

**OFFICE OF  
STATE AUDITOR**

**AUDIT REPORT**

**SIoux COUNTY  
FORT YATES, NORTH DAKOTA**

**FOR THE YEAR ENDED DECEMBER 31, 2010**



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SIOUX COUNTY  
Fort Yates, North Dakota

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For the Years Ended December 31, 2010

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SIOUX COUNTY  
Fort Yates, North Dakota

**COUNTY OFFICIALS**

December 31, 2010

Dusty Kraft  
Glen Bahm  
Lary Silbernagel

Barbara Hettich  
Sandra Waliser  
Frank Landeis  
Sandra Waliser  
John Gosbee

Commissioner - Chairman  
Commissioner - Vice Chairman  
Commissioner

Auditor  
Treasurer  
Sheriff  
Recorder/Clerk of Court  
State's Attorney

**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

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**INDEPENDENT AUDITOR'S REPORT**

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Board of County Commissioners  
Sioux County  
Fort Yates, North Dakota

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Sioux County, Fort Yates, North Dakota, as of and for the year ended December 31, 2010 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sioux County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2012, on our consideration of Sioux 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.

The budgetary comparison information on pages 21 through 25 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**SIoux COUNTY**Independent Auditor's Report - Continued

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Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Sioux County's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the schedule of fund activity arising from cash transactions which is prepared on a cash basis, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Robert R. Peterson  
State Auditor

January 5, 2012

SIOUX COUNTY  
Fort Yates, North Dakota

STATEMENT OF NET ASSETS  
December 31, 2010

	Primary Government	Component Units	
	Governmental Activities	Fair Board	Water Resource District
<b>ASSETS</b>			
Cash and Investments	\$ 699,408	\$ -	\$ 1,911
Intergovernmental Receivable	141,987	-	-
Due from County	-	-	224
Taxes Receivable	58,157	326	411
Capital Assets (net of accumulated depreciation):			
Land	13,525	-	-
Buildings	363,017	-	-
Machinery and Equipment	106,498	-	-
Vehicles	43,614	-	-
Infrastructure	1,308,045	-	-
Total Capital Assets	<u>\$ 1,834,699</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ 2,734,251</u>	<u>\$ 326</u>	<u>\$ 2,546</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 146,383	\$ -	\$ -
Cash Over-Draft Liability	-	6,896	-
Long-Term Liabilities:			
Due Within One Year:			
Leases Payable	\$ 32,324	\$ -	\$ -
Compensated Absences Payable	3,752	-	-
Due After One Year:			
Compensated Absences Payable	33,764	-	-
Total Liabilities	<u>\$ 216,223</u>	<u>\$ 6,896</u>	<u>\$ -</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 1,802,375	\$ -	\$ -
Restricted for:			
Public Safety	49,512	-	-
Health and Welfare	85,474	-	-
Culture and Recreation	-	(6,570)	-
Conservation of Natural Resources	-	-	2,546
Emergencies	28,282	-	-
Unrestricted	552,385	-	-
Total Net Assets	<u>\$ 2,518,028</u>	<u>\$ (6,570)</u>	<u>\$ 2,546</u>

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

SIOUX COUNTY  
Fort Yates, North Dakota

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary	Component Units	
				Governmental Activities	Fair Board	Water Resource District
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	\$ 555,337	\$ 9,430	\$ 113,467	\$ (432,440)		
Public safety	100,865	32,932	5,022	(62,911)		
Highways and bridges	686,977	7,871	281,563	(397,543)		
Health and welfare	597,530	-	495,211	(102,319)		
Culture and recreation	48,884	-	-	(48,884)		
Conservation of natural resources	48,909	32,771	10,541	(5,597)		
Interest & fiscal charges on long-term debt	2,096	-	-	(2,096)		
<b>Total Primary Government</b>	<b>\$ 2,040,598</b>	<b>\$ 83,004</b>	<b>\$ 905,804</b>	<b>\$ (1,051,790)</b>		
<b>Component Units:</b>						
Fair board	\$ 6,637	\$ -	\$ -		\$ (6,637)	\$ -
Water resource district	1,100	-	-		-	(1,100)
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property taxes; levied for general purposes				\$ 75,509	\$ 2,574	\$ 2,759
Property taxes; levied for special purposes				336,179	-	-
Non restricted grants and contributions				351,247	-	-
Unrestricted investment earnings				4,205	-	-
Miscellaneous revenue				65,008	1,777	-
<b>Total General Revenues</b>				<b>\$ 832,148</b>	<b>\$ 4,351</b>	<b>\$ 2,759</b>
<b>Change in Net Assets</b>				<b>\$ (219,642)</b>	<b>\$ (2,286)</b>	<b>\$ 1,659</b>
Net Assets - January 1				\$ 2,740,835	\$ (4,284)	\$ 887
Prior Period Adjustment				(3,165)	-	-
<b>Net Assets - January 1, as restated</b>				<b>\$ 2,737,670</b>	<b>\$ (4,284)</b>	<b>\$ 887</b>
<b>Net Assets - December 31</b>				<b>\$ 2,518,028</b>	<b>\$ (6,570)</b>	<b>\$ 2,546</b>

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

SIOUX COUNTY  
Fort Yates, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2010

	General	Unorganized Road	Highway Tax Distribution	Social Services	Emergency Poor	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and investments	\$ 480,424	\$ -	\$ 4,296	\$ -	\$ 110,675	\$ 104,013	\$ 699,408
Intergovernmental receivable	97,468	9,705	20,581	12,677	-	1,556	141,987
Due from other funds	72,302	-	-	-	-	-	72,302
Taxes receivable	11,497	9,042	-	7,648	7,819	22,151	58,157
<b>Total Assets</b>	<b>\$ 661,691</b>	<b>\$ 18,747</b>	<b>\$ 24,877</b>	<b>\$ 20,325</b>	<b>\$ 118,494</b>	<b>\$ 127,720</b>	<b>\$ 971,854</b>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts payable	\$ 1,515	\$ 133,966	\$ -	\$ -	\$ -	\$ 10,902	\$ 146,383
Due to other funds	-	30,590	-	41,712	-	-	72,302
Deferred revenue	11,497	9,042	-	7,648	7,819	22,151	58,157
<b>Total Liabilities</b>	<b>\$ 13,012</b>	<b>\$ 173,598</b>	<b>\$ -</b>	<b>\$ 49,360</b>	<b>\$ 7,819</b>	<b>\$ 33,053</b>	<b>\$ 276,842</b>
<u>Fund Balances:</u>							
General fund	\$ 648,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648,679
Special revenue funds	-	(154,851)	24,877	(29,035)	110,675	94,667	46,333
<b>Total Fund Balances</b>	<b>\$ 648,679</b>	<b>\$ (154,851)</b>	<b>\$ 24,877</b>	<b>\$ (29,035)</b>	<b>\$ 110,675</b>	<b>\$ 94,667</b>	<b>\$ 695,012</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 661,691</b>	<b>\$ 18,747</b>	<b>\$ 24,877</b>	<b>\$ 20,325</b>	<b>\$ 118,494</b>	<b>\$ 127,720</b>	<b>\$ 971,854</b>

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

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SIOUX COUNTY  
Fort Yates, North Dakota

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

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Total *Fund Balances* for Governmental Funds \$ 695,012

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	\$ 2,857,084	
Less Accumulated Depreciation	<u>(1,022,385)</u>	
Net Capital Assets		1,834,699

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. 58,157

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net assets. Balances at December 31, 2010 are:

Capital Leases Payable	\$ (32,324)	
Compensated Absences	<u>(37,516)</u>	
Total Long-Term Liabilities		<u>(69,840)</u>

Total Net Assets of Governmental Activities \$ 2,518,028

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

SIOUX COUNTY  
Fort Yates, North Dakota

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

	General	Unorganized Road	Highway Tax Distribution	Social Service	Emergency Poor	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 73,132	\$ 82,321	\$ -	\$ 48,548	\$ 49,543	\$ 147,294	\$ 400,838
Intergovernmental	537,663	36,572	173,810	493,621	-	15,385	1,257,051
Charges for services	10,473	7,871	-	-	-	64,660	83,004
Interest income	4,205	-	-	-	-	-	4,205
Miscellaneous	27,860	1,873	-	-	-	35,275	65,008
<b>Total Revenues</b>	<b>\$ 653,333</b>	<b>\$ 128,637</b>	<b>\$ 173,810</b>	<b>\$ 542,169</b>	<b>\$ 49,543</b>	<b>\$ 262,614</b>	<b>\$ 1,810,106</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	\$ 411,456	\$ -	\$ -	\$ -	\$ -	\$ 159,838	\$ 571,294
Public safety	60,676	-	-	-	-	35,089	95,765
Highways and bridges	-	420,285	159,813	-	-	29,941	610,039
Health and welfare	1,688	-	-	594,237	-	-	595,925
Culture and recreation	-	-	-	-	-	48,884	48,884
Conserv. of natural resources	35,513	-	-	-	-	43,896	79,409
<b>Debt Service:</b>							
Principal	11,589	29,077	-	-	-	-	40,666
Interest and fees	1,519	577	-	-	-	-	2,096
<b>Total Expenditures</b>	<b>\$ 522,441</b>	<b>\$ 449,939</b>	<b>\$ 159,813</b>	<b>\$ 594,237</b>	<b>\$ -</b>	<b>\$ 317,648</b>	<b>\$ 2,044,078</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 130,892</b>	<b>\$ (321,302)</b>	<b>\$ 13,997</b>	<b>\$ (52,068)</b>	<b>\$ 49,543</b>	<b>\$ (55,034)</b>	<b>\$ (233,972)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	\$ -	\$ 55,000	\$ 95,000	\$ -	\$ -	\$ 10,000	\$ 160,000
Transfers out	(150,000)	-	-	-	-	(10,000)	(160,000)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (150,000)</b>	<b>\$ 55,000</b>	<b>\$ 95,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (19,108)</b>	<b>\$ (266,302)</b>	<b>\$ 108,997</b>	<b>\$ (52,068)</b>	<b>\$ 49,543</b>	<b>\$ (55,034)</b>	<b>\$ (233,972)</b>
Fund Balance - January 1	\$ 667,787	\$ 111,451	\$ (84,120)	\$ 23,033	\$ 61,132	\$ 149,701	\$ 928,984
Fund Balance - December 31	\$ 648,679	\$ (154,851)	\$ 24,877	\$ (29,035)	\$ 110,675	\$ 94,667	\$ 695,012

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

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SIOUX COUNTY  
Fort Yates, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2010

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Net Change in *Fund Balances* - Total Governmental Funds \$ (233,972)

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 depreciation exceeded capital outlay in the current year.

Current Year Capital Outlay	\$ 66,335	
Current Year Depreciation Expense	<u>(97,654)</u>	(31,319)

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 repayment exceeded debt proceeds.

Repayment of Debt - Lease	40,666
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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. This consists of the net increase in compensated absences. (5,867)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the increase in taxes receivable. 10,850

Change in Net Assets of Governmental Activities \$ (219,642)

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

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SIOUX COUNTY  
Fort Yates, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
December 31, 2010

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	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 220,265</u>
<u>LIABILITIES</u>	
Due to other governments	<u>\$ 220,265</u>

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

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SIOUX COUNTY  
Fort Yates, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2010

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

The financial statements of Sioux County, Fort Yates, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. 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 Sioux 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 Sioux 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 Sioux County.

Based on these criteria, there are two discretely presented component units to be included within Sioux County as a reporting entity.

**COMPONENT UNITS**

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

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

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

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

Component Unit Financial Statements: The financial statements of the discretely presented component units are presented in the County's basic financial statements. Complete financial statements of the component units can be obtained from the Sioux County Auditor Sioux County, PO Box 603, Ft. Yates, ND, 58324.

**SIOUX COUNTY**Notes to the Financial Statements - Continued

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Related Organizations - The County is accountable for the following legally separate entities because the commissioners appoint 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:

	<b>2010</b>
Senior Citizens	\$ 6,700
County Library	42,184
Weed Control	34,209

**B. Basis of Presentation**

*Government-wide statements:* The statement of net assets and the statement of activities display information about the primary government, Sioux County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made, when applicable, 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 and the component units 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 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 the Highway Tax Distribution revenue collected during the year and used for appropriate highway and road projects.

*Unorganized Road Fund.* This fund accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund.

*Social Welfare Fund.* This fund accounts for the costs of providing social service benefits to the needy residents of the county.

*Emergency Poor Fund.* This fund accounts for the taxes levied for social welfare programs that are transferred to the social welfare fund to help finance the costs of providing social service benefits and programs to needy residents of the county

The County reports the following fund type:

*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.

All governmental and internal service funds of the County and the discretely presented component unit follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

#### 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

##### **PRIMARY GOVERNMENT:**

Capital assets, which include property, plant, 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. 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.

**SIoux COUNTY**

## Notes to the Financial Statements - Continued

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:

<b>Assets</b>	<b>Years</b>
Buildings	10-50
Machinery and Equipment	5-15
Infrastructure	50-100
Vehicles	3-10
Office Equipment	3-5

F. Compensated Absences

Eligible employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Vacation benefits may be accrued to a maximum of three hundred hours. Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of three hundred hours. Sick leave benefits are allowed to accumulate to an unlimited number of days. Unused sick leave benefiterers are not paid off at the time of termination of employment or retirement. No liability is recorded for non-vesting accumulating rights to receive sick leave 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.

H. Fund Balances / Net Assets Equity

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

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.

## SIoux COUNTY

### Notes to the Financial Statements - Continued

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#### NOTE 2: DEPOSITS

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

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

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

At year ended December 31, 2010 the county's carrying amount of deposits was \$914,689 and the bank balances totaled \$925,853. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. The remaining bank balances totaling \$675,853 were collateralized with securities held by the pledging financial institution's agent in the government's name. At year ended December 31, 2010, the Sioux County Water Resource District's deposits and the Sioux County Fair Association deposits totaling were entirely covered by Federal Depository Insurance.

#### Credit Risk:

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

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

As of December 31, 2010, the county had certificates of deposit totaling \$13,598 all of which were considered deposits.

#### Concentration of Credit Risk:

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

#### NOTE 3: TAXES RECEIVABLE

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

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

**SIoux COUNTY**

## Notes to the Financial Statements - Continued

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 4: ACCOUNTS RECEIVABLE**

Accounts receivable consists of amounts due for interest from banks and charges for services provide prior to year-end, but not received until after year-end.

**NOTE 5: INTERGOVERNMENTAL RECEIVABLE**

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

**NOTE 6: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2010 for the primary government:

<b>Primary Government (2010):</b>	<b>Balance 1-1-10</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12-31-10</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 13,525	\$ -	\$ -	\$ 13,525
<i>Capital assets, being depreciated:</i>				
Buildings	\$ 553,673	\$ 38,335	\$ -	\$ 592,008
Machinery and Equipment	699,226	-	-	699,226
Vehicles	132,050	28,000	-	160,050
Infrastructure	1,392,274	-	-	1,392,274
<b>Total Capital Assets, Being Depreciated</b>	<b>\$2,777,223</b>	<b>\$ 66,335</b>	<b>\$ -</b>	<b>\$2,843,558</b>
<i>Less accumulated depreciation for:</i>				
Buildings	\$ 211,904	\$ 17,087	\$ -	\$ 228,991
Furniture and Equipment	538,755	53,974	-	592,729
Vehicles and Machinery	103,764	12,671	-	116,435
Infrastructure	70,307	13,923	-	84,230
<b>Total Accumulated Depreciation</b>	<b>\$ 924,730</b>	<b>\$ 97,654</b>	<b>\$ -</b>	<b>\$1,022,384</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$1,852,493</b>	<b>\$(31,319)</b>	<b>\$ -</b>	<b>\$1,821,174</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$1,866,018</b>	<b>\$(31,319)</b>	<b>\$ -</b>	<b>\$1,834,699</b>

**SIOUX COUNTY**

Notes to the Financial Statements - Continued

Depreciation expense was charged to functions/programs of the county as follows for the year ended December 31, 2010:

<b>Governmental Activities:</b>	<b>2010</b>
General Government	\$ 9,948
Public Safety	5,100
Highways	73,346
Conservation of Natural Resources	9,260
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$97,654</b>

**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: LEASES PAYABLE**

**Capital Leases** - Sioux County had lease agreements outstanding for a motor grader, and a modular trailer for the audit period. These lease agreements qualify as capital leases for accounting purposes.

**NOTE 9: LONG-TERM DEBT**

Primary Government:

**Changes in Long-Term Liabilities** - During the year ended December 31, 2010; the following changes occurred in governmental activities long-term liabilities for the primary government:

	<b>Balance 1-1-10</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12-31-10</b>	<b>Due Within One Year</b>
Capital Leases	\$ 72,990	\$ -	\$40,667	\$32,323	\$32,323
Compensated Absences *	31,649	5,867	-	37,516	3,752
<b>Total - Primary Government</b>	<b>\$104,639</b>	<b>\$5,867</b>	<b>\$40,666</b>	<b>\$69,839</b>	<b>\$36,076</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 governmental activities debt at December 31, 2010 is comprised of the following individual issues:

**Leases Payable:**

\$126,177 Lease from Butler for a 140H Motor Grader 2006. Payments are \$19,999 to \$26,182 annually through 2011. This is a rental agreement. \$19,999

\$65,535 Lease from Kinetic Leasing for a Modular Trailer. Payments are \$13,107 annually through 2011. Interest at 17.4%. 12,324

**Total Capital Leases** \$32,323

Debt service requirements on governmental activity long-term debt at December 31, 2010 are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>		
<b>Year Ending December 31</b>	<b>Leases Payable</b>	
	<b>Principal</b>	<b>Interest</b>
2011	\$32,323	\$783

**SIOUX COUNTY**

## Notes to the Financial Statements - Continued

**NOTE 10: TRANSFERS**

There were transfers in and transfers out reported in the basic financial statements of the governmental funds for the year ended December 31, 2010:

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

<b>2010</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds:</b>		
General Fund	\$ -	\$150,000
Unorganized Road	55,000	-
Highway Tax	95,000	-
<b>Non-Major Funds:</b>		
Comprehensive Health	10,000	-
FICA Matching	-	10,000
<b>Total Transfers</b>	<b>\$160,000</b>	<b>\$160,000</b>

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

Sioux County participates in the Deferred Compensation Section 457 plan through Hartford and administered by 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 Sioux 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.

The County matches up to \$50 dollars per month for full time employees and \$37.50 for part time employees. Employees are able to contribute more if they deem necessary. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. Sioux County's total contributions including any employee additional contributions to NDPERS for the fiscal years ended December 31, 2010, 2009, and 2008 were \$23,850, \$23,625, and \$24,850, respectively.

**SIoux COUNTY**

## Notes to the Financial Statements - Continued

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

**NOTE 12: RISK MANAGEMENT**

Sioux 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. Sioux 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 two million dollars per occurrence for general liability and automobile and \$875,607 for public assets (mobile equipment and portable property).

Sioux County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Sioux 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 Sioux County with blanket fidelity bond coverage in the amount of \$500,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

**NOTE 13: DEFICIT CASH FUND BALANCES**

At December 31, 2010, the following funds had deficit fund balances.

<b>County Funds</b>	<b>2010</b>
Unorganized Road	\$(30,590)
Social Welfare	(41,712)
Comprehensive Health	(14,643)
Insurance Reserve	(19,386)
Insurance Reserve	(10,434)
<b>Component Unit</b>	<b>2010</b>
County Fair Association	\$ (6,896)

**NOTE 14: JOINT VENTURE****Primary Government:**

Morton County entered into an agreement with Grant, Mercer, Oliver and Sioux Counties for the operation of the Custer District Health Unit. Each participating county's share of the cost of operations and board member appointments is determined by the property tax valuation of each county.

**SIoux COUNTY**

## Notes to the Financial Statements - Continued

Summary financial information for the year ended December 31, 2010, the most current information available, is as follows:

Assets	\$ 834,661
Total Revenues	\$2,780,248
Total Expenses	2,795,540
Net Increase in Equity	\$ (15,292)

Detailed financial information for the Health Unit can be obtained from the Custer District Health Unit, Mandan, North Dakota.

**NOTE 15: PRIOR PERIOD ADJUSTMENT**

The prior period adjustments shown in the statement of activities and in the statement of revenues, expenditures and changes in fund balance was due to the compensated absences adjustment for January 1, 2010. The adjustment to beginning net assets equity is as follows:

	<b>Amounts</b>
Net Assets Equity as previously reported	\$2,740,835
<b>Adjustments to restate the January 1, 2010 net assets equity for the following:</b>	
Adjustment to compensated absences	(3,165)
Net Assets Equity January 1, 2010 as restated	<u>\$2,737,670</u>

SIOUX COUNTY  
Fort Yates, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 76,267	\$ 76,267	\$ 73,132	\$ (3,135)
Intergovernmental	492,386	492,386	537,663	45,277
Charges for services	12,300	12,300	10,473	(1,827)
Interest income	5,800	5,800	4,205	(1,595)
Miscellaneous	22,895	22,895	27,860	4,965
<b>Total Revenues</b>	<b>\$ 609,648</b>	<b>\$ 609,648</b>	<b>\$ 653,333</b>	<b>\$ 43,685</b>
<u>Expenditures:</u>				
Current:				
General government	\$ 639,631	\$ 639,631	\$ 411,456	\$ 228,175
Public safety	76,975	76,975	60,676	16,299
Health and welfare	2,700	2,700	1,688	1,012
Conservation of natural resources	48,292	48,292	35,513	12,779
Debt Service:				
Principal	-	-	11,589	(11,589)
Interest	-	-	1,519	(1,519)
<b>Total Expenditures</b>	<b>\$ 767,598</b>	<b>\$ 767,598</b>	<b>\$ 522,441</b>	<b>\$ 245,157</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (157,950)</b>	<b>\$ (157,950)</b>	<b>\$ 130,892</b>	<b>\$ 288,842</b>
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ -	\$ -	\$ (150,000)	\$ (150,000)
<b>Net Change in Fund Balances</b>	<b>\$ (157,950)</b>	<b>\$ (157,950)</b>	<b>\$ (19,108)</b>	<b>\$ 138,842</b>
Fund Balances - January 1	\$ 667,787	\$ 667,787	\$ 667,787	\$ -
<b>Fund Balances - December 31</b>	<b>\$ 509,837</b>	<b>\$ 509,837</b>	<b>\$ 648,679</b>	<b>\$ 138,842</b>

The notes to the required supplementary information are an integral part of this statement.

SIOUX COUNTY  
Fort Yates, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ -	\$ -	\$ 82,321	\$ 82,321
Intergovernmental	-	-	36,572	36,572
Charges for services	-	-	7,871	7,871
Miscellaneous	-	-	1,873	1,873
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 128,637</b>	<b>\$ 128,637</b>
<u>Expenditures:</u>				
Current:				
Highways	\$ 522,500	\$ 522,500	\$ 420,285	\$ 102,215
Debt Service:				
Principal	-	-	29,077	(29,077)
Interest	-	-	577	(577)
<b>Total Expenditures</b>	<b>\$ 522,500</b>	<b>\$ 522,500</b>	<b>\$ 449,939</b>	<b>\$ 72,561</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (522,500)</b>	<b>\$ (522,500)</b>	<b>\$ (321,302)</b>	<b>\$ 201,198</b>
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ -	\$ -	\$ 55,000	\$ 55,000
<b>Net Change in Fund Balances</b>	<b>\$ (522,500)</b>	<b>\$ (522,500)</b>	<b>\$ (266,302)</b>	<b>\$ 256,198</b>
<b>Fund Balances - January 1</b>	<b>\$ 111,451</b>	<b>\$ 111,451</b>	<b>\$ 111,451</b>	<b>\$ -</b>
<b>Fund Balances - December 31</b>	<b>\$ (411,049)</b>	<b>\$ (411,049)</b>	<b>\$ (154,851)</b>	<b>\$ 256,198</b>

The notes to the required supplementary information are an integral part of this statement.

SIOUX COUNTY  
Fort Yates, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 173,810	\$ 173,810
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ 150,000	\$ 150,000	\$ 159,813	\$ (9,813)
Excess (Deficiency) of Revenues Over Expenditures	\$ (150,000)	\$ (150,000)	\$ 13,997	\$ 163,997
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ -	\$ -	\$ 95,000	\$ 95,000
Net Change in Fund Balances	\$ (150,000)	\$ (150,000)	\$ 108,997	\$ 258,997
Fund Balances - January 1	\$ (84,120)	\$ (84,120)	\$ (84,120)	\$ -
Fund Balances - December 31	\$ (234,120)	\$ (234,120)	\$ 24,877	\$ 258,997

The notes to the required supplementary information are an integral part of this statement.

SIOUX COUNTY  
Fort Yates, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 45,000	\$ 45,000	\$ 48,548	\$ 3,548
Intergovernmental	-	-	493,621	493,621
<b>Total Revenues</b>	<b>\$ 45,000</b>	<b>\$ 45,000</b>	<b>\$ 542,169</b>	<b>\$ 497,169</b>
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ 543,466	\$ 543,466	\$ 594,237	\$ (50,771)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (498,466)</b>	<b>\$ (498,466)</b>	<b>\$ (52,068)</b>	<b>\$ 446,398</b>
Fund Balances - January 1	\$ 23,033	\$ 23,033	\$ 23,033	-
Fund Balances - December 31	<u>\$ (475,433)</u>	<u>\$ (475,433)</u>	<u>\$ (29,035)</u>	<u>\$ 446,398</u>

The notes to the required supplementary information are an integral part of this statement.

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SIOUX COUNTY  
Fort Yates, North Dakota

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

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 45,500	\$ 45,500	\$ 49,543	\$ 4,043
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 45,500	\$ 45,500	\$ 49,543	\$ 4,043
Fund Balances - January 1	\$ 61,132	\$ 61,132	\$ 61,132	\$ -
Fund Balances - December 31	\$ 106,632	\$ 106,632	\$ 110,675	\$ 4,043

The notes to the required supplementary information are an integral part of this statement.

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SIOUX COUNTY  
Fort Yates, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2010

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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: LEGAL COMPLIANCE - BUDGETS

OVERSPENT FUNDS

The following funds were overspent for the year ended December 31, 2010:

<b>Overspent Funds - 2010:</b>	<b>Budget</b>	<b>Actual</b>	<b>Overspent</b>
Highway Tax Fund	\$150,000	\$159,813	\$ 9,813
Social Welfare	543,466	594,237	50,771
County Road	20,000	21,995	1,995
Township Road	-	3,871	3,871
Insurance Reserve	-	43,711	43,711
911 Wireless	-	12,001	12,001
911 Fund	-	16,262	16,262
Senior Citizens	-	6,700	6,700
County Library	23,000	42,184	19,184
Weed/Control Leafy Spurge	33,050	34,209	1,159
County Extension Special	-	9,688	9,688
Capital Improvement	20,000	35,805	15,805
County Recorder Special	-	391	391

SIOUX COUNTY  
Fort Yates, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS  
For the Year Ended December 31, 2010

	Balance 1-1-10	Receipts	Transfer In	Transfer Out	Disbursements	Balance 12-31-10
<b>Major Funds:</b>						
General Fund- 1000 (590234.17)	\$ 590,320.18	\$ 633,331.50	\$ -	\$ 150,000.00	\$ 520,925.23	\$ 552,726.45
<b>Special Revenue Funds:</b>						
Unorganized Road	\$ 102,510.01	\$ 127,872.72	\$ 55,000.00	\$ -	\$ 315,972.93	\$ (30,590.20)
Social Welfare	9,059.37	543,465.91	-	-	594,237.11	(41,711.83)
Emergency Poor	61,131.97	49,542.75	-	-	-	110,674.72
Highway Tax	(104,580.12)	173,689.38	95,000.00	-	159,813.20	4,296.06
<b>Total Major Funds</b>	<b>\$ 658,441.41</b>	<b>\$ 1,527,902.26</b>	<b>\$ 150,000.00</b>	<b>\$ 150,000.00</b>	<b>\$ 1,590,948.47</b>	<b>\$ 595,395.20</b>
<b>Nonmajor Special Revenue Funds:</b>						
County Road	\$ 8,681.95	\$ 22,366.53	\$ -	\$ -	\$ 21,994.61	\$ 9,053.87
Township Road	5,924.47	3,253.53	-	-	3,870.85	5,307.15
Comprehensive Health	(14,216.63)	45,836.99	10,000.00	-	56,263.30	(14,642.94)
Insurance Reserve	4,056.10	20,268.30	-	-	43,710.47	(19,386.07)
911 Wireless	10,640.65	12,715.46	-	-	12,000.78	11,355.33
911 Fund	28,473.69	19,172.90	-	-	16,261.71	31,384.88
Senior Citizens	892.21	6,468.19	-	-	6,700.00	660.40
Library CD's	13,598.07	-	-	-	-	13,598.07
Library	9,203.28	34,572.64	-	-	42,183.74	1,592.18
FICA Matching	15,514.10	34,284.83	-	10,000.00	23,667.47	16,131.46
County Emergency	23,019.11	4,603.85	-	-	-	27,622.96
Weed Control/Leafy Spurge	21,355.97	40,658.55	-	-	34,208.52	27,806.00
Hazardous Chemical	1,090.60	-	-	-	-	1,090.60
County Extension Special	2,941.23	7,661.37	-	-	9,687.53	915.07
Capitol Improvement	17,031.36	8,339.51	-	-	35,805.00	(10,434.13)
Register of Deeds Special	1,494.64	855.00	-	-	391.24	1,958.40
<b>Total Special Revenue Funds</b>	<b>\$ 149,700.80</b>	<b>\$ 261,057.65</b>	<b>\$ 10,000.00</b>	<b>\$ 10,000.00</b>	<b>\$ 306,745.22</b>	<b>\$ 104,013.23</b>
<b>Total Governmental Funds</b>	<b>\$ 808,142.21</b>	<b>\$ 1,788,959.91</b>	<b>\$ 160,000.00</b>	<b>\$ 160,000.00</b>	<b>\$ 1,897,693.69</b>	<b>\$ 699,408.43</b>
<b>Agency Funds:</b>						
State Revenue	\$ 10.49	\$ 2,525.98	\$ -	\$ -	\$ 2,518.50	\$ 17.97
State Fines	108.00	4,414.00	-	-	4,452.00	70.00
State General (210)	245.00	1,870.00	-	-	1,920.00	195.00
Game and Fish	293.85	2,002.00	-	-	2,218.00	77.85
FICA Withholding	4.04	117,833.96	-	-	117,833.95	4.05
Domestic Violence (202)	175.00	805.00	-	-	945.00	35.00
Displaced Homemakers (203)	-	150.00	-	-	150.00	-
Criminal Admin Fee (221)	125.00	1,550.00	-	-	1,675.00	-
Motion (206)	-	30.00	-	-	-	30.00
Indigent Defence (225)	-	100.00	-	-	100.00	-
Indigent Civil Legal (204)	45.00	420.00	-	-	420.00	45.00
Indigent Defence Facilities (226)	-	1,100.00	-	-	1,100.00	-
Crime Victims	225.00	150.00	-	-	-	375.00
Federal Withholding	(0.45)	48,648.81	-	-	48,648.81	(0.45)
State Withholding	1,761.66	9,163.19	-	-	8,552.19	2,372.66
90% Rental	774.25	535.57	-	-	-	1,309.82
Estimated Taxes	143,892.98	133,018.78	-	-	143,494.64	133,417.12
Custer District Health	1,484.97	11,212.30	-	-	11,100.00	1,597.27
Mobile Home Tax	1,750.57	3,389.29	-	-	1,088.95	4,050.91
Cedar Soil District	439.35	3,408.62	-	-	3,000.00	847.97
Flex Plan	164.07	4,894.00	-	-	6,225.34	(1,167.27)
Rural Fire Dist # 2	368.74	3,476.00	-	-	2,900.00	944.74

Continued on next page.....

SIOUX COUNTY  
Fort Yates, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS  
For the Year Ended December 31, 2010

	Balance 1-1-10	Receipts	Transfer In	Transfer Out	Disbursements	Balance 12-31-10
CONTINUED...						
<b>Agency Funds (Cont.):</b>						
SPECIAL MASTER	\$ -	\$ 11,400.00	\$ -	\$ -	\$ 11,103.50	\$ 296.50
ND Tax Relief	(117.00)	3,965.00	-	-	3,848.00	-
Sheriff's Fund	15,339.41	1,140.00	-	-	15,003.59	1,475.82
Ambulance	1,680.62	10,918.05	-	-	10,700.00	1,898.67
Horizons	1,500.00	8,600.00	-	-	5,446.03	4,653.97
Solen School	7,382.66	40,071.47	-	-	37,500.00	9,954.13
Fort Yates School	10,249.19	103,397.84	-	-	84,000.00	29,647.03
Selfridge School	16,183.74	184,391.20	-	-	190,550.00	10,024.94
Selfridge Build	749.62	14,274.86	-	-	14,390.20	634.28
Solen City	1,008.25	6,326.69	-	-	4,900.00	2,434.94
Solen/Special	170.00	692.23	-	-	170.00	692.23
Fort Yates	1,641.80	7,098.33	-	-	4,400.00	4,340.13
Menz Township	3,235.44	4,064.04	-	-	3,000.00	4,299.48
Selfridge	2,689.85	7,597.48	-	-	5,800.00	4,487.33
Sel/Lagoon/Spec	573.14	2,680.26	-	-	2,050.00	1,203.40
<b>Total Agency Funds</b>	<b>\$ 214,154.24</b>	<b>\$ 757,314.95</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 751,203.70</b>	<b>\$ 220,265.49</b>
<b>Total Primary Government</b>	<b>\$ 1,022,296.45</b>	<b>\$ 2,546,274.86</b>	<b>\$ 160,000.00</b>	<b>\$ 160,000.00</b>	<b>\$ 2,648,897.39</b>	<b>\$ 919,673.92</b>
<b>Component Units:</b>						
County Fair	\$ (4,284.68)	\$ 4,025.10	\$ -	\$ -	\$ 6,636.60	\$ (6,896.18)
Water Board	270.17	2,741.97	-	-	1,101.00	1,911.14
<b>Total Component Units</b>	<b>\$ (4,014.51)</b>	<b>\$ 6,767.07</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,737.60</b>	<b>\$ (4,985.04)</b>
<b>Total Reporting Entity</b>	<b>\$ 1,018,281.94</b>	<b>\$ 2,553,041.93</b>	<b>\$ 160,000.00</b>	<b>\$ 160,000.00</b>	<b>\$ 2,656,634.99</b>	<b>\$ 914,688.88</b>

STATE AUDITOR

ROBERT R. PETERSON  
Phone (701) 328-2241  
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Local Government Division:  
FARGO OFFICE  
MANAGER – DAVID MIX  
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STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

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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  
Sioux County  
Fort Yates, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Sioux County, Fort Yates, North Dakota, as of and for the year ended December 31, 2010, which collectively comprise Sioux County's basic financial statements and have issued our report thereon dated January 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Sioux 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 Sioux County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sioux 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected or 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 would not necessarily identify all deficiencies in internal control 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 above. However, we identified one deficiency in internal control over financial reporting, described in the accompanying *schedule of findings and questioned costs* identified as item 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sioux 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 Sioux County in a separate letter dated January 5, 2012.

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 that reads "Bob Peterson". The signature is written in black ink and is positioned above the printed name and title.

Robert R. Peterson  
State Auditor

January 5, 2012



**SIOUX COUNTY**Schedule of Findings and Questioned Costs - Continued

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**Recommendation:**

Due to the size, complexity, and the economic realities of Sioux County, Sioux County Water Resource District, and the Sioux County Fair Board it is presently not feasible to obtain proper separation of duties. We recommend segregating the accounting duties as much as possible between the Auditor/Treasurer and that if it becomes feasible in the future; additional employees that are hired see that the duties are segregated to the fullest extent possible to reduce the potential risk of loss.

**Views of Responsible Officials / Planned Corrective Actions:**

While we concur with the recommendation that the duties aren't segregated to the extent necessary, due to the size of the staff the entities have there is no way that duties can be properly segregated due to cost benefit considerations.