issuance of \$2,000,000 in general obligation bonds and retirement of other outstanding debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. Ramsey County's debt is well within the legal debt limit of \$16,894,665.

TABLE V
OUTSTANDING GENERAL OBLIGATION DEBT
 December 31, 2011 and 2010

	Total		Total	
	Outstanding Dec. 31, 2011	Due Within One Year	Outstanding Dec. 31, 2010	Due Within One Year
Loan Payable	\$ 367,459	\$ 181,728	\$ 605,136	\$217,204
CI's Payable	-	-	995,000	-
G.O. Bonds Payable	3,070,000	2,045,000	1,070,000	-
Total Debt	\$3,437,459	\$2,226,728	\$ 2,670,136	\$217,204

For a detailed breakdown of the additions and deductions to long-term debt, as well as for information about each individual issue, readers are referred to Note 9 to the audited financial statements on pages 31-32 of this report.

RAMSEY COUNTY
Management's Discussion and Analysis – Continued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Ramsey County is located in North Central North Dakota in the Devils Lake Basin region. The taxable valuation of the county increased by 6% from 2010 to 2011, while the mills increased by 3.43. The taxable valuation of the county increased by 4% from 2011 to 2012, while the mills increased by 6.64 due to General Obligation Bonds – 1231, Correction Center, Oasis & FICA due to increase in NDPERS Retirement and voted in County Agent mill increase.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, residents, and creditors with a general overview of Ramsey County' finances and to show the County's accountability for the money it receives to provide the best possible services to Ramsey County residents. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Elizabeth V Fischer, County Auditor, Ramsey County, 524 4th Avenue Unit 6, Devils Lake, ND 58301, phone 701-662-7009, fax 701-662-7049, or email befische@nd.gov .

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and cash equivalents	\$ 4,443,799	\$ 152,935
Intergovernmental receivable	3,259,621	-
Road accounts receivable	44,856	-
Taxes receivable	107,385	2,414
Capital Assets (not being depreciated):		
Land	22,216	-
Construction in progress	8,393,406	-
Capital assets (being depreciated):		
Buildings	1,737,058	-
Equipment and vehicles	1,136,751	-
Infrastructure	5,311,966	-
Total Capital Assets	<u>\$ 16,601,397</u>	<u>\$ -</u>
Total Assets	<u>\$ 24,457,058</u>	<u>\$ 155,349</u>
LIABILITIES		
Accounts payable	\$ 773,166	\$ 2,500
Salaries and benefits payable	211,915	-
Retainage payable	85,876	-
Interest payable	31,165	-
Incurred, but not reported claims	29,624	-
Long-Term Liabilities:		
Due Within One Year:		
Loans payable	181,728	-
Bonds payable	2,045,000	-
Compensated absences payable	24,905	10
Due After One Year:		
Loans payable	185,731	-
Bonds payable	1,025,000	-
Compensated absences payable	224,145	88
Total Liabilities	<u>\$ 4,818,255</u>	<u>\$ 2,598</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 13,163,938	\$ -
Restricted for:		
Debt service	9,247	-
Public safety	57,085	-
Highways and bridges	1,145,302	-
Flood repair and mitigation	3,737,485	-
Health and welfare	379,506	-
Conservation of natural resources	126,509	152,751
Emergencies	7	-
Unrestricted	<u>897,124</u>	<u>-</u>
Total Net Assets	<u>\$ 19,638,803</u>	<u>\$ 152,751</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Water Resource District
<u>Primary Government:</u>						
General government	\$ 1,331,571	\$ 102,946	\$ 940,679	\$ -	\$ (287,946)	
Public safety	779,520	31,668	292,904	-	(454,948)	
Highways and bridges	2,705,346	323,736	2,500,667	6,797,390	6,916,447	
Flood repair & mitigation	7,901,728	-	5,021,930	-	(2,879,798)	
Health and welfare	2,134,436	-	632,284	-	(1,502,152)	
Conserv. of natural resources	203,992	36,686	14,229	-	(153,077)	
Emergency	93,863	-	-	-	(93,863)	
Interest and fiscal charges	97,531	-	-	-	(97,531)	
Total Primary Government	\$ 15,247,987	\$ 495,036	\$ 9,402,693	\$ 6,797,390	\$ 1,447,132	
<u>Component Unit:</u>						
Water resource district	\$ 93,587	\$ -	\$ -	\$ -	\$ (93,587)	
<u>General revenues:</u>						
Taxes:						
Property taxes; levied for general purposes				\$ 812,690	\$ 73,075	
Property taxes; levied for special purposes				2,703,530	-	
Property taxes; levied for debt service				161,512	-	
Property taxes; levied for drain maintenance				-	14,071	
Grants & contributions not restricted to specific programs				822,078	2,243	
Other State Shared Revenue				77,451	-	
Unrestricted investment earnings				37,172	1,010	
Miscellaneous revenue				397,155	3,344	
Total General Revenues				\$ 5,011,588	\$ 93,743	
Change in Net Assets				\$ 6,458,720	\$ 156	
Net Assets - January 1				\$ 12,196,859	\$ 152,595	
Prior Period Adjustments				983,224	-	
Net Assets - January 1, as restated				\$ 13,180,083	\$ 152,595	
Net Assets - December 31				\$ 19,638,803	\$ 152,751	

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

RAMSEY COUNTY
Devils Lake, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011

	General	Highway Tax Distribution	Social Services	2009 Flood	2010 Flood	2011 Flood
ASSETS						
Cash and cash equivalents	\$ 738,364	\$ 555,480	\$ 224,091	\$ -	\$ 962,969	\$ 346,187
Intergovernmental receivable	189,369	126,008	-	297,896		2,579,602
Road accounts receivable	-	-	-	-	-	-
Taxes receivable	24,864	-	19,822	-	-	-
Due from other funds	-	-	-	-	412,409	-
Total Assets	\$ 952,597	\$ 681,488	\$ 243,913	\$ 297,896	\$ 1,375,378	\$ 2,925,789
LIABILITIES AND FUND BALANCES						
<u>Liabilities:</u>						
Accounts payable	\$ 20,497	\$ 232,479	\$ -	\$ -	\$ 428,888	\$ 58,037
Salaries payable	82,595	31,481	79,639	-	-	-
Due to other funds	-	-	-	412,409	-	-
Deferred revenue	24,864	-	19,822	-	-	-
Total Liabilities	\$ 127,956	\$ 263,960	\$ 99,461	\$ 412,409	\$ 428,888	\$ 58,037
<u>Fund Balances:</u>						
<u>Restricted:</u>						
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and bridges	-	417,528	-	-	-	-
Social services & health/welfare	-	-	144,452	-	-	-
Flood repair & mitigation	-	-	-	-	946,490	2,867,752
Public Safety	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Emergency	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
<u>Unassigned:</u>	824,641	-	-	(114,513)	-	-
Total Fund Balances	\$ 824,641	\$ 417,528	\$ 144,452	\$ (114,513)	\$ 946,490	\$ 2,867,752
Total Liabilities and Fund Balances	\$ 952,597	\$ 681,488	\$ 243,913	\$ 297,896	\$ 1,375,378	\$ 2,925,789

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

2010 Series B G.O. Bond	Other Governmental Funds	Total Governmental Funds
\$ 17,450	\$ 996,749	\$ 3,841,290
-	66,746	3,259,621
-	44,856	44,856
-	62,699	107,385
-	-	412,409
<hr/>		
\$ 17,450	\$ 1,171,050	\$ 7,665,561

\$ -	\$ 33,265	\$ 773,166
-	18,200	211,915
-	-	412,409
-	107,555	152,241
<hr/>		
\$ -	\$ 159,020	\$ 1,549,731

\$ 17,450	\$ 19,939	\$ 37,389
-	574,064	991,592
-	144,388	288,840
-	37,755	3,851,997
-	17,989	17,989
-	111,467	111,467
-	7	7
-	106,421	106,421
-	-	710,128
<hr/>		
\$ 17,450	\$ 1,012,030	\$ 6,115,830
<hr/>		
\$ 17,450	\$ 1,171,050	\$ 7,665,561

RAMSEY COUNTY
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total *Fund Balances* of Governmental Funds \$ 6,115,830

Amounts reported for governmental activities in the statement of net assets are different because:

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

Cost of Capital Assets	\$ 19,992,112	
Less Accumulated Depreciation	<u>(3,390,715)</u>	
Net Capital Assets		16,601,397

An internal service fund is used by the county to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. Internal service fund net assets are:

572,885

Property taxes and 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.

Property Taxes Receivable	\$ 107,385	
Road Department Accounts Receivable	<u>44,856</u>	
Net Property Taxes and Road Receivables		152,241

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, 2011 are:

Bonds Payable	\$ (3,070,000)	
Loans Payable	(367,459)	
Retainage Payable	(85,876)	
Interest Payable	(31,165)	
Compensated Absences Payable	<u>(249,050)</u>	
Total Long-Term Liabilities		<u>(3,803,550)</u>

Net Assets of Governmental Activities \$ 19,638,803

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	General	Highway Tax Distribution	Social Services	2009 Flood	2010 Flood	2011 Flood
<u>Revenues:</u>						
Taxes	\$ 829,274	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	654,213	1,511,796	586,890	863,397	372,164	3,786,369
Charges for services	123,132	-	-	-	-	-
Licenses, permits and fees	11,482	-	-	-	-	-
Interest income	32,167	-	-	-	-	-
Miscellaneous	136,789	-	-	-	-	-
Total Revenues	\$ 1,787,057	\$ 1,511,796	\$ 586,890	\$ 863,397	\$ 372,164	\$ 3,786,369
<u>Expenditures:</u>						
Current:						
General government	\$ 1,105,213	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	396,431	-	-	-	-	-
Highways and bridges	-	1,990,490	-	-	-	-
Flood repair & mitigation	-	-	-	1,552,300	1,431,000	918,617
Health and welfare	8,387	-	1,596,712	-	-	-
Conserv. of natural resources	-	-	-	-	-	-
Emergency	-	-	-	-	-	-
Debt Service:						
Principal	92,000	65,977	-	-	-	-
Interest and fiscal charges	-	2,836	-	-	-	-
Total Expenditures	\$ 1,602,031	\$ 2,059,303	\$ 1,596,712	\$ 1,552,300	\$ 1,431,000	\$ 918,617
Excess (Deficiency) of Revenues Over Expenditures	\$ 185,026	\$ (547,507)	\$ (1,009,822)	\$ (688,903)	\$ (1,058,836)	\$ 2,867,752
<u>Other Financing Sources (Uses):</u>						
Transfers in	\$ 42,000	\$ -	\$ 1,020,989	\$ -	\$ -	\$ -
Debt proceeds	-	-	-	-	-	-
Transfers out	(40,873)	-	-	-	-	-
Total Other Financing Sources and Uses	\$ 1,127	\$ -	\$ 1,020,989	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 186,153	\$ (547,507)	\$ 11,167	\$ (688,903)	\$ (1,058,836)	\$ 2,867,752
Fund Balances - January 1	\$ 638,488	\$ 965,035	\$ 133,285	\$ 574,390	\$ 2,005,326	\$ -
Prior Period Adjustment	-	-	-	-	-	-
Fund Balance - Jan. 1, as restated	\$ 638,488	\$ 965,035	\$ 133,285	\$ 574,390	\$ 2,005,326	\$ -
Fund Balances - December 31	\$ 824,641	\$ 417,528	\$ 144,452	\$ (114,513)	\$ 946,490	\$ 2,867,752

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

2010 Series B G.O. Bond	Other Governmental Funds	Total Governmental Funds
\$ 62,829	\$ 2,835,085	\$ 3,727,188
-	2,527,394	10,302,223
-	343,552	466,684
-	-	11,482
5,005	-	37,172
-	260,366	397,155
<u>\$ 67,834</u>	<u>\$ 5,966,397</u>	<u>\$ 14,941,904</u>
\$ -	\$ 186,931	\$ 1,292,144
-	407,740	804,171
-	1,120,072	3,110,562
3,028,748	971,063	7,901,728
-	643,661	2,248,760
-	208,123	208,123
-	93,863	93,863
-	1,074,700	1,232,677
33,590	44,238	80,664
<u>\$ 3,062,338</u>	<u>\$ 4,750,391</u>	<u>\$ 16,972,692</u>
<u>\$ (2,994,504)</u>	<u>\$ 1,216,006</u>	<u>\$ (2,030,788)</u>
\$ -	\$ 152,549	\$ 1,215,538
2,000,000	-	2,000,000
-	(1,174,665)	(1,215,538)
<u>\$ 2,000,000</u>	<u>\$ (1,022,116)</u>	<u>\$ 2,000,000</u>
<u>\$ (994,504)</u>	<u>\$ 193,890</u>	<u>\$ (30,788)</u>
\$ 1,011,954	\$ 963,130	\$ 6,291,608
-	(144,990)	(144,990)
<u>\$ 1,011,954</u>	<u>\$ 818,140</u>	<u>\$ 6,146,618</u>
<u>\$ 17,450</u>	<u>\$ 1,012,030</u>	<u>\$ 6,115,830</u>

RAMSEY COUNTY
Devils Lake, 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, 2011

Net Change in *Fund Balances* - Total Governmental Funds \$ (30,788)

Amounts reported for governmental activities in the statement of activities are 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 outlays exceeded depreciation expense in the current year.

Current Year Capital Outlay	\$ 7,611,097	
Current Year Depreciation Expense	<u>(407,963)</u>	7,203,134

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		(1,740)
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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 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 issuance exceeded debt payments.

Bond Proceeds	\$ (2,000,000)	
Repayment of Debt - Loans	<u>1,232,677</u>	(767,323)

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	\$ 20,528	
Net Change in Retainage Payable	(85,876)	
Net Change in Interest Payable	<u>(16,867)</u>	(82,215)

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 following:

Change in Taxes Receivable	\$ (49,456)	
Change in Road Accounts Receivable	<u>16,869</u>	(32,587)

An internal service fund is used by the county's management to charge the cost of health insurance to individual functions. The net loss of certain activities of internal service funds is reported with governmental activities.

170,239

Change in Net Assets of Governmental Activities	<u>\$ 6,458,720</u>
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The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF NET ASSETS
PROPRIETARY FUND - HEALTH INSURANCE
December 31, 2011

	<u>Governmental Activities Internal Service Fund</u>
<u>Assets:</u>	
Cash and cash equivalents	<u>\$ 602,509</u>
<u>Liabilities:</u>	
Current Liabilities:	
Incurred but not reported claims	<u>\$ 29,624</u>
<u>Net Assets:</u>	
Restricted	<u>\$ 572,885</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - HEALTH INSURANCE
For the Year Ended December 31, 2011

	<u>Governmental Activities Internal Service Fund</u>
<u>Operating Revenues:</u>	
Contributions to self-insurance	<u>\$ 907,037</u>
<u>Operating Expenses:</u>	
Health insurance claims	<u>\$ 736,798</u>
Operating Income	<u>\$ 170,239</u>
Net Assets - January 1	<u>\$ 402,646</u>
Net Assets - December 31	<u><u>\$ 572,885</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - HEALTH INSURANCE
For the Year Ended December 31, 2011

	<u>Governmental Activities Internal Service Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from user charges	\$ 907,037
Payments for health insurance claims	<u>(751,026)</u>
Net Cash Provided by Operating Activities	<u>\$ 156,011</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 156,011</u>
Cash and Cash Equivalents - January 1	<u>\$ 446,498</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 602,509</u></u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	\$ 170,239
<u>Adjustments to reconcile operating income to net cash provided by operating activities:</u>	
Increase (decrease) in IBNR claims payable	<u>(14,228)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 156,011</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and cash equivalents	<u>\$ 3,515,103</u>
<u>Liabilities:</u>	
Due to other governments	<u>\$ 3,515,103</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ramsey 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 Ramsey 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 Ramsey 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 Ramsey County.

Based on these criteria, there is one component unit to be included within Ramsey County as a reporting entity.

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 as a discretely presented component unit.

Discretely Presented Component Unit: The component unit column in the basic financial statements includes the financial data of the county's component unit. This unit is reported in a separate column to emphasize that it is legally separate from the county.

Ramsey County Water Resource District - The County's governing board appoints a voting majority of the members of the Ramsey 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.

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the County's basic financial statements. Complete financial statements of the individual component unit can be obtained from the Secretary-Treasurer, Ramsey County Water Resource District, 524 4th Avenue, Devils Lake, North Dakota, 58301.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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:

Industrial Development	\$32,000
County Fair	33,597
Correctional Center	297,318
County Park	6,000
County Fair	33,597
Historical Society	8,164
County Airport	59,643
Senior Citizens	56,500

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government, Ramsey County and its component unit. 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 and the different business-type activities of the Water Resource District. 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 taxes, interest and non-restricted grants and contributions, 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.

Highway Tax Distribution Fund. This fund accounts for repair and improvement of highways that are legally restricted from state sources. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

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 source of revenue is restricted Federal and State grants/reimbursements.

2009 Flood Fund. This fund accounts for state and federal grants for 2009 flood disaster related repairs to roads and the related disbursements. The major primary source of revenue is restricted Federal and State grants/reimbursements.

2010 Flood Fund. This fund accounts for state and federal grants for 2010 flood disaster related repairs to roads and the related disbursements. The major primary source of revenue is restricted Federal and State grants/reimbursements.

2011 Flood Fund. This fund accounts for state and federal grants for 2011 flood disaster related repairs to roads and the related disbursements. The major primary source of revenue is restricted Federal and State grants/reimbursements.

2010 GO Bond, Series B Fund. This fund accounts for debt proceeds from the 2011 general obligation bond issued for road projects. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

The County reports the following fund types:

Internal Service Fund. This fund accounts for medical insurance and workers' compensation insurance and unemployment claims provided to other departments on a cost-reimbursement basis.

Agency Funds. These funds account 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.

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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The county and its component unit have elected not to follow subsequent private-sector guidance.

D. Cash, Cash Equivalents and Investments

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

The investments consist of certificates of deposit stated at cost.

E. Capital Assets

PRIMARY GOVERNMENT:

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the governmental activities column 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. In January of 2008 the County Commission approved an increase from \$2,000 to \$5,000 for the minimum capitalization value reporting threshold for the year ended December 31, 2008 and thereafter. 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.

General infrastructure assets acquired prior to January 1, 2004 consisting of various road and bridge network assets are not reported in the financial statements, as the County was required to prospectively report infrastructure assets beginning January 1, 2004 as a Phase III GASB 34 implementation entity. 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. Interest incurred during the construction phase of capital assets is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Land	---
Buildings	40
Vehicles	3 – 5
Office Equipment	3 – 5
Machinery & Equipment	5 – 15
Infrastructure	40

F. Compensated Absences

Vacation leave is earned by county employees at the rate of one to two days per month depending on years of service. Up to 22 days of vacation leave may be carried over at each year-end. Sick leave benefits are earned by full-time employees at the rate of one day per month regardless of the years of service. Up to 960 hours (120 working days) of sick leave may be accumulated and carried over at each year-end. Employees are paid for 1/6 of their accumulated sick leave upon termination of employment. Each six hours of sick leave over 960 hours at year-end may be converted into one hour of vacation. Vested or accumulated vacation and sick leave is reported in government-wide statement of net assets.

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 assets for the primary government and the discretely presented component unit. 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. Fund Balances / Net Assets Equity

Prior to GASB Statement No. 54, in the fund financial statements, the governmental funds reported reservations of fund balances for amounts that were not available for appropriation or were legally restricted by outside parties for use for a specific purpose. Designations of fund balances represented tentative management plans that were subject to change. GASB Statement No. 54 established new 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 Ramsey County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Minimum Fund Balance Policy:

The Ramsey County budget committee established a 10-15% general fund carryover balance target to help with financial stability. The 10-15% fund balance range is a part of the budget recommendation adopted by the county each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the district. Unassigned general fund balance of \$824,641 at December 31, 2011 represented 51% of annual 2011 expenditures.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (highway tax distribution, social services, 2009 flood, 2010 flood, 2011 flood, 2010 series B G.O. bond) are disclosed in more detail in Note 1B.

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

On March 11, 2009 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal periods that begin after June 15, 2010. This statement 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 business manager.	By board action, construction, claims and judgments, retirements of loans and notes payable, capital expenditures and self-insurance.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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	Available for any remaining general fund expenditure.
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Ramsey County only has restricted and unassigned fund balances at December 31, 2011.

Restricted Fund Balances – consist of the following items at December 31, 2011:

Restricted fund balances are shown by primary function on the balance sheet for public safety, highways & bridges, flood repair, health & welfare, culture & recreation, conservation of resources, emergencies, and other purposes (reported in the other governmental funds). 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.

Net Assets Equity:

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.

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

Net assets equity in the statement of net assets is shown by primary function (as fund balance are shown) as fund balances are shown and is restricted for highways and bridges, public safety, flood repair, health & welfare, culture & recreation, conservation of resources, emergencies, and other purposes (health insurance, insurance reserve, veteran's service officer, and social security).

I. 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

The board of county commissioners amended the county budget for 2011 as follows:

	EXPENDITURES		
	Original Budget	Amendments	Amended Budget
DOJ/Homeland Security	\$ 150,000	\$ 109,246	\$ 259,246
2009 Flood Fund	1,500,000	52,300	1,552,300
2010 Flood Fund	750,000	252,112	1,002,112
2011 Flood Fund	-	860,580	860,580
U.S Marshall Fund	-	1,000	1,000
FBI Seized Funds	-	570	570
NDIRN Document	8,000	1,800	9,800
DES Grant Expense	29,000	(29,000)	-
Pre-Disaster Mitigation	6,000	(6,000)	-
Blacktop Surfacing	320,000	343,800	663,800
County Road Fund	451,049	492,201	943,250
Highway Tax Distribution	888,000	1,226,979	2,114,979
Social Services	1,556,535	33,846	1,600,381
Social Services Projects	51,183	650	51,833
Can Grant Fund	17,997	(2,150)	15,847
County Human Services	236,509	(9,800)	226,709
Emergency Poor (T-out)	620,000	(32,631)	587,369
Emergency Fund	40,000	53,863	93,863
COI Indebtedness Fund	995,000	23,927	1,018,927
Bond 1231	40,000	3,022,338	3,062,338
1999 Flood Damage	6,489	(6,489)	-
2001 Flood Damage	18,140	(18,140)	-
Veteran's Service Officer	18,076	412	18,488
Cemetery	3,500	137	3,637
Water Safety	5,000	(1,671)	3,329
Airport	57,921	1,722	59,643
County Library	60,473	(2,466)	58,007
Historical Society	8,000	164	8,164

NOTE 3: DEPOSITS

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. 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, county 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

At year ended December 31, 2011, the county's carrying amount of deposits was \$7,709,867 and the bank balances were \$7,921,045. The water resource district's carrying amount of deposits and bank balances were \$152,898 and \$172,430, respectively. Of the county bank balances, \$2,314,910 was covered by Federal Depository Insurance. The remaining bank balances of \$5,606,135 were collateralized with securities held by the pledging financial institution's agent in the government's name.

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.

Concentration of Credit Risk:

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

NOTE 4: TAXES RECEIVABLE

The taxes receivable represents the past four 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 5: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of the 2011 flood fund, state aid and highway tax distribution.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2011 for the primary government:

Primary Government:	Balance 1-1-11	Adjustment	Balance 1-1-11	Increases	Decreases	Transfers	Balance 12-31-11
Governmental Activities:							
<i>Capital assets not being depreciated:</i>							
Land	\$ 22,216	\$ -	\$ 22,216	\$ -	\$ -	\$ -	\$ 22,216
Construction in Progress	1,802,452	1,260,387	3,062,839	7,480,490	-	(2,149,924)	8,393,405
Total Capital Assets, Not Being Depreciated	\$1,824,668	\$1,260,387	\$3,085,055	\$7,480,490	\$ -	\$(2,149,924)	\$ 8,415,621
<i>Capital assets being depreciated:</i>							
Buildings	\$3,019,330	\$ -	\$3,019,330	\$ 18,697	\$ -	\$ -	\$ 3,038,027
Equipment	2,396,252	-	2,396,252	111,910	57,400	-	2,450,762
Infrastructure	3,937,777	-	3,937,777	-	-	2,149,924	6,087,701
Total Capital Assets, Being Depreciated	\$9,353,359	\$ -	\$9,353,359	\$ 130,607	\$57,400	\$ 2,149,924	\$11,576,490
<i>Less Accumulated Depreciation for:</i>							
Buildings	\$1,239,681	\$ (5,599)	\$1,234,082	\$ 66,887	\$ -	\$ -	\$ 1,300,969
Equipment	1,135,739	24,115	1,159,854	209,817	55,660	-	1,314,011
Infrastructure	644,475	-	644,475	131,259	-	-	775,734
Total Accumulated Depreciation	\$3,019,895	\$ 18,516	\$3,038,411	\$ 407,963	\$55,660	\$ -	\$ 3,390,714
Total Capital Assets Being Depreciated, Net	\$6,333,464	\$ (18,516)	\$6,314,948	\$ (277,356)	\$ 1,740	\$ 2,149,924	\$ 8,185,776
Governmental Activities Capital Assets, Net	\$8,158,132	\$1,241,871	\$9,400,003	\$7,203,134	\$ 1,740	\$ -	\$16,601,397

Depreciation expense was charged to functions/programs of the county as follows:

Governmental Activities:	Amounts
General Government	\$ 88,675
Public Safety	24,110
Highways and Bridges	288,615
Health and Welfare	6,563
Total Depreciation Expense - Governmental Activities	\$407,963

NOTE 7: 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 8: SALARIES AND BENEFITS PAYABLE

Salaries and benefits payable consist of December salaries that are paid in January of the following year.

NOTE 9: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2011; the following changes occurred in governmental activities long-term liabilities for Ramsey County:

Governmental Activities:	Balance 1-1-11	Increases	Decreases	Balance 12-31-11	Due Within One Year
Loans Payable	\$ 605,136	\$ -	\$ 237,677	\$ 367,459	\$ 181,728
Bonds Payable	2,065,000	2,000,000	995,000	3,070,000	2,045,000
Compensated Absences *	176,816	72,234	-	249,050	24,905
Total Governmental Activities	\$2,846,952	\$2,000,000	\$1,232,677	\$3,686,509	\$2,251,633

* 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Outstanding debt (excluding compensated absences and leases payable) at December 31, 2011 for the primary government governmental activities consists of the following issues:

Loans Payable:

\$875,000 Loan Payable to Western State Bank for a new heating and cooling system due in annual installments of \$167,172 through 2014 with interest at 3.99%.	\$ 353,524
\$65,000 Loan Payable to Ramsey National Bank for the Sakakawea project due in annual installments of \$2,276 to \$6,911 through 2012; with interest at 4.5%.	<u>13,935</u>
Total Loans Payable – Primary Government	<u>\$ 367,459</u>

Bonds Payable

\$1,070,000 Bond Payable, due in annual installments of \$45,000 to \$75,000 through 2030; with interest at 1.10% to 4.25%.	\$1,070,000
\$2,000,000 Bond Payable, due in an installment of \$2,000,000 in 2012 with interest at a maximum of 6.0%.	<u>2,000,000</u>
Total Bonds Payable – Primary Government	<u>\$3,070,000</u>

The annual requirements to amortize the outstanding debt, excluding compensated absences are as follows:

Year Ending December 31	Cooling System		Sakakawea	
	Principal	Interest	Principal	Interest
2012	\$179,593	\$14,407	\$ 2,135	\$ 627
2013	173,931	7,068	1,757	531
2014	-	-	1,836	452
2015	-	-	1,918	369
2016	-	-	2,005	283
2017 – 2021	-	-	4,284	291
Totals	\$353,524	\$21,475	\$13,935	\$2,553

Year Ending December 31	2011B G.O. Bond	
	Principal	Interest
2012	\$2,045,000	\$ 58,454
2013	45,000	33,095
2014	50,000	32,600
2015	50,000	31,850
2016	50,000	31,100
2017 – 2021	260,000	136,588
2022 – 2026	295,000	92,150
2027 – 2030	275,000	29,800
Totals	\$3,070,000	\$445,637

NOTE 10: RISK MANAGEMENT

Ramsey 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.

RAMSEY 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 (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Ramsey County pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRF for automobile and general liability is limited to losses of two million dollars per occurrence. Public Assets (mobile equipment and portable property) coverage is limited to \$2,059,945 for the county and \$67,000 for the water resource district.

Ramsey County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Ramsey 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 Ramsey County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees, while the Water Resource District carries \$1,200,000 coverage. The State Bonding Fund does not currently charge any premium for this coverage.

Ramsey County and water resource district have workers compensation with the Workforce, Safety and Insurance. The water resource district purchases commercial insurance for employee health and accident insurance.

The county has retained risk for employee health and accident up to a maximum of \$20,000 per individual. They have purchased a stop loss policy for amounts in excess of \$20,000. A liability for incurred but not reported claims has been made and included in the government-wide statements.

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

NOTE 11: DEFICIT BALANCES

The following fund was in a deficit position at December 31, 2011:

Governmental Funds	Balance
2009 Flood Damage	\$(412,409)

The County anticipates alleviating negative fund balances from annual revenues, transfers and possible debt issuance for capital projects.

NOTE 12: JOINT VENTURES

Pursuant to an inter-local agreement authorized by state statutes, the county joined the City of Devils Lake to establish and operate the Lake Region Law Enforcement Center. Each government appoints two members of the board of directors for the joint venture. The operating and capital budgets are funded by contributions from each government and from other governments that use the center along with charges for services to governmental units that use the center. The county's share of assets, liabilities and fund equity is 50%.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2011, which is the most current audited information.

	Lake Region Law Enforcement
Total Assets	\$3,911,434
Total Liabilities	215,342
Total Net Assets	\$3,696,092
Revenues	\$4,284,326
Expenses	3,843,115
Net increase in Net Assets	\$ 441,211

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Complete financial statements can be obtained by writing: Lake Region Law Enforcement Center, Devils Lake, ND 58301.

Under authorization of state statutes, Ramsey County joined Benson County, Pierce County, and Eddy County to establish and operate the Lake Region District Health Unit. Each government appoints two members of the directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity is 25%.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2009, which is the most current audited information.

	Lake Region District Health Unit
Total Cash	\$ 338,278
Total Revenues	\$1,588,167
Total Expenses	1,509,112
Net Increase in Equity	\$ 79,055

Complete financial statements can be obtained by writing: Lake Region District Health Unit, Courthouse, Devils Lake, ND 58301.

Under authorization of state statutes, the Ramsey County Water Resource District joined Benson County, Cavalier County, Nelson County, Pierce County, Rolette County, Towner County, and Walsh County to establish and operate a joint exercise of powers agreement for water management districts located within the Devils Lake basin. Known as the Devils Lake Basin Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. One member of the directors for the joint venture is appointed by each government. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined due to lack of provisions being made for this in the joint powers agreement.

The following is summary financial information for the joint venture as of December 31, 2007, which is the most current audited information.

	Devils Lake Basin Joint WRD
Total Assets	\$828,235
Total Liabilities	(20,051)
Total Net Assets	\$808,184
Revenues	\$848,156
Expenditures	918,404
Net Increase in Net Assets	\$ (70,248)

NOTE 13: TRANSFERS

The following is a listing of transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2011:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 42,000	\$ 40,873
Social Services	1,020,989	-
Non-Major Funds:		
Comprehensive Health Insurance	80,000	-
Social Service Projects	31,676	-
Human Service Fund	-	465,296
Emergency Poor	-	587,369
OASIS & Social Security	-	122,000
Emergency Management	40,873	-
Total Transfers	\$1,215,538	\$1,215,538

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Transfers are used to 1) move unrestricted general fund revenues to finance various programs, and 2) move revenues from certain human service funds to the social service fund to finance costs of those programs.

NOTE 14: COMMITMENTS

At December 31, 2011, Ramsey County had commitments for remaining project costs related to Wood/Rutten Road Project. As of December 31, 2011, the remaining construction commitments are as follows:

Project	Original Contract	Change Orders	Total Contract	Total Completed	Remaining Commitment	Retainage
STM-SC-3627(061)	\$1,688,532	\$17,517	\$1,706,049	\$1,706,049	\$ -	\$33,771
CER-3633(067)	2,764,576	-	2,764,576	2,605,225	159,351	52,105
Total	\$4,453,108	\$17,517	\$4,470,625	\$4,311,274	\$159,351	\$85,876

NOTE 15: PRIOR PERIOD ADJUSTMENTS

There were prior period adjustments for the period ending December 31, 2011 for Governmental Activities involving adjustments to the net capital assets, compensated absences, taxes receivable to remove agency funds, and to the beginning fund balance to remove agency funds from the reported government funds.

Governmental Activities (County):	Amounts
Beginning Net Assets, as previously reported	\$12,196,859
Adjustments to restate the January 1, 2011 Net Assets:	
Capital Assets net adjustment	1,241,871
Compensated Absence net adjustment	(92,763)
Taxes Receivable net adjustment to remove agency funds	(20,894)
Fund Balance net adjustment to remove agency funds	(144,990)
Net Assets January 1, as restated	<u>\$13,180,083</u>

Governmental Funds (County):	Other Governmental Funds
Beginning fund balance	\$6,291,608
Adjustments to restate the January 1, 2009 fund balance:	
Fund Balance net adjustment to remove agency funds	(144,990)
Fund Balance, January 1, as restated	<u>\$6,146,618</u>

NOTE 16: SUBSEQUENT EVENT

Bonds issued in 2011 totaling \$2,000,000 (General Obligation Bonds, Series B) maturing in 2014 were paid off on May 16, 2012. A total of \$2,024,864.38 was paid consisting of \$2,000,000 of principal and \$24,864.38 of interest.

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 860,272	\$ 858,861	\$ 829,274	\$ (29,587)
Licenses, permits and fees	11,280	11,482	11,482	-
Intergovernmental	328,554	554,365	654,213	99,848
Charges for services	122,450	123,132	123,132	-
Interest income	60,000	32,167	32,167	-
Miscellaneous	157,250	136,789	136,789	-
Total Revenues	<u>\$ 1,539,806</u>	<u>\$ 1,716,796</u>	<u>\$ 1,787,057</u>	<u>\$ 70,261</u>
<u>Expenditures:</u>				
Current:				
General government	\$ 1,266,355	\$ 1,266,355	\$ 1,105,213	\$ 161,142
Public safety	383,819	383,819	396,431	(12,612)
Health and welfare	8,500	8,500	8,387	113
Debt Service:				
Principal	-	-	92,000	(92,000)
Interest & Service Charges	-	-	-	-
Total Expenditures	<u>\$ 1,658,674</u>	<u>\$ 1,658,674</u>	<u>\$ 1,602,031</u>	<u>\$ 56,643</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (118,868)</u>	<u>\$ 58,122</u>	<u>\$ 185,026</u>	<u>\$ 126,904</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ 42,000	\$ 42,000	\$ 42,000	\$ -
Transfers out	(40,873)	(40,873)	(40,873)	-
Total Other Financing Sources and Uses	<u>\$ 1,127</u>	<u>\$ 1,127</u>	<u>\$ 1,127</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (117,741)</u>	<u>\$ 59,249</u>	<u>\$ 186,153</u>	<u>\$ 126,904</u>
Fund Balance - January 1	<u>\$ 638,488</u>	<u>\$ 638,488</u>	<u>\$ 638,488</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 520,747</u>	<u>\$ 697,737</u>	<u>\$ 824,641</u>	<u>\$ 126,904</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX DISTRIBUTION FUND
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 884,686	\$ 1,504,455	\$ 1,511,796	\$ 7,341
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ 888,000	\$ 2,114,979	\$ 1,990,490	\$ 124,489
Debt Service:				
Principal	-	-	65,977	(65,977)
Interest	-	-	2,836	(2,836)
Total Expenditures	\$ 888,000	\$ 2,114,979	\$ 2,059,303	\$ 55,676
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,314)	\$ (610,524)	\$ (547,507)	\$ 63,017
Fund Balance - January 1	\$ 965,035	\$ 965,035	\$ 965,035	\$ -
Fund Balance - December 31	\$ 961,721	\$ 354,511	\$ 417,528	\$ 63,017

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 545,546	\$ 586,890	\$ 586,890	\$ -
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ 1,566,535	\$ 1,600,381	\$ 1,596,712	\$ 3,669
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,020,989)	\$ (1,013,491)	\$ (1,009,822)	\$ 3,669
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ 1,020,989	\$ 1,020,989	\$ 1,020,989	\$ -
Net Change in Fund Balances	\$ -	\$ 7,498	\$ 11,167	\$ 3,669
Fund Balance - January 1	\$ 133,285	\$ 133,285	\$ 133,285	\$ -
Fund Balance - December 31	\$ 133,285	\$ 140,783	\$ 144,452	\$ 3,669

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
2009 FLOOD FUND
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 565,501	\$ 863,397	\$ 297,896
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ 1,500,000	\$ 1,552,300	\$ 1,552,300	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,500,000)	\$ (986,799)	\$ (688,903)	\$ 297,896
Fund Balance - January 1	\$ 574,390	\$ 574,390	\$ 574,390	\$ -
Fund Balance - December 31	\$ (925,610)	\$ (412,409)	\$ (114,513)	\$ 297,896

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
2010 FLOOD FUND
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 551,390	\$ 372,164	\$ (179,226)
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ 750,000	\$ 1,002,112	\$ 1,431,000	\$ (428,888)
Excess (Deficiency) of Revenues Over Expenditures	\$ (750,000)	\$ (450,722)	\$ (1,058,836)	\$ (608,114)
Fund Balance - January 1	\$ 2,005,326	\$ 2,005,326	\$ 2,005,326	\$ -
Fund Balance - December 31	\$ 1,255,326	\$ 1,554,604	\$ 946,490	\$ (608,114)

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
2011 FLOOD FUND
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 1,206,767	\$ 3,786,369	\$ 2,579,602
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ -	\$ 860,580	\$ 918,617	\$ (58,037)
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ 346,187	\$ 2,867,752	\$ 2,521,565
Fund Balance - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balance - December 31	\$ -	\$ 346,187	\$ 2,867,752	\$ 2,521,565

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

RAMSEY COUNTY
Devils Lake, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The county commission adopts an “appropriated budget” on the modified accrual basis of accounting.
- The county auditor prepares an annual budget for the general fund 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 2011, Ramsey County had the following fund expenditures in excess of budgeted amounts:

Special Revenue Funds	Budget	Actual	Overspent
2010 Flood Damage	\$1,002,112	\$1,431,000	\$(428,888)
2011 Flood Damage	860,580	918,619	(58,039)

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
PRIMARY GOVERNMENT
For the Year Ended December 31, 2011

	Balance 1-1-11	Receipts	Transfers In	Debt Proceeds	Transfers Out	Disbursements	Balance 12-31-11
Major Funds:							
General Fund	\$ 598,001.18	\$ 1,716,796.00	\$ 42,000.00	\$ -	\$ 40,873.28	\$ 1,577,560.21	\$ 738,363.69
Major Governmental Funds:							
Highway Tax Distribution	\$ 1,119,713.62	\$ 1,504,454.51	\$ -	\$ -	\$ -	\$ 2,068,688.17	\$ 555,479.96
Social Service Fund	211,507.52	586,889.93	1,020,988.65	-	-	1,595,294.72	224,091.38
2009 Flood Damage	574,390.31	565,500.40	-	-	-	1,552,299.99	(412,409.28)
2010 Flood Damage	1,826,100.08	551,390.08	-	-	-	1,002,111.66	1,375,378.50
2011 Flood Damage	-	1,206,767.25	-	-	-	860,579.63	346,187.62
Bond - 1231	1,011,953.76	67,834.18	-	2,000,000.00	-	3,062,337.70	17,450.24
Total Major Special Revenue Funds	\$ 4,743,665.29	\$ 4,482,836.35	\$ 1,020,988.65	\$ 2,000,000.00	\$ -	\$ 10,141,311.87	\$ 2,106,178.42
Total Major Funds	\$ 5,341,666.47	\$ 6,199,632.35	\$ 1,062,988.65	\$ 2,000,000.00	\$ 40,873.28	\$ 11,718,872.08	\$ 2,844,542.11
Non-Major Special Revenue Funds:							
Comprehensive Health Insurance	\$ 35,062.72	\$ 277,597.18	\$ 80,000.00	\$ -	\$ -	\$ 343,449.87	\$ 49,210.03
DOJ/Homeland Security Funds	-	259,245.76	-	-	-	259,245.76	-
US MARSHALL Funds (new)	-	1,000.00	-	-	-	1,000.00	-
Fish and Wildlife Trust	15,100.00	-	-	-	-	-	15,100.00
FBI Seized Funds	570.37	-	-	-	-	570.37	-
Document Preservation	7,539.49	12,316.60	-	-	-	9,717.00	10,139.09
Entry Team Grant	1,958.19	-	-	-	-	161.91	1,796.28
Predisaster Mitigation	(225.00)	225.00	-	-	-	-	-
Bituminous Surfacing - Blacktop	343,798.18	370,499.71	-	-	-	663,716.94	50,580.95
County Road Fund	298,374.31	923,447.06	-	-	-	942,622.18	279,199.19
County Bridge	100,546.25	80,130.38	-	-	-	30,061.30	150,615.33
County Road Program	21,582.28	324,312.71	-	-	-	254,237.20	91,657.79
Social Service Projects	27,727.94	45,659.21	31,676.22	-	-	51,037.52	54,025.85
Foster Care Recruitment Grant Fund	4,461.46	10,675.29	-	-	-	10,863.41	4,273.34
Human Service Fund	49,813.39	714,425.36	-	-	465,296.27	226,423.33	72,519.15
Emergency Poor	3,115.25	588,628.29	-	-	587,368.60	-	4,374.94
1999 Flood Damage	-	-	-	-	-	-	-
Emergency Fund	93,862.96	7.13	-	-	-	93,862.96	7.13
2004 Flood Fund	29,315.95	-	-	-	-	18,768.27	10,547.68
2005 Flood Damage	27,206.94	-	-	-	-	-	27,206.94
Veteran's Service Officer	6,209.93	18,228.62	-	-	-	18,487.68	5,950.87
County Loan Fund	2,600.65	98,080.28	-	-	-	97,649.57	3,031.36
COI - Certificate of Indebtness	30,055.75	988,871.29	-	-	-	1,018,927.04	-
Oasis and Social Security	48,057.77	279,852.02	-	-	122,000.00	184,645.26	21,264.53
Advertising	18,146.06	-	-	-	-	-	18,146.06
Emergency Management	8,211.44	33,818.68	40,873.28	-	-	72,243.01	10,660.39
Hazardous Chemicals	2,735.73	1,175.00	-	-	-	63.00	3,847.73
County Agent - Extension	29.60	135,089.00	-	-	-	100,965.28	34,153.32
Weed Control	51,880.44	90,942.84	-	-	-	90,685.49	52,137.79
Cemetery	17.06	3,640.48	-	-	-	3,636.72	20.82
Spl. Assessments on Co. Property	8,201.31	732.64	-	-	-	2,285.42	6,648.53
Water Safety Operations	-	3,329.14	-	-	-	3,329.14	-
CDBG - NCPC	30,001.00	931,890.46	-	-	-	952,294.98	9,596.48
Total Non-Major Special Revenue Funds	\$ 1,265,957.42	\$ 6,193,820.13	\$ 152,549.50	\$ -	\$ 1,174,664.87	\$ 5,450,950.61	\$ 986,711.57
Non-Major Debt Service Funds:							
Sewer Imp. District Sinking	\$ 6,833.49	\$ 17.10	\$ -	\$ -	\$ -	\$ -	\$ 6,850.59
Sakakawea Ave Special	101.61	2,338.46	-	-	-	2,361.69	78.38
Woodglen Special Assessments	3,100.72	7.63	-	-	-	-	3,108.35
Total Non-Major Debt Service Funds	\$ 10,035.82	\$ 2,363.19	\$ -	\$ -	\$ -	\$ 2,361.69	\$ 10,037.32
Non-Major Capital Projects Fund:							
West Dike Extension O&M	\$ -	\$ 41,774.21	\$ -	\$ -	\$ -	\$ 41,774.21	\$ -
Total Non-Major Governmental Funds	\$ 1,275,993.24	\$ 6,237,957.53	\$ 152,549.50	\$ -	\$ 1,174,664.87	\$ 5,495,086.51	\$ 996,748.89
Total Governmental Funds	\$ 6,617,659.71	\$ 12,437,589.88	\$ 1,215,538.15	\$ 2,000,000.00	\$ 1,215,538.15	\$ 17,213,958.59	\$ 3,841,291.00
Internal Service Fund:							
Health Insurance	\$ 446,498.29	\$ 907,035.55	\$ -	\$ -	\$ -	\$ 751,025.59	\$ 602,508.25

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
PRIMARY GOVERNMENT
For the Year Ended December 31, 2011

	Balance 1-1-11	Receipts	Transfers In	Debt Proceeds	Transfers Out	Disbursements	Balance 12-31-11
CONTINUED...							
<u>Agency Funds:</u>							
Job/Industrial Development	\$ 122.76	\$ 37,480.85	\$ -	\$ -	\$ -	\$ 32,000.00	\$ 5,603.61
Correctional Center - LEC	112,694.69	260,893.53	-	-	-	297,317.60	76,270.62
Scoobys Point Sewer District #1-06	-	43,317.63	-	-	-	39,452.75	3,864.88
Rural Sewer Operation & Mtce.	3.06	0.01	-	-	-	3.07	-
State Tax	169.53	32,772.83	-	-	-	32,734.33	208.03
Sales Tax	4,366.06	4,013.08	-	-	-	4,366.06	4,013.08
Auditor's License Fund	173,430.00	326,771.00	-	-	-	341,691.00	158,510.00
Paid Under Protest	-	1,506.67	-	-	-	1,506.67	-
Garrison Diversion Conservancy	196.46	37,702.52	-	-	-	37,671.80	227.18
Attendant Care	-	10,967.60	-	-	-	10,967.60	-
Domestic Violence	385.00	3,395.00	-	-	-	3,465.00	315.00
State Aid Townships	-	88,745.35	-	-	-	88,745.35	-
Township Road	-	301,803.85	-	-	-	301,803.85	-
County Park	1,728.95	7,567.34	-	-	-	6,000.00	3,296.29
County Fair	170.33	33,635.02	-	-	-	33,597.11	208.24
Soil Conservation General Fund	170.35	36,586.11	-	-	-	36,548.22	208.24
Soil Conserv. Ins. Res. Fund	67.85	11,089.71	-	-	-	11,086.21	71.35
ND Income Tax	-	29,899.07	-	-	-	29,899.07	-
Transit	2,849.97	43,144.61	-	-	-	43,329.67	2,664.91
District Health	18,579.34	99,544.85	-	-	-	99,942.00	18,182.19
County Airport	336.47	59,497.42	-	-	-	59,643.34	190.55
Senior Citizens	1,724.29	56,131.98	-	-	-	56,500.00	1,356.27
Ramsey County WRD	210.13	79,216.84	-	-	-	78,926.07	500.90
NDSU Extension	3,446.83	5,184.22	-	-	-	5,578.40	3,052.65
SAAF	34.55	-	-	-	-	-	34.55
Joint Water Resource District	259.24	49,199.55	-	-	-	49,164.62	294.17
Dry Lake Harbor Dr. O&M	-	3,239.46	-	-	-	3,239.46	-
Starkweather Coulee Project	-	10,831.17	-	-	-	10,831.17	-
County Library	245.29	57,933.81	-	-	-	58,007.30	171.80
Historical Society	49.14	8,172.13	-	-	-	8,164.47	56.80
Telecommunications-Townships	-	4,458.78	-	-	-	4,458.78	-
Common School Trust	-	350.00	-	-	-	350.00	-
Joint Water Resource District Mgr.	3,704.07	45,745.30	-	-	-	45,560.09	3,889.28
Total Cities	13,696.69	1,900,355.52	-	-	-	1,893,167.12	20,885.09
Total Park Districts	5,611.26	670,227.80	-	-	-	667,716.83	8,122.23
Total School Districts	35,645.42	4,317,733.40	-	-	-	4,323,800.66	29,578.16
Total Townships	2,012.19	408,832.60	-	-	-	409,183.63	1,661.16
Total Fire Protection Districts	537.56	95,837.07	-	-	-	96,106.56	268.07
Total Ambulance Districts	-	2,135.93	-	-	-	2,118.73	17.20
Prepaid Taxes	3,312,013.48	3,171,380.30	-	-	-	3,312,013.48	3,171,380.30
Total Agency Funds	\$ 3,694,460.96	\$ 12,357,299.91	\$ -	\$ -	\$ -	\$ 12,536,658.07	\$ 3,515,102.80
Total Primary Government	\$ 10,758,618.96	\$ 25,701,925.34	\$ 1,215,538.15	\$ 2,000,000.00	\$ 1,215,538.15	\$ 30,501,642.25	\$ 7,958,902.05

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed through State Department of Human Services:</u>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Recovery)	ARRA 10.561	\$ 48
Childrens Health Insurance Program	93.767	2,638
Foster Care-Title IV-E (Recovery)	ARRA 93.658	75,213
Adoption Assistance (Recovery)	ARRA 93.659	885
Child Abuse and Neglect State Grants	93.669	27
Child Support Enforcement	93.563	124
Promoting Safe and Stable Families	93.556	11,621
Temporary Assistance for Needy Families	93.558	109,203
Child Care and Development Block Grant	93.575	301
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	10,575
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,047
<u>Passed through State Department of Health:</u>		
Maternal and Child Health Services Block Grant to the States	93.994	1,673
Total U.S. Department of Health and Human Services		<u>\$ 214,355</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>		
<u>Passed through the State Highway Department:</u>		
Highway Planning and Construction (Recovery)	ARRA 20.205	\$ 997,696
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	3,237
Total U.S. Department of Transportation		<u>\$ 1,000,933</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Passed through the Department of Commerce/Division of Community Services:</u>		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 75,390
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Passed through the North Dakota Association of Counties:</u>		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	\$ 11,390
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed through State Division of Emergency Management:</u>		
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	\$ 3,029,788
Hazard Mitigation Grant	97.039	633,526
Total U.S. Department of Homeland Security		<u>\$ 3,663,314</u>
Total Expenditures of Federal Awards		<u>\$ 4,965,382</u>

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ramsey County under programs of the federal government for the year ended December 31, 2011. 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 Ramsey County, it is not intended to and does not present the financial position or changes in net assets of Ramsey 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

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

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
Ramsey County
Devils Lake, 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 Ramsey County, Devils Lake, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise Ramsey County's basic financial statements and have issued our report thereon dated July 31, 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

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

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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ramsey 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*.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the county, federal awarding agencies and pass-thru 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

July 31, 2012

STATE AUDITOR

ROBERT R. PETERSON
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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 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
Ramsey County
Devils Lake, North Dakota

Compliance

We have audited Ramsey 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 each of Ramsey County's major federal programs for the year ended December 31, 2011. Ramsey County's major federal programs are 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 each of its major federal programs is the responsibility of Ramsey County's management. Our responsibility is to express an opinion on Ramsey 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 Ramsey 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 Ramsey County's compliance with those requirements.

In our opinion, Ramsey County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

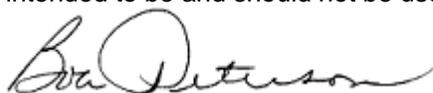
Internal Control Over Compliance

Management of Ramsey 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 Ramsey 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 Ramsey 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, 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

July 31, 2012

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?	
Governmental Activities	Unqualified
Component Unit – Water Resource District	Unqualified
Major Funds	Unqualified
Aggregate Remaining Fund Information	Unqualified

Internal Control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Reportable conditions identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> 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	_____ <u>X</u> No

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.