

**OFFICE OF  
STATE AUDITOR**

**AUDIT REPORT**

**LAMOURE COUNTY  
LAMOURE, NORTH DAKOTA**

**FOR THE YEAR ENDED DECEMBER 31, 2011**



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LAMOURE COUNTY  
LaMoure, North Dakota

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For the Year Ended December 31, 2011

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LAMOURE COUNTY  
LaMoure, North Dakota

**COUNTY OFFICIALS**

At December 31, 2011

Robert Flath

Commissioner - Chairman

Bruce Klein  
Victor Weigel  
Kenneth Rohrbeck  
Keith Heidinger

Commissioner - Vice Chairman  
Commissioner  
Commissioner  
Commissioner

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

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

**WRD OFFICIALS**

At December 31, 2011

Kerry Ketterling

Commissioner - Chairman

Albin Schlenker  
Glenn Haugen  
Larry Laney, Jr.  
Marvin Schulz

Commissioner  
Commissioner  
Commissioner  
Commissioner

**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

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INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
LaMoure County  
LaMoure, North Dakota

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LaMoure County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 LaMoure County, LaMoure, North Dakota, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2013, on our consideration of LaMoure County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that *budgetary comparison information* on pages 23 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**LAMOURE COUNTY**

Independent Auditor's Report - Continued

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Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LaMoure County's financial statements. The schedule of fund activity arising from cash transactions is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of fund activity arising from cash transactions is not fairly stated in all material respects in relation to the financial statements taken as a whole.



Robert R. Peterson  
State Auditor

February 25, 2013

LAMOURE COUNTY  
LaMoure, North Dakota

STATEMENT OF NET ASSETS  
December 31, 2011

	Primary Government	Component Unit
	Governmental Activities	Water Resource Board
<b>ASSETS:</b>		
Cash and Investments	\$ 4,045,445	\$ 17,583
Taxes Receivable	50,916	-
Road Receivables	133,594	-
Intergovernmental Receivable	441,665	-
Capital Assets (not being depreciated)		
Land	33,600	-
Construction in Progress	257,613	-
Capital Assets (being depreciated)		
Buildings	99,889	-
Vehicles	71,957	-
Equipment	541,835	-
Total Capital Assets	<u>1,004,894</u>	<u>-</u>
Total Assets	<u>\$ 5,676,514</u>	<u>\$ 17,583</u>
<b>LIABILITIES:</b>		
Accounts Payable	\$ 62,755	\$ 1,591
Long-Term Liabilities:		
Due Within One Year:		
Bonds Payable	55,000	-
Leases Payable	22,598	-
Compensated Absences Payable	5,158	-
Due After One Year:		
Bonds Payable	290,000	-
Leases Payable	147,977	-
Compensated Absences Payable	46,418	-
Total Liabilities	<u>\$ 629,906</u>	<u>\$ 1,591</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	\$ 834,319	\$ -
Restricted for:		
Public Safety	164,263	-
Highways	2,124,029	-
Flood Repair	909,205	-
Health and Welfare	225,733	-
Culture and Recreation	36,388	-
Conservation of Natural Resources	107,781	15,992
Emergencies	100,161	-
Special Purposes	422,553	-
Unrestricted	<u>122,176</u>	<u>-</u>
Total Net Assets	<u>\$ 5,046,608</u>	<u>\$ 15,992</u>

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

LAMOURE COUNTY  
LaMoure, North Dakota

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource Board
<u>Primary Government:</u>					
<u>Governmental Activities:</u>					
General Government	\$ 1,216,086	\$ 56,318	\$ 141,804	\$ (1,017,964)	
Public Safety	388,935	88,182	-	(300,753)	
Highways	1,492,828	589,337	943,913	40,422	
Flood Repair	379,892	-	349,262	(30,630)	
Health and Welfare	547,734	63,609	221,838	(262,287)	
Culture and Recreation	58,656	9,814	7,883	(40,959)	
Conservation of Natural Resources	155,696	3,289	-	(152,407)	
Economic Development	2,960	-	-	(2,960)	
Interest Expense	12,510	-	-	(12,510)	
Total Primary Government	<u>\$ 4,255,297</u>	<u>\$ 810,549</u>	<u>\$ 1,664,700</u>	<u>\$ (1,780,048)</u>	
<u>Component Unit:</u>					
Water Resource Board	<u>\$ 14,323</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (14,323)</u>
<u>General Revenues:</u>					
<u>Taxes:</u>					
Property taxes; levied for general purposes				\$ 476,705	\$ -
Property taxes; levied for special purposes				1,647,389	3,400
Property taxes; levied for debt service				65,317	-
<u>State aid &amp; grants not restricted to specific programs:</u>					
State Aid Distribution and Grants				450,310	-
Other State Shared Revenues				21,322	-
Sale of Assets				80,276	-
Interest Revenue				39,519	129
Miscellaneous Revenue				164,185	21
Total General Revenues				<u>\$ 2,945,023</u>	<u>\$ 3,550</u>
Change in Net Assets				<u>\$ 1,164,975</u>	<u>\$ (10,773)</u>
Net Assets - January 1				\$ 3,501,898	\$ 26,765
Prior Period Adjustment				379,735	-
Net Assets - January 1, as Restated				<u>\$ 3,881,633</u>	<u>\$ 26,765</u>
Net Assets - December 31				<u>\$ 5,046,608</u>	<u>\$ 15,992</u>

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

LAMOURE COUNTY  
LaMoure, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2011

	General	County Road and Bridge	Farm to Market Road	FEMA	Culvert Purchase	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 174,260	\$ 859,342	\$ 816,908	\$ 611,944	\$ -	\$ 1,582,991	\$ 4,045,445
Taxes Receivable	10,894	1,394	7,607	-	-	31,021	50,916
Road Receivables	-	133,594	-	-	-	-	133,594
Intergovernmental Receivable	-	75,647	-	46,400	-	319,618	441,665
Due From Other Funds	89,356	-	-	-	-	-	89,356
<b>Total Assets</b>	<b>\$ 274,510</b>	<b>\$ 1,069,977</b>	<b>\$ 824,515</b>	<b>\$ 658,344</b>	<b>\$ -</b>	<b>\$ 1,933,630</b>	<b>\$ 4,760,976</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<u>Liabilities:</u>							
Accounts Payable	\$ -	\$ 50,110	\$ -	\$ -	\$ -	\$ 12,645	\$ 62,755
Deferred Revenue	10,894	134,988	7,607	-	-	31,021	184,510
Due to Other Funds	-	-	-	-	89,356	-	89,356
<b>Total Liabilities</b>	<b>\$ 10,894</b>	<b>\$ 185,098</b>	<b>\$ 7,607</b>	<b>\$ -</b>	<b>\$ 89,356</b>	<b>\$ 43,666</b>	<b>\$ 336,621</b>
<u>Fund Balances:</u>							
<u>Restricted for:</u>							
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294,222	\$ 294,222
Public Safety	-	-	-	-	-	167,259	167,259
Highways & Public Improvement	-	884,879	816,908	-	-	284,660	1,986,447
Flood Repair	-	-	-	658,344	-	250,861	909,205
Health and Welfare	-	-	-	-	-	244,091	244,091
Culture and Recreation	-	-	-	-	-	35,877	35,877
Conservation of Natural Resources	-	-	-	-	-	105,359	105,359
Emergency	-	-	-	-	-	99,824	99,824
Other	-	-	-	-	-	407,811	407,811
<u>Unassigned</u>	263,616	-	-	-	(89,356)	-	174,260
<b>Total Fund Balances</b>	<b>\$ 263,616</b>	<b>\$ 884,879</b>	<b>\$ 816,908</b>	<b>\$ 658,344</b>	<b>\$ (89,356)</b>	<b>\$ 1,889,964</b>	<b>\$ 4,424,355</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 274,510</b>	<b>\$ 1,069,977</b>	<b>\$ 824,515</b>	<b>\$ 658,344</b>	<b>\$ -</b>	<b>\$ 1,933,630</b>	<b>\$ 4,760,976</b>

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

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LAMOURE COUNTY  
LaMoure, North Dakota

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

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Total *Fund Balances* for Governmental Funds \$ 4,424,355

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

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

Cost of Capital Assets	\$ 3,107,383	
Less Accumulated Depreciation	<u>(2,102,489)</u>	1,004,894

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 50,916

Road receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 133,594

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	\$ (345,000)	
Capital Leases Payable	(170,575)	
Compensated Absences	<u>(51,576)</u>	<u>(567,151)</u>

Total Net Assets of Governmental Activities \$ 5,046,608

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

LAMOURE COUNTY  
LaMoure, North Dakota

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

	General	County Road and Bridge	Farm to Market Road	FEMA	Culvert Purchases	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 473,428	\$ 49,750	\$ 320,435	\$ -	\$ -	\$ 1,331,136	\$ 2,174,749
Intergovernmental	81,737	650,714	239,491	98,250	40,490	1,025,651	2,136,333
Licenses, Permits and Fees	1,600	-	-	-	-	-	1,600
Charges for Services	83,404	612,620	-	-	-	136,207	832,231
Interest Income	39,519	-	-	-	-	-	39,519
Miscellaneous	5,680	21,714	-	-	122,661	14,130	164,185
<b>Total Revenues</b>	<b>\$ 685,368</b>	<b>\$ 1,334,798</b>	<b>\$ 559,926</b>	<b>\$ 98,250</b>	<b>\$ 163,151</b>	<b>\$ 2,507,124</b>	<b>\$ 5,348,617</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	\$ 662,437	\$ -	\$ -	\$ -	\$ -	\$ 615,294	\$ 1,277,731
Public Safety	260,116	-	-	-	-	132,120	392,236
Highways	-	1,140,044	168,787	-	111,462	-	1,420,293
Flood Repair	-	-	-	379,742	-	150	379,892
Health and Welfare	-	-	-	-	-	551,475	551,475
Culture and Recreation	-	-	-	-	-	53,303	53,303
Conser. of Natural Resources	-	-	-	-	-	162,313	162,313
Emergency	-	-	-	-	-	2,960	2,960
Capital Outlay	-	-	-	-	-	437,792	437,792
<b>Debt Service:</b>							
Principal	-	-	-	-	-	76,632	76,632
Interest & Service Charges	-	-	-	-	-	12,510	12,510
<b>Total Expenditures</b>	<b>\$ 922,553</b>	<b>\$ 1,140,044</b>	<b>\$ 168,787</b>	<b>\$ 379,742</b>	<b>\$ 111,462</b>	<b>\$ 2,044,549</b>	<b>\$ 4,767,137</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (237,185)</b>	<b>\$ 194,754</b>	<b>\$ 391,139</b>	<b>\$ (281,492)</b>	<b>\$ 51,689</b>	<b>\$ 462,575</b>	<b>\$ 581,480</b>
<b>Other Financing Sources (Uses):</b>							
Sale of Asset	\$ 676	\$ 79,600	\$ -	\$ -	\$ -	\$ -	\$ 80,276
Transfers In	325,000	115,145	-	-	-	1,178,946	1,619,091
Transfers Out	(71,131)	(270,000)	(115,145)	-	-	(1,162,815)	(1,619,091)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 254,545</b>	<b>\$ (75,255)</b>	<b>\$ (115,145)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,131</b>	<b>\$ 80,276</b>
<b>Net Change in Fund Balances</b>	<b>\$ 17,360</b>	<b>\$ 119,499</b>	<b>\$ 275,994</b>	<b>\$ (281,492)</b>	<b>\$ 51,689</b>	<b>\$ 478,706</b>	<b>\$ 661,756</b>
<b>Fund Balance - January 1</b>	<b>\$ 246,256</b>	<b>\$ 765,380</b>	<b>\$ 540,914</b>	<b>\$ 939,836</b>	<b>\$ (141,045)</b>	<b>\$ 1,411,258</b>	<b>\$ 3,762,599</b>
<b>Fund Balance - December 31</b>	<b>\$ 263,616</b>	<b>\$ 884,879</b>	<b>\$ 816,908</b>	<b>\$ 658,344</b>	<b>\$ (89,356)</b>	<b>\$ 1,889,964</b>	<b>\$ 4,424,355</b>

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

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LAMOURE COUNTY  
LaMoure, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

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Net Change in *Fund Balances* - Total Governmental Funds \$ 661,756

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

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

Current Year Capital Outlay	\$ 558,706	
Current Year Depreciation Expense	<u>(125,754)</u>	432,952

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 of repayment of debt.

Bond Repayment	\$ 55,000	
Lease Repayment	<u>21,632</u>	76,632

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		2,256
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Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Change in Taxes Receivable	\$ 14,662	
Net Change in Road Receivables	<u>(23,283)</u>	<u>(8,621)</u>

Change in Net Assets of Governmental Activities		<u>\$ 1,164,975</u>
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The notes to the financial statements are an integral part of this statement.

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LAMOURE COUNTY  
LaMoure, North Dakota

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2011

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	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 2,077,514</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 2,077,514</u>

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

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LAMOURE COUNTY  
LaMoure, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2011

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting Entity

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

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

**COMPONENT UNIT**

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

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

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

B. Basis of Presentation

*Government-wide statements:* The statement of net assets and the statement of activities display information about the primary government, LaMoure County and its component unit, LaMoure County Water Resource District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

The County reports the following major governmental funds:

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

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

*Farm-to-Market Road Fund.* This fund accounts for repair and improvement of highways and bridges that are legally restricted from taxes levied. The major source of revenue is a restricted tax levy and State/Federal grants/reimbursements.

*FEMA Fund.* This fund accounts for all revenue and expenditures relating to federally declared disaster areas. The major source of revenue is restricted Federal grants/reimbursements.

*Culvert Purchases Fund.* This fund accounts for all revenue and expenditures relating to federally declared disaster areas. The major source of revenue is committed fees and revenues for the sale of culverts.

Additionally, the county reports the following fund type:

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

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

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

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

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

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

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

D. Cash, Cash Equivalents and Investments

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

E. Capital Assets

Capital assets were not reported in the governmental activities column in the government-wide financial statements for the year ended December 31, 2010 due to incomplete capital asset records for that year. However, the County did update and report capital assets for the year ended December 31, 2011. The County also adopted a capital assets policy for 2011. Capital assets per policy for the government are defined as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Per policy, general infrastructure assets acquired prior to January 1, 2004 consisting of various road and bridge network assets won't be reported in the financial statements, as the County is 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.

Per policy, major outlays for capital assets and improvements will be capitalized as projects are constructed. Capital assets per policy will be depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Land	Indefinite
Buildings	50
Equipment	5 - 10
Vehicles	5
Infrastructure	50

F. Compensated Absences

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

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

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

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

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

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. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

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

H. Interfund Transactions

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

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

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

I. Fund Balances & Equity / 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 LaMoire 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.

**LAMOURE COUNTY**

Notes to the Financial Statements – Continued

**Major Special Revenue Fund Purposes & Revenue Sources:**

Purposes and major revenue sources of the major special revenue funds (county road and bridge, farm to market road, FEMA, and culvert purchases) are disclosed in more detail in Note 1C.

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

On March 11, 2011 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, 2011. 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.

<b>CLASSIFICATION</b>	<b>DEFINITION</b>	<b>EXAMPLES</b>
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.
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.

LaMoire County has committed, 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 natural 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 3<sup>rd</sup> 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.

**LAMOURE COUNTY**

Notes to the Financial Statements – Continued

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**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.

Unrestricted net assets equity is primarily unrestricted amounts related to the general fund. The unrestricted net assets are available to meet the district's ongoing obligations.

Invested in capital assets, net of related debt, is reported for capital assets less accumulated depreciation and any related debt (bonds payable) issued to construct them. The resources needed to repay this related debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. These assets are not available for future spending.

Restrictions of net 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 natural resources, emergencies, and other purposes (health insurance, insurance reserve, veteran's service officer, and social security).

**NOTE 2: LEGAL COMPLIANCE - BUDGETS**

**BUDGET AMENDMENTS - COUNTY**

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

	<b>EXPENDITURES</b>		
	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<u>Major</u> County Road & Bridge	\$1,342,150	\$79,000	\$1,421,150

**NOTE 3: DEPOSITS AND INVESTMENTS**

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

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

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

**LAMOURE COUNTY**

Notes to the Financial Statements – Continued

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At year ended December 31, 2011, the county's carrying amount of deposits was \$6,121,158 and the bank balances totaled \$6,448,192. Of the bank balances, \$2,887,644 was covered by Federal Depository Insurance. The remaining bank balances totaling \$3,560,548 were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2011, the Water Resource District's carrying amount of deposits was \$17,583 and the bank balances totaled \$17,716, all of which were covered by Federal Depository Insurance.

Credit Risk:

The county and its component unit may invest idle funds as authorized in North Dakota Statutes, as follows:

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

As of December 31, 2011, the county had certificates of deposit totaling \$2,617,616, and the water resource district had certificates of deposit totaling \$15,683.

Concentration of Credit Risk:

The county does not have a limit on the amount the county 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.

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

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

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

**NOTE 5: ROAD RECEIVABLE**

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

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 6: INTERGOVERNMENTAL RECEIVABLES**

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

**NOTE 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: DEFERRED REVENUES**

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

**NOTE 9: CAPITAL ASSETS**

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

<b>Primary Government:</b>	<b>Balance 1-1-11</b>	<b>Adjustment</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12-31-11</b>
<b>Governmental Activities:</b>					
<i>Capital assets not being depreciated:</i>					
Land	\$ -	\$ 33,600	\$ -	\$ -	\$ 33,600
Construction in Progress	-	-	257,613	-	257,613
Total Capital Assets, not being depreciated	\$ -	\$ 33,600	\$257,613	\$ -	\$ 291,213
<i>Capital assets being depreciated:</i>					
Buildings	\$ -	\$ 544,996	\$ 45,620	\$ -	\$ 590,616
Vehicles	-	295,719	255,473	-	551,192
Equipment	-	1,674,362	-	-	1,674,362
Total Capital Assets, Being Depreciated	\$ -	\$2,515,077	\$301,093	\$ -	\$2,816,170
<i>Less Accumulated Depreciation for:</i>					
Buildings	\$ -	\$ 440,017	\$ 5,091	\$ -	\$ 445,108
Vehicles	-	241,445	27,937	-	269,382
Equipment	-	1,295,274	92,726	-	1,388,000
Total Accumulated Depreciation	\$ -	\$1,976,735	\$125,754	\$ -	\$2,102,489
Total Capital Assets Being Depreciated, Net	\$ -	\$ 538,342	\$175,339	\$ -	\$ 713,681
<i>Governmental Activities- Capital Assets, Net</i>	\$ -	\$ 571,942	\$432,952	\$ -	\$1,004,894

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

<b>Governmental Activities:</b>	<b>Amounts</b>
General Government	\$ 11,609
Public Safety	15,290
Highway	85,423
Health & Welfare	1,048
Culture & Recreation	5,353
Conservation of Natural Resources	7,031
Total Depreciation Expense-Governmental Activities	\$125,754

**LAMOURE COUNTY**

Notes to the Financial Statements – Continued

**NOTE 10: LONG-TERM DEBT**

**Changes in Long-Term Liabilities** - During the year ended December 31, 2011, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:

<b>Governmental Activities</b>	<b>Balance January 1</b>	<b>Adjustment</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Bonds Payable	\$400,000	\$ -	\$ -	\$55,000	\$345,000	\$55,000
Lease Payable	-	192,207	-	21,632	170,575	22,598
Compensated Absences *	53,832	-	-	2,256	51,576	5,158
<b>Total Governmental Activities</b>	<b>\$453,832</b>	<b>\$192,207</b>	<b>\$ -</b>	<b>\$78,888</b>	<b>\$567,151</b>	<b>\$82,756</b>

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

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

**General Obligation Bonds:**

\$400,000 Limited Tax Bonds of 2011 with annual payments of \$55,000 to \$60,000; with interest at 1.65% to 2.50%. \$345,000

The annual requirements to amortize the outstanding debt, excluding compensated absences are as follows for the year ended December 31, 2011:

<b>PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES</b>				
<b>Year Ending December 31</b>	<b>Bond Payable</b>		<b>Lease Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2012	\$ 55,000	\$ 6,769	\$ 22,598	\$ 7,804
2013	55,000	5,861	23,650	6,751
2014	55,000	4,954	124,328	5,672
2015	60,000	3,750	-	-
2016	60,000	2,250	-	-
2017 - 2021	60,000	750	-	-
<b>Totals</b>	<b>\$345,000</b>	<b>\$24,334</b>	<b>\$170,575</b>	<b>\$20,228</b>

**NOTE 11: RISK MANAGEMENT**

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

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

**LAMOURE COUNTY**Notes to the Financial Statements – Continued

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

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

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

**NOTE 12: PENSION PLAN****North Dakota Public Employees' Retirement System**

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

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

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

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

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

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. LaMoure County's required and actual contributions to NDPERS for the fiscal years ended December 31, 2011, 2010 and 2009 were \$66,992, \$66,083, and \$59,660, respectively.

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

**NOTE 13: DEFICIT BALANCES**

The following fund had a negative fund balances for the year ended December 31, 2011:

<b>Special Revenue Fund:</b>	<b>Balance</b>
Culvert Purchase	\$(89,356)

**NOTE 14: TRANSFERS**

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the years ended December 31, 2011:

	<b>Transfers In</b>	<b>Transfers Out</b>
<u>Major Funds:</u>		
General Fund	\$ 325,000	\$ 71,131
County Road and Bridge	115,145	270,000
Farm to Market Road	-	115,145
<u>Special Revenue Funds:</u>		
Social Welfare	380,000	-
County Agent	53,000	-
County Memorial Park	67,000	-
OASIS Health Insurance	-	82,500
Advertising Fund	76	-
Comprehensive Health Insurance	82,500	-
Camp Fund	-	9,000
JR Backway Fund	-	76
State Aid Distribution	-	436,000
Human Services	-	380,000
Tobacco School Component Fund	-	39,785
Tobacco Community Component Fund	-	83,588
LaMoure County Health Dept.	289,087	-
Bioterrorism	-	49,017
West Nile Virus	-	1,250
School Nursing	-	6,148
Community Nursing	-	29,219
Maternal Child Health	-	6,153
Immunizations	9,409	-
Health Tracks	-	2,867
Injury Prevention	243	-
Nurse Health Maintenance	-	37,212
Grants (State & Federal)	27,631	-
Equipment Purchase	250,000	-
Bridge Replacement	20,000	-
<b>Total Transfers</b>	<b>\$1,619,091</b>	<b>\$1,619,091</b>

**LAMOURE COUNTY**

Notes to the Financial Statements – Continued

**NOTE 15: COMMITMENTS**Commitments:

At December 31, 2011, LaMoure County had commitments for remaining project costs related to county window replacement project. As of December 31, 2011, the remaining construction commitments are as follows:

<b>Project</b>	<b>Original Contract</b>	<b>Change Orders</b>	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>	<b>Percent Complete</b>
Courthouse Window Project	\$163,400	\$10,685	\$174,085	\$151,172	\$8,704	\$22,913	86.84%

**NOTE 16: PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments for the 2011 Statement of Activities consist of beginning balance adjustments to add capital assets net equity (\$571,942) and reclassify an operating lease to a capital lease (\$192,207). The effect of the prior period adjustment to beginning fund balance and net assets is as follows:

<b>Governmental Activities:</b>	<b>Amounts</b>
Beginning Net Assets, as previously reported	\$3,501,898
<b>Adjustments to restate the January 1, 2011 Net Assets:</b>	
Capital Assets net adjustment	571,942
Long-Term Debt net adjustment	(192,207)
Net Assets January 1, as restated	\$3,881,633

LAMOURE COUNTY  
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 490,325	\$ 490,325	\$ 473,428	\$ (16,897)
Intergovernmental	-	-	81,737	81,737
Licenses, Permits and Fees	-	-	1,600	1,600
Charges for Services	-	-	83,404	83,404
Interest Income	-	-	39,519	39,519
Miscellaneous	-	-	5,680	5,680
<b>Total Revenues</b>	<b>\$ 490,325</b>	<b>\$ 490,325</b>	<b>\$ 685,368</b>	<b>\$ 195,043</b>
<u>Expenditures:</u>				
Current:				
General Government	\$ 722,507	\$ 722,507	\$ 662,437	\$ 60,070
Public Safety	280,117	280,117	260,116	20,001
Health & Welfare	41,500	41,500	-	41,500
<b>Total Expenditures</b>	<b>\$ 1,044,124</b>	<b>\$ 1,044,124</b>	<b>\$ 922,553</b>	<b>\$ 121,571</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ (553,799)</b>	<b>\$ (553,799)</b>	<b>\$ (237,185)</b>	<b>\$ 316,614</b>
<u>Other Financing Sources (Uses):</u>				
Sale of Assets	\$ -	\$ -	\$ 676	\$ 676
Transfers In	-	-	325,000	325,000
Transfers Out	-	-	(71,131)	(71,131)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 254,545</b>	<b>\$ 254,545</b>
<b>Net Change in Fund Balance</b>	<b>\$ (553,799)</b>	<b>\$ (553,799)</b>	<b>\$ 17,360</b>	<b>\$ 571,159</b>
Fund Balance - January 1	\$ 246,256	\$ 246,256	\$ 246,256	\$ -
<b>Fund Balance - December 31</b>	<b>\$ (307,543)</b>	<b>\$ (307,543)</b>	<b>\$ 263,616</b>	<b>\$ 571,159</b>

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

LAMOURE COUNTY  
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE  
COUNTY ROAD AND BRIDGE FUND  
For the Year Ended December 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 56,311	\$ 56,311	\$ 49,750	\$ (6,561)
Intergovernmental	-	-	650,714	650,714
Charges for Services	-	-	612,620	612,620
Miscellaneous	-	-	21,714	21,714
<b>Total Revenues</b>	<b>\$ 56,311</b>	<b>\$ 56,311</b>	<b>\$ 1,334,798</b>	<b>\$ 1,278,487</b>
<u>Expenditures:</u>				
Current:				
Highways	\$ 1,342,150	\$ 1,421,150	\$ 1,140,044	\$ 281,106
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,285,839)</b>	<b>\$ (1,364,839)</b>	<b>\$ 194,754</b>	<b>\$ 1,559,593</b>
<u>Other Financing Sources (Uses):</u>				
Sale of Assets	\$ -	\$ -	\$ 79,600	\$ 79,600
Transfers In	-	-	115,145	115,145
Transfers Out	-	-	(270,000)	(270,000)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (75,255)</b>	<b>\$ (75,255)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,285,839)</b>	<b>\$ (1,364,839)</b>	<b>\$ 119,499</b>	<b>\$ 1,484,338</b>
Fund Balance - January 1	\$ 765,380	\$ 765,380	\$ 765,380	\$ -
<b>Fund Balance - December 31</b>	<b>\$ (520,459)</b>	<b>\$ (599,459)</b>	<b>\$ 884,879</b>	<b>\$ 1,484,338</b>

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

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LAMOURE COUNTY  
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE  
FARM TO MARKETS ROAD FUND  
For the Year Ended December 31, 2011

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	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 350,486	\$ 350,486	\$ 320,435	\$ (30,051)
Intergovernmental		-	239,491	239,491
Total Revenues	<u>\$ 350,486</u>	<u>\$ 350,486</u>	<u>\$ 559,926</u>	<u>\$ 209,440</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 168,787</u>	<u>\$ 531,213</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (349,514)</u>	<u>\$ (349,514)</u>	<u>\$ 391,139</u>	<u>\$ 740,653</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (115,145)</u>	<u>\$ (115,145)</u>
Net Change in Fund Balances	<u>\$ (349,514)</u>	<u>\$ (349,514)</u>	<u>\$ 275,994</u>	<u>\$ 625,508</u>
Fund Balance - January 1	<u>\$ 540,914</u>	<u>\$ 540,914</u>	<u>\$ 540,914</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 191,400</u>	<u>\$ 191,400</u>	<u>\$ 816,908</u>	<u>\$ 625,508</u>

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

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LAMOURE COUNTY  
LaMoure, North Dakota

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

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	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 98,250	\$ 98,250
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ 770,000	\$ 770,000	\$ 379,742	\$ 390,258
Excess (Deficiency) of Revenues Over Expenditures	\$ (770,000)	\$ (770,000)	\$ (281,492)	\$ 488,508
Fund Balance - January 1	\$ 939,836	\$ 939,836	\$ 939,836	\$ -
Fund Balance - December 31	\$ 169,836	\$ 169,836	\$ 658,344	\$ 488,508

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

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LAMOURE COUNTY  
LaMoure, North Dakota

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

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	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 40,490	\$ 40,490
Miscellaneous	-	-	122,661	122,661
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,151</u>	<u>\$ 163,151</u>
<u>Expenditures:</u>				
Current:				
Highways	\$ 25,000	\$ 25,000	\$ 111,462	\$ (86,462)
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 51,689</u>	<u>\$ 76,689</u>
Fund Balance - January 1	<u>\$ (141,045)</u>	<u>\$ (141,045)</u>	<u>\$ (141,045)</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ (166,045)</u>	<u>\$ (166,045)</u>	<u>\$ (89,356)</u>	<u>\$ 76,689</u>

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

LAMOURE COUNTY  
LaMoure, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 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, LaMoure County had the following fund expenditures in excess of budgeted amounts:

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

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

LAMOURE COUNTY  
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY  
For the Year Ended December 31, 2011

	Balance 1-1-11	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-11
<b>Primary Government:</b>							
<b>Major Funds:</b>							
General Fund	\$ 230,504.99	\$ 701,118.97	\$ 325,000.00	\$ 676.26	\$ 71,130.51	\$ 922,553.79	\$ 263,615.92
County Road and Bridge	730,174.10	1,326,931.58	115,145.20	79,600.00	270,000.00	1,122,509.19	859,341.69
Farm to Market Road	540,913.60	559,927.12	-	-	115,145.20	168,787.08	816,908.44
FEMA	868,825.70	122,861.10	-	-	-	379,742.38	611,944.42
Culvert Purchase & Resale	(141,044.51)	163,150.45	-	-	-	111,462.27	(89,356.33)
<b>Total Major Funds</b>	<b>\$ 2,229,373.88</b>	<b>\$ 2,873,989.22</b>	<b>\$ 440,145.20</b>	<b>\$ 80,276.26</b>	<b>\$ 456,275.71</b>	<b>\$ 2,705,054.71</b>	<b>\$ 2,462,454.14</b>
<b>Nonmajor Funds:</b>							
Social Welfare	\$ 26,402.91	\$ 59,400.35	\$ 380,000.00	\$ -	\$ -	\$ 329,180.68	\$ 136,622.58
Veterans Service Officer	1,088.63	7,282.92	-	-	-	6,356.44	2,015.11
County Agent	(174.12)	44,581.83	53,000.00	-	-	69,407.25	28,000.46
Weed Control	57,605.09	91,834.38	-	-	-	86,347.51	63,091.96
County Memorial Park	(571.20)	19,244.11	67,000.00	-	-	52,217.40	33,455.51
Correctional Center	1,183.01	71,837.49	-	-	-	12,412.00	60,608.50
Oasis Health Insurance	(355.25)	85,520.67	-	-	82,500.00	-	2,665.42
Oasis and Social Security	31,585.28	250,306.51	-	-	-	194,386.71	87,505.08
Technology Fund	15,225.37	63,651.21	-	-	-	56,973.11	21,903.47
Advertising Fund	(161.28)	85.70	75.96	-	-	-	0.38
FEMA 2011	-	78,050.84	-	-	-	150.00	77,900.84
Special Assess. on Co. Property	361.91	-	-	-	-	168.04	193.87
County Loan Fund	445,477.22	63,797.56	-	-	-	215,246.31	294,028.47
Insurance Reserve	34,229.94	85,590.03	-	-	-	55,054.39	64,765.58
Comp. Health Insurance	18,236.74	175,353.36	82,500.00	-	-	244,309.92	31,780.18
Ambulance	123.66	70,528.51	-	-	-	70,428.71	223.46
Emergency Fund	81,748.47	21,035.13	-	-	-	2,960.00	99,823.60
Camp Fund	7,203.96	3,288.50	-	-	9,000.00	1,085.64	406.82
JR Backway Fund	38,752.31	-	-	-	75.96	-	38,676.35
State Aid Distribution	42,848.78	409,768.60	-	-	436,000.00	-	16,617.38
Document Preservation Fund	5,886.75	5,906.02	-	-	-	1,329.00	10,463.77
Human Services	64,283.09	335,219.44	-	-	380,000.00	-	19,502.53
Wireless E911	95,057.18	55,110.51	-	-	-	50,625.59	99,542.10
24/7 Sobriety Program	-	6,792.00	-	-	-	4,814.00	1,978.00
LaMoure County Health Dept	40,677.35	213,403.99	298,739.57	-	255,239.57	212,813.19	84,768.15
District Court	5.00	-	-	-	-	-	5.00
Grants (State & Federal)	(25,729.07)	56,844.85	27,630.51	-	-	58,746.29	-
County Extension	2,109.17	3,523.00	-	-	-	3,505.34	2,126.83
4-H Building	1,321.19	2,078.00	-	-	-	1,723.23	1,675.96
Special Project/Vehicle	9,899.25	3,618.48	-	-	-	2,932.00	10,585.73
Hazardous Chemical	5,646.67	1,262.50	-	-	-	24.22	6,884.95
Equipment Purchase	241,612.05	-	250,000.00	-	-	311,688.33	179,923.72
Bridge Replacement	84,736.50	-	20,000.00	-	-	-	104,736.50
<b>Total Nonmajor Funds</b>	<b>\$ 1,326,316.56</b>	<b>\$ 2,284,916.49</b>	<b>\$ 1,178,946.04</b>	<b>\$ -</b>	<b>\$ 1,162,815.53</b>	<b>\$ 2,044,885.30</b>	<b>\$ 1,582,478.26</b>
<b>Total Governmental Funds</b>	<b>\$ 3,555,690.44</b>	<b>\$ 5,158,905.71</b>	<b>\$ 1,619,091.24</b>	<b>\$ 80,276.26</b>	<b>\$ 1,619,091.24</b>	<b>\$ 4,749,940.01</b>	<b>\$ 4,044,932.40</b>

Continued on next page...

LAMOURE COUNTY  
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY  
For the Year Ended December 31, 2011

	Balance 1-1-11	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-11
CONTINUED....							
<u>Agency Funds:</u>							
Historical Society (Museum)	\$ 48.65	\$ 9,382.98	\$ -	\$ -	\$ -	\$ 9,373.83	\$ 57.80
Senior Citizens	81.10	51,446.52	-	-	-	51,396.65	130.97
Airport Authority	(189.88)	-	-	-	-	(189.88)	-
County Airport-2 mill	243.59	38,473.93	-	-	-	38,588.56	128.96
Criminal Court Admin. Fund	355.00	-	-	-	-	-	355.00
Civil Filing Fees	-	980.00	-	-	-	840.00	140.00
State Fines & Forfeits	(13.28)	-	-	-	-	-	(13.28)
State Revenue	37.60	21,745.36	-	-	-	21,715.04	67.92
Garrison Diversion	16.90	25,013.34	-	-	-	24,980.70	49.54
Court Trust	2,518.11	14.25	-	-	-	2,000.00	532.36
Restitutions	356.15	-	-	-	-	-	356.15
Estimate Tax	(359.66)	11,828.76	-	-	-	13,060.76	(1,591.66)
Game and Fish Licenses	19,285.60	38,120.00	-	-	-	37,551.00	19,854.60
Soil Conservation District	37.59	21,773.56	-	-	-	21,743.24	67.91
Jud Rural Fire	10.39	9,661.43	-	-	-	9,591.22	80.60
Gackle Fire District	-	348.97	-	-	-	344.79	4.18
Water Resource Fund	39.85	3,381.00	-	-	-	3,399.82	21.03
Library	86.16	49,982.09	-	-	-	49,920.60	147.65
CDLF Loan Fund	8,507.46	13.92	-	-	-	-	8,521.38
Medical Reimbursement	712.51	-	-	-	-	2,400.00	(1,687.49)
Payroll Deduction	-	7,000.80	-	-	-	918.14	6,082.66
Christmas Fund	-	19,051.97	-	-	-	19,051.97	-
Undistributed Taxes	1,652,789.89	1,967,296.96	-	-	-	1,651,992.28	1,968,094.57
Total Cities	25,763.61	756,529.86	-	-	-	777,849.59	4,443.88
Total Parks	-	4,102.34	-	-	-	4,102.34	-
Total Schools	67,369.62	2,774,031.52	-	-	-	2,771,049.87	70,351.27
Total Townships	515.57	782,247.29	-	-	-	781,444.46	1,318.40
Total Agency Funds	\$ 1,778,212.53	\$ 6,592,426.85	\$ -	\$ -	\$ -	\$ 6,293,124.98	\$ 2,077,514.40
Total Primary Government	\$ 5,333,902.97	\$ 11,751,332.56	\$ 1,619,091.24	\$ 80,276.26	\$ 1,619,091.24	\$ 11,043,064.99	\$ 6,122,446.80
<u>Discretely Presented</u>							
<u>Component Unit:</u>							
Water Resource District	\$ 26,765.48	\$ 3,549.50	\$ -	\$ -	\$ -	\$ 12,732.14	\$ 17,582.84
Total Reporting Entity	\$ 5,360,668.45	\$ 11,754,882.06	\$ 1,619,091.24	\$ 80,276.26	\$ 1,619,091.24	\$ 11,055,797.13	\$ 6,140,029.64

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

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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*

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Board of County Commissioners  
LaMoure County  
LaMoure, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise LaMoure County's basic financial statements and have issued our report thereon dated February 25, 2013. 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 LaMoure County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered LaMoure County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaMoure County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LaMoure County's internal control over financial reporting.

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.

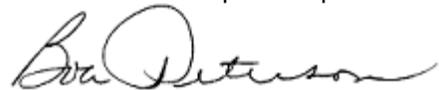
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 LaMoure County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of LaMoure County in a separate letter dated February 25, 2013.

This report is intended solely for the information and use of management, the board of county commissioners, and others within the county, 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

February 25, 2013

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LAMOURE COUNTY  
LaMoure, North Dakota

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

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**Section I - Summary of Auditor's Results**

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Financial Statements

Type of Report Issued?

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

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

Significant deficiencies identified not considered to be material weaknesses?  Yes

Noncompliance material to financial statements noted?  Yes  No

**Section II - Financial Statement Findings**

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No matters were reported.