

**OFFICE OF
STATE AUDITOR**

AUDIT REPORT

**BURLEIGH COUNTY
BISMARCK, NORTH DAKOTA**

FOR THE YEAR ENDED DECEMBER 31, 2012



BURLEIGH COUNTY
Bismarck, North Dakota

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BURLEIGH COUNTY
Bismarck, North Dakota

COUNTY OFFICIALS

December 31, 2012

Doug Schonert
Jerry Woodcox
Jim Peluso
Mark Armstrong
Brian Bitner

Kevin Glatt
Pat Heinert
Debbie Kroshus
Richard Riha

Commissioner - Chairman
Commissioner - Vice-Chairman
Commissioner
Commissioner
Commissioner

Auditor/Treasurer
Sheriff
Recorder
State's Attorney

STATE AUDITOR

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



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

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

**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED
SUPPLEMENTARY INFORMATION AND OTHER INFORMATION**

Independent Auditor's Report

Board of County Commissioners
Burleigh County
Bismarck, North Dakota

Report on the Financial Statements

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 Burleigh County, Bismarck, North Dakota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, Bismarck, North Dakota, as of December 31, 2012, 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.

BURLEIGH COUNTY

Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information and Other Information - Continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* and on pages 4-9 and 31-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2013 on our consideration of Burleigh County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit per-formed in accordance with *Government Auditing Standards* in considering Burleigh County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

May 2, 2013

BURLEIGH COUNTY
Bismarck, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

As management of Burleigh County, we offer readers of Burleigh County's financial statements this narrative overview and analysis of the financial activities of Burleigh County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 10-30 of this report.

Financial Highlights

- The assets of Burleigh County exceeded its liabilities at the close of the most recent fiscal year by \$71,409,179 (*net position*). Of this amount, \$8,593,889 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$15,398,061 (27%) in 2012.
- As of the close of the current fiscal year, Burleigh County's governmental funds reported combined ending fund balances of \$37,003,734, an increase of \$8,447,368 in comparison with the prior year. Approximately 22% of this total amount, \$7,961,381 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,665,690 or 84 percent of total general fund expenditures.
- Burleigh County's bond debt decreased by \$605,000 (19%) for the year ended December 31, 2012. No bonds were issued in 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Burleigh County's basic financial statements. Burleigh County's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Burleigh County's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Burleigh County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Burleigh County include general government, public safety, highways, health and welfare, culture and recreation, conservation of natural resources, economic development, capital outlay and other.

BURLEIGH COUNTY

Management's Discussion and Analysis - Continued

The government-wide financial statements include not only Burleigh County itself (known as the *primary government*), but also a legally separate Water Resource District for which the County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Water Resource District, although also legally separate, functions for all practical purposes as a department of Burleigh County, and therefore has been included as a discretely presented component unit.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Burleigh County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Burleigh County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

Burleigh County maintains eighty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, highway tax fund and social service fund, all of which are considered to be major funds. Data from the other seventy-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Burleigh County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all major funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Burleigh County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-30 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Burleigh County, assets exceeded liabilities by \$71,409,179 at the close of the most recent fiscal year.

BURLEIGH COUNTY

Management's Discussion and Analysis - Continued

By far the largest portion of Burleigh County's net position totaling \$36,079,370 (51 percent) reflects its investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. Burleigh County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Burleigh County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The government's net position increased by \$15,398,061 for the year ended December 31, 2012.

TABLE 1
NET POSITION
As of December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
<u>Assets:</u>		
Current Assets	\$43,829,701	\$35,198,447
Long-Term Receivable	1,884,568	1,931,558
Capital Assets (net of accumulated depreciation)	36,079,370	29,670,401
Total Assets	\$81,793,639	\$66,800,406
<u>Liabilities:</u>		
Current Liabilities	\$ 6,589,517	\$ 6,369,507
Long-Term Liabilities	3,794,943	4,419,781
Total Liabilities & Deferred Inflows of Resources	\$10,384,460	\$10,789,288
<u>Net Position:</u>		
Invested in Capital Assets, net of related debt	\$36,079,370	\$29,670,401
Restricted	26,735,920	18,305,953
Unrestricted	8,593,889	8,034,764
Total Net Position	\$71,409,179	\$56,011,118

An additional portion of Burleigh County's net position (37 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* totaling \$8,593,889 (12 percent) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, Burleigh County is able to report positive balances in all three categories of net position. The same situation held true for the prior year.

Governmental activities. Governmental activities increased net position by \$15,398,061. Key elements of the increase are as follows:

TABLE II
CHANGES IN NET POSITION
As of December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Revenues		
<u>Program Revenues:</u>		
Charges for Services	\$ 7,153,345	\$ 7,524,468
Operating Grants & Contributions	11,644,971	12,338,795
Capital Grants & Contributions	4,338,034	277,766
<u>General Revenues:</u>		
Property Taxes	16,332,682	14,238,181
Non-restricted Grants and Contributions	4,718,631	3,819,800
Interest Earnings	77,129	83,536
Land Sale Proceeds	2,703,423	-
Miscellaneous Revenues	1,075,877	759,694
Total Revenues	\$48,044,092	\$39,042,240

Continued on next page....

TABLE II – CONTINUED
CHANGES IN NET POSITION
 As of December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Expenses		
General Government	\$ 6,468,198	\$ 6,009,183
Public Safety	8,025,586	13,106,787
Highways and Bridges	9,167,592	8,009,494
Health and Welfare	6,714,433	6,245,792
Culture and Recreation	738,227	700,222
Conservation & Econ. Development	677,941	621,601
Other	598,647	514,610
Capital Outlay	146,324	448,571
Interest & Service Charges	109,083	132,471
Total Expenses	\$32,646,031	\$35,788,731
Change in Net Position	\$15,398,061	\$ 3,253,509
Net Position - January 1	\$56,011,118	\$53,384,588
Prior Period Adjustment	-	(626,979)
Net Position – January 1, as restated	\$56,011,118	\$52,757,609
Net Position – December 31	\$71,409,179	\$56,011,118

- Capital grants and contributions increased \$4,060,268 (1462%) due to the North Dakota Department of Transportation participation on infrastructure projects within Burleigh County.
- Property taxes increased \$2,094,501 (15 percent) due to the city of Bismarck making a distribution from the Tax Increment Fund in the amount of \$1,183,220. Burleigh County also increased property tax 6 percent.
- Non-restrictive grants and contributions increased \$898,831 (24 percent) due to increased State Aid Distribution Funds.
- Land sale proceeds of \$2,703,423 reflect sales of the Missouri Valley Complex property.
- Miscellaneous revenue increased \$316,183 (42 percent) due to sale of capital assets.
- Public safety decreased by \$5,081,201 due to the 2011 flood of the Missouri River.
- Highways and bridges increased \$1,158,098 (14 percent) due to flood prevention and restoration from the 2011 flood.
- Capital outlay decreased \$302,247 as no rural special assessment districts were established.

Financial Analysis of the Government's Funds

As noted earlier, Burleigh County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Burleigh County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing Burleigh County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Burleigh County's governmental funds reported combined ending fund balances of \$37,003,734 an increase of \$8,447,368 in comparison with the prior year. Approximately 22% of this total amount (\$7,961,381) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted and committed to indicate that it is not available for new spending because it is non-spendable (inventory), restricted (debt service \$830,908, etc.) and committed (building and parking lot).

The general fund is the chief operating fund of Burleigh County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,665,690. As a measure of the general fund liquidity, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 84 percent of the total general fund expenditure.

BURLEIGH COUNTY

Management's Discussion and Analysis - Continued

The Burleigh County general fund balance increased \$2,517,620 during the current fiscal year. The key factors in this change were budgeted appropriations not expended by general government and increased taxes and intergovernmental revenue.

General Fund Budgetary Highlights

During the year, no amendments were made to general fund appropriation or revenues.

During the year, revenues were more than budgetary estimates by \$2,961,182 (30 percent). Expenditures were less than budgetary estimates by \$550,475 (5 percent). Other financing sources and uses were less than budgetary estimates by \$495,720; therefore ending fund balance exceeded budgetary estimates by \$3,015,937.

Additional information on Burleigh County's budget amendments can be found in note 2 on pages 22-23 of this report.

Capital Asset and Debt Administration

Capital Assets. Burleigh County's investment in capital assets for its governmental type activities as of December 31, 2012 amounts to \$36,079,370 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, land improvements, machinery and equipment. The total increase in Burleigh County's investment in capital assets for the current fiscal year was \$6,408,969 (22 percent).

Major capital asset events during the current fiscal year included the following:

- Capital assets additions were \$9,388,424 with Road and Bridge accounting for \$7,485,141
- Increase in accumulated depreciation totaled \$2,035,833

TABLE III
CAPITAL ASSETS
(Net of Accumulated Depreciation)
December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Land	\$ 1,237,703	\$ 1,264,259
Construction in Progress	5,920,778	5,310,520
Infrastructure	12,206,986	8,858,731
Land Improvements	2,348,703	690,839
Buildings	8,397,046	7,782,966
Machinery and Vehicles	5,452,202	5,146,335
Furniture and Vehicles	515,952	616,751
Total Capital Assets (net of accumulated depreciation)	<u>\$36,079,370</u>	<u>\$29,670,401</u>

Additional information on Burleigh County's capital position can be found in note 9 on pages 25-26.

Long-Term Debt. At the end of the current fiscal year, Burleigh County had total debt outstanding of \$3,794,943. Of this amount, \$624,994 is due within one year. Rural special assessment bonds represent \$2,595,000 (68 percent) of debt.

BURLEIGH COUNTY

Management's Discussion and Analysis - Continued

TABLE IV
OUTSTANDING BOND AND GENERAL OBLIGATION DEBT
 December 31, 2012 and 2011

	Balance 1-1-12	Increases	Decreases	Balance 12-31-12	Due Within One Year
Special Assessments Bonds	\$3,200,000	\$ -	\$605,000	\$2,595,000	\$505,000
Compensated Absences	1,219,781	-	19,838	1,199,943	119,994
Total Governmental Activities	\$4,419,781	\$ -	\$624,838	\$3,794,943	\$624,994

	Balance 1-1-11	Increases	Decreases	Balance 12-31-11	Due Within One Year
Special Assessments Bonds	\$3,440,000	\$375,000	\$615,000	\$3,200,000	\$605,000
Compensated Absences	1,066,982	152,799	-	1,219,781	121,978
Total Governmental Activities	\$4,506,982	\$527,799	\$615,000	\$4,419,781	\$726,978

Burleigh County's debt decreased by a net total of \$624,838 during the current fiscal year due to normal scheduled debt retirement of \$605,000 and a decrease in compensated absences of \$19,838

Additional information on long-term debt can be found in note 13 on pages 26-27 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Burleigh County is currently 2.7 percent (2012 average). This compares favorably to the state's average unemployment rate of 3.1 percent and the national average rate of 8.1 percent.
- The occupancy rate of the government's central business district has remained at over 90 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.
- Continued demand for residential housing both within City of Bismarck and extraterritorial areas.
- Real estate values increased 7.3% in 2012 marking a 5 year trend of at least 4% annual growth.

All of these factors were considered in preparing Burleigh County's budget for the 2013 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Burleigh County's finances for all those with an interest in the government's finance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Burleigh County Auditor/Treasurer, 221 N 5th St, PO Box 5518, Bismarck, North Dakota 58506.

BURLEIGH COUNTY
Bismarck, North Dakota

STATEMENT OF NET POSITION
December 31, 2012

	Primary Government	Component Unit
	Governmental Activities	Water Resource Board
ASSETS:		
Cash and investments	\$ 39,897,814	\$ 924,910
Accounts receivable	241,398	-
Intergovernmental receivable	2,215,506	84,447
Taxes receivable	247,421	9,121
Special assessments receivable	3,558	-
Uncertified special assessments receivable	1,884,568	-
Inventories	1,224,004	-
Capital Assets (not being depreciated):		
Land	1,237,703	112,481
Construction in progress	5,920,778	-
Capital Assets (being depreciated)		
Infrastructure	12,206,986	13,928
Land improvements	2,348,703	687,327
Buildings	8,397,046	31,447
Machinery and vehicles	5,452,202	-
Furniture and equipment	515,952	30,125
Total Capital Assets	<u>\$ 36,079,370</u>	<u>\$ 875,308</u>
Total Assets	<u>\$ 81,793,639</u>	<u>\$ 1,893,786</u>
LIABILITIES & DEFERRED INFLOWS OF RESOURCES:		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 1,026,684	\$ 30,590
Unearned revenues	5,548,304	198,819
Interest payable	14,529	-
Long-Term Liabilities:		
Due Within One Year:		
Special assessment bonds payable	505,000	-
Compensated absences payable	119,994	-
Due After One Year:		
Special assessment bonds payable	2,090,000	-
Compensated absences payable	<u>1,079,949</u>	<u>-</u>
Total Liabilities	<u>\$ 10,384,460</u>	<u>\$ 229,409</u>
NET POSITION:		
Net investment in capital assets	\$ 36,079,370	\$ 875,308
Restricted for:		
Debt service	76,884	-
Capital projects	1,542,307	-
General Government	3,580,127	-
Public safety	771,296	-
Highways and bridges	14,278,623	-
Health and welfare	2,189,399	-
Culture and recreation	3,513,127	-
Conservation of natural resources & econ. development	381,418	789,069
Other	402,739	-
Unrestricted	<u>8,593,889</u>	<u>-</u>
Total Net Position	<u>\$ 71,409,179</u>	<u>\$ 1,664,377</u>

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

BURLEIGH COUNTY
Bismarck, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Water	Resource
					Governmental	Board
					Activities	
Primary Government:						
<u>Governmental Activities:</u>						
General government	\$ 6,468,198	\$1,715,032	\$ 160,448	\$ -	\$ (4,592,718)	\$ -
Public safety	8,025,586	1,522,578	940,148	-	(5,562,860)	-
Highways and bridges	9,167,592	3,787,605	7,067,618	4,338,034	6,025,665	-
Health and welfare	6,714,433	3,565	1,597,745	-	(5,113,123)	-
Culture and recreation	738,227	-	1,622,105	-	883,878	-
Conservation & econ. develop.	677,941	57,474	-	-	(620,467)	-
Other	598,647	67,091	256,907	-	(274,649)	-
Capital outlay	146,324	-	-	-	(146,324)	-
Interest & service charges	109,083	-	-	-	(109,083)	-
Total Primary Government	\$32,646,031	\$7,153,345	\$11,644,971	\$4,338,034	\$ (9,509,681)	\$ -
<u>Component Unit:</u>						
Water Resource Board	\$ 546,404	\$ -	\$ 61,846	\$ -	\$ -	\$ (484,558)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes					\$ 7,658,547	\$ 591,243
Property taxes; levied for special purposes					8,674,135	-
Non restricted grants and contributions					4,718,631	90,947
Earnings on investments					77,129	1,520
Land sale proceeds					2,703,423	-
Miscellaneous revenue					1,075,877	2,585
Total General Revenues					\$ 24,907,742	\$ 686,295
Change in Net Position					\$ 15,398,061	\$ 201,737
Net Position - January 1					\$ 56,011,118	\$ 1,462,640
Net Position - December 31					\$ 71,409,179	\$ 1,664,377

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

BURLEIGH COUNTY
Bismarck, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012

	General	County Road and Bridge	Highway Gas Tax	Social Services	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 10,152,401	\$ 12,743,433	\$ -	\$ 3,796,654	\$ 13,205,326	\$ 39,897,814
Accounts receivable	71,256	76,361	-	556	93,225	241,398
Taxes receivable	103,330	1,114	-	71,044	71,933	247,421
Special assessments receivable	-	-	-	-	3,558	3,558
Intergovernmental receivable	923,884	32,064	740,698	257,178	261,682	2,215,506
Due from other funds	5,280	-	-	-	-	5,280
Inventories	-	1,224,004	-	-	-	1,224,004
Total Assets	\$ 11,256,151	\$ 14,076,976	\$ 740,698	\$ 4,125,432	\$ 13,635,724	\$ 43,834,981
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:						
Liabilities:						
Accounts payable	\$ 225,565	\$ 341,729	\$ -	\$ 23,961	\$ 435,429	\$ 1,026,684
Unearned revenues	2,261,566	24,852	-	1,654,174	1,607,712	5,548,304
Due to other funds	-	-	-	-	5,280	5,280
Total Liabilities	\$ 2,487,131	\$ 366,581	\$ -	\$ 1,678,135	\$ 2,048,421	\$ 6,580,268
Deferred Inflows of Resources:						
Uncollected Taxes	\$ 103,330	\$ 1,114	\$ -	\$ 71,044	\$ 71,933	\$ 247,421
Uncollected Special Assessments	-	-	-	-	3,558	3,558
Total Deferred Inflows of Resources	\$ 103,330	\$ 1,114	\$ -	\$ 71,044	\$ 75,491	\$ 250,979
Total Liabilities & Deferred Inflows of Resources	\$ 2,590,461	\$ 367,695	\$ -	\$ 1,749,179	\$ 2,123,912	\$ 6,831,247
Fund Balances:						
Non-Spendable:						
Inventory	\$ -	\$ 1,224,004	\$ -	\$ -	\$ -	\$ 1,224,004
Restricted:						
Debt service	-	-	-	-	830,908	830,908
Capital project funds	-	-	-	-	1,512,989	1,512,989
General government	-	-	-	-	1,860,155	1,860,155
Highways and bridges	-	12,485,277	740,698	-	653,391	13,879,366
Health and welfare	-	-	-	2,376,253	172,340	2,548,593
Public safety	-	-	-	-	1,158,884	1,158,884
Culture and recreation	-	-	-	-	3,502,784	3,502,784
Conservation & econ. develop.	-	-	-	-	377,248	377,248
Other	-	-	-	-	358,012	358,012
Committed:						
Provident Building	-	-	-	-	1,695,804	1,695,804
Parking Lot	-	-	-	-	46,524	46,524
Jail Commissary	-	-	-	-	47,082	47,082
Unassigned:						
General fund	8,665,690	-	-	-	-	8,665,690
Negative funds	-	-	-	-	(704,309)	(704,309)
Total Fund Balances	\$ 8,665,690	\$ 13,709,281	\$ 740,698	\$ 2,376,253	\$ 11,511,812	\$ 37,003,734
Total Liabilities and Fund Balances	\$ 11,256,151	\$ 14,076,976	\$ 740,698	\$ 4,125,432	\$ 13,635,724	\$ 43,834,981

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

BURLEIGH COUNTY
Bismarck, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2012

Total *Fund Balances* for Governmental Funds \$ 37,003,734

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

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

Cost of Capital Assets	\$ 82,585,616	
Less Accumulated Depreciation	<u>(46,506,246)</u>	
Net Capital Assets		36,079,370

Property taxes and special assessments 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.

Taxes Receivable	\$ 247,421	
Special Assessments Receivable	<u>3,558</u>	250,979

Uncertified special assessments will be certified and collected in future years, but are not available to pay for the current period's expenditures and therefore are not reported in the funds.

1,884,568

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net position. Balances at December 31, 2012 are:

Special Assesment Bonds Payable	\$ (2,595,000)	
Interest Payable	(14,529)	
Compensated Absences	<u>(1,199,943)</u>	
Total Long-Term Liabilities		<u>(3,809,472)</u>

Total Net Position of Governmental Activities \$ 71,409,179

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

BURLEIGH COUNTY
Bismarck, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	County Road and Bridge	Highway Gas Tax	Social Services	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Taxes	\$ 7,675,998	\$ 68,223	\$ -	\$ 4,302,576	\$ 4,325,847	\$ 16,372,644
Special assessments	-	-	-	-	728,226	728,226
Licenses, permits and fees	8,252	5,575	-	-	-	13,827
Intergovernmental	3,660,917	62,636	6,909,085	2,274,971	3,518,020	16,425,629
Charges for services	1,501,899	3,782,031	-	3,565	1,789,996	7,077,491
Interest income	29,091	28,607	-	3,500	15,931	77,129
Miscellaneous	20,525	725,646	-	22,782	306,924	1,075,877
Total Revenues	\$ 12,896,682	\$ 4,672,718	\$ 6,909,085	\$ 6,607,394	\$ 10,684,944	\$ 41,770,823
<u>Expenditures:</u>						
Current:						
General government	\$ 4,171,349	\$ -	\$ -	\$ -	\$ 2,008,586	\$ 6,179,935
Public safety	6,044,615	-	-	-	1,709,834	7,754,449
Highways and bridges	-	10,723,117	-	-	199,445	10,922,562
Health and welfare	94,378	-	-	5,502,841	1,145,919	6,743,138
Culture and recreation	-	-	-	-	2,292,829	2,292,829
Conserv. of natural resources	-	-	-	-	671,392	671,392
Other	-	-	-	-	598,328	598,328
Capital outlay	-	-	-	-	146,324	146,324
Debt Service:						
Principal	-	-	-	-	605,000	605,000
Interest & service charges	-	-	-	-	112,921	112,921
Total Expenditures	\$ 10,310,342	\$ 10,723,117	\$ -	\$ 5,502,841	\$ 9,490,578	\$ 36,026,878
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,586,340	\$ (6,050,399)	\$ 6,909,085	\$ 1,104,553	\$ 1,194,366	\$ 5,743,945
<u>Other Financing Sources (Uses):</u>						
Transfers in	\$ 5,280	\$ 6,881,402	\$ -	\$ -	\$ 1,158,643	\$ 8,045,325
Land sale proceeds	-	-	-	-	2,703,423	2,703,423
Transfers out	(74,000)	-	(6,881,402)	(850,000)	(239,923)	(8,045,325)
Total Other Financing Sources and Uses	\$ (68,720)	\$ 6,881,402	\$ (6,881,402)	\$ (850,000)	\$ 3,622,143	\$ 2,703,423
Net Change in Fund Balances	\$ 2,517,620	\$ 831,003	\$ 27,683	\$ 254,553	\$ 4,816,509	\$ 8,447,368
Fund Balances - January 1	\$ 6,148,070	\$ 12,878,278	\$ 713,015	\$ 2,121,700	\$ 6,695,303	\$ 28,556,366
Fund Balances - December 31	\$ 8,665,690	\$ 13,709,281	\$ 740,698	\$ 2,376,253	\$ 11,511,812	\$ 37,003,734

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

BURLEIGH COUNTY
Bismarck, 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, 2012

Net Change in *Fund Balances* - Total Governmental Funds \$ 8,447,368

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

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

Current Year Capital Outlay	\$ 5,731,626	
Capital Contributions	3,656,797	
Current Year Depreciation Expense	<u>(2,399,312)</u>	6,989,111

The net result of miscellaneous transactions involving capital assets was a net decrease to capital assets. (580,143)

The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt payment.

Repayment of Debt - Bonds		605,000
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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.

Net Decrease in Compensated Absences	\$ 19,838	
Net Decrease in Interest Payable	<u>3,838</u>	23,676

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 taxes and special assessments receivable.

Decrease in Taxes Receivable	\$ (37,414)	
Decrease in Special Assessments Receivable	(2,548)	
Decrease in Long-Term Uncertified Special Assessments Receivable	<u>(46,989)</u>	<u>(86,951)</u>

Change in Net Position of Governmental Activities \$ 15,398,061

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

BURLEIGH COUNTY
Bismarck, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2012

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and investments	\$ 27,952,321
Due from other governments	<u>33,086</u>
 Total Assets	 <u>\$ 27,985,407</u>
 <u>Liabilities:</u>	
Due to other governments	 <u>\$ 27,985,407</u>

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

BURLEIGH COUNTY
Bismarck, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Burleigh County 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 Burleigh 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 Burleigh 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 Burleigh County.

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

COMPONENT UNIT

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

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

Burleigh County Water Resource District: The Burleigh 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.

Complete financial statements of Burleigh County Water Resource District are included in these financial statements. Additional information may be obtained from the Burleigh County Director of Finance; 221 North 5th Street; Bismarck, ND 58501.

B. Government-wide and fund financial statements

Government-wide statements: The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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. Primary sources of revenue in this fund include committed/restricted charges for services revenue, and restricted tax levy.

Highway Gas Tax Fund. This is the County's clearing account for State Highway Tax revenue. It accounts for State Highway Tax distribution. These funds are transferred to the Road and Bridge Fund. Primary source of revenue in this fund is restricted highway gas tax distribution.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

Social Services Fund. This is the County's primary health and welfare fund. It accounts for all financial resources related to health and welfare, except those required to be accounted for in another fund. Primary sources of revenue in this fund are restricted tax levy and restricted intergovernmental grants/reimbursements.

Additionally, the County reports the following fund type:

Agency Funds. These funds account for assets held 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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 and Investments

Cash include amounts in demand deposits, money market accounts and short-term certificates of deposit.

The investments consist of an investment in an investment pool stated at market value.

E. Inventories

Inventories are valued using the first in first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

F. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

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

Infrastructure	40 – 50 years
Land Improvements	15 – 40 years
Buildings	40 years
Building Improvements	15 – 20 years
Office Equipment & Furn.	3 – 10 years
Vehicles	3 – 10 years
Machinery & Equipment	3 – 15 years

G. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. The employees may carry forward unused leave not to exceed 240 hours.

Compensation for unused sick leave will be granted to all full time employees upon termination of employment of 5 or more years. Employees may carry forward unlimited unused sick leave. The severance payment will be based on 25% of accumulated sick leave for employees hired prior to January 1, 1991 and 10% of accumulated sick leave for those hired on or after January 1, 1991.

H. Long-Term Obligations

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

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

I. Fund Balances/Net Position

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

Minimum Fund Balance Policy:

Burleigh County has in "informal" 40% general fund carryover balance target to help with financial stability. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the county. Unassigned general fund balance of \$8,665,690 at December 31, 2012 represented 84.05% of annual 2012 general fund expenditures.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (social services, county road & bridge, and highway gas tax) are disclosed in more detail in Note 1C in the discussion of major funds.

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

On March 11, 2009 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal periods that begin after June 15, 2010. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

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

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

Burleigh County reported non-spendable, committed, restricted and unassigned fund balances in the balance sheet at December 31, 2012.

Restricted Fund Balances – consist of the following items at December 31, 2012:

Restricted fund balances are shown by primary function on the balance sheet for debt service, capital projects, general government, public safety, highways & bridges, health & welfare, conservation & economic development, culture & recreation, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for various tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements and bond indentures).

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 social welfare/services and highways & bridges, and other grant funds.
- (b) Committed fund balances (special revenue funds) – committed by governing board county commission action;
 - Committed in special revenue funds for the provident building fund and the county parking fund.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

Net Position Balances:

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

Prior to GASB 63, amounts were reported as equity on the statement of net assets in three primary categories (invested in capital assets net of related debt, restricted and unrestricted). Subsequent to GASB 63, the statement of net assets was changed to the statement of net position, and net assets equity was changed to net position. Net position is shown in three primary categories (net investment in capital assets, restricted, and unrestricted), outlined in further detail as follows:

Net investment in capital assets (net of related debt) is shown for the cost of capital assets less any related depreciation on depreciable capital assets, and any related debt, where applicable, to finance the acquisition or construction of those related capital assets.

Restrictions of net position shown in the statement of net position are due to restricted tax levies, restricted Federal & State grants/reimbursements, and restricted amounts for unspent bond proceeds reported in debt service and capital projects funds. Restricted net position in the statement of net position is shown by primary function and restricted for debt service, capital projects, public works, public safety, loans, job/economic development, culture & recreation, and other purposes.

Unrestricted net position consists of activity primarily related to the general fund, any other resources not restricted for specific purposes, and reclassifications of negative restricted net position.

J. Interfund Transactions

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

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

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

NOTE 2: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The board of county commissioners amended the county revenues, expenditures, and transfer out budgets for 2012 as follows:

	REVENUES/TRANSFERS		
	Original Budget	Amendment	Amended Budget
Highway Tax Distribution (transfers)	\$5,814,000	\$1,068,000	\$6,882,000

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

	EXPENDITURES / TRANSFERS OUT		
	Original Budget	Amendment	Amended Budget
County Poor	\$ 813,877	\$ 80,123	\$ 894,000
Highway Tax Distribution (Transfers)	5,814,000	1,068,000	6,882,000
County Library	254,414	1,586	256,000
Insurance	179,000	1,000	180,000
County Park (Mclean Boat Ramp)	64,000	1,561,000	1,625,000
City Recreational Areas	224,707	36,293	261,000
Sobriety 24/7 Program	12,000	11,000	23,000
Abandoned Cemetery	3,000	1,100	4,100
Spl. Assmts. - Hoge Island	39,300	100	39,400
Spl. Assmts-Northridge Estates Chip Seal	-	700	700
Spl. Assmts-Prairie Pines Paving	-	6,100	6,100
Spl. Assmts-Secluded Acres 2 nd & 3 rd	-	600	600

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 institutions 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, 2012, the County's carrying amount of deposits was \$62,679,183 and the bank balances totaled \$62,958,726. Of the bank balances, \$16,477,495 was covered by Federal Depository Insurance (including the temporary liquidity program). Of the remaining bank balances, \$46,157,598 was collateralized with securities held by the pledging financial institution's agent in the government's name. Additionally, bank balances totaling \$323,633 are not collateralized since the funds are held at the Bank of North Dakota, which does not carry FDIC insurance and is not required to provide security pledges.

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.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

As of December 31, 2012, the County held certificates of deposit in the amount of \$13,718,000, which are all considered deposits.

The investments of the County pooled funds are an investment in the MBBM investment pool. The MBBM investment pool was undertaken through a joint powers agreement with the City of Bismarck, City of Mandan, Morton County, Burleigh County, Bismarck Park District, Mandan Park District, and Mandan Public School District. The pool invests in securities authorized by State Statutes. At December 31, 2012, the County's portion of MBBM had a fair market value of \$3,243,139; the pool portfolio had an average credit quality rating of Aaa and average days to maturity of 51 days.

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 AND SPECIAL ASSESSMENT RECEIVABLE

The taxes and special assessment receivables represent the past two years of delinquent uncollected taxes and special assessments. No allowance has been established for uncollectible taxes and special assessment receivables.

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 each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and 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: ACCOUNTS RECEIVABLE

Accounts receivable consists of money due the county at December 31, 2012. No allowance has been established for estimated uncollectible accounts receivable.

NOTE 6: UNCERTIFIED SPECIAL ASSESSMENTS RECEIVABLE

Uncertified special assessments receivable represents a long-term receivable in the government-wide financial statements showing the amount of uncertified special assessments.

NOTE 7: INTERGOVERNMENTAL RECEIVABLE

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

NOTE 8: INVENTORY

Inventories consist of road materials and culverts of the County Road and Bridge Fund. Reported inventories are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

NOTE 9: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2012:

Primary Government

Governmental Activities:	Balance 1-1-12	Transfers/ Increases	Transfers/ Decreases	Balance 12-31-12
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,264,259	\$ 20,454	\$ 47,010	\$ 1,237,703
Construction in Progress	944,343	6,107,241	1,130,806	5,920,778
Total Capital Assets Not Being Depreciated, Net	\$ 2,208,602	\$6,127,695	\$1,177,816	\$ 7,158,481
<i>Capital assets being depreciated:</i>				
Infrastructure	\$43,572,994	\$ -	\$ -	\$43,572,994
Land Improvements	1,214,236	1,745,018	-	2,959,254
Buildings	15,487,524	1,070,292	17,000	16,540,816
Machinery and Vehicles	8,795,282	1,484,888	919,612	9,360,558
Furniture and Equipment	2,902,175	91,337	-	2,993,512
Total Capital Assets, Being Depreciated	\$71,972,211	\$4,391,535	\$ 936,612	\$75,427,134
<i>Less Accumulated Depreciation for:</i>				
Infrastructure	\$30,348,085	\$1,017,923	\$ -	\$31,366,008
Land Improvements	523,398	87,153	-	610,551
Buildings	7,704,558	456,212	17,000	8,143,770
Machinery and Vehicles	3,648,947	645,887	386,478	3,908,356
Furniture and Equipment	2,285,424	192,136	-	2,477,560
Total Accumulated Depreciation	\$44,510,412	\$2,399,311	\$ 403,478	\$46,506,245
Total Capital Assets Being Depreciated, Net	\$27,461,799	\$1,992,224	\$ 533,134	\$28,920,889
Governmental Activities Capital Assets, Net	\$29,670,401	\$8,119,919	\$1,710,950	\$36,079,370

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

Governmental Activities:	Amounts
General Government	\$ 346,101
Public Safety	370,228
Highways and Bridges	1,603,908
Conservation of Natural Resources	1,157
Culture and Recreation	77,917
Total Depreciation Expense - Governmental Activities	\$2,399,311

Capital Assets Reclassification (prior period):

Regarding capital assets, a \$4,366,177 reclassification to beginning balances between two capital assets categories (infrastructure and construction in progress) was done to properly report those capital asset line items. Infrastructure was increased by \$4,366,177 and construction in progress was decreased by \$4,366,177. Total beginning net investment in capital assets net position was not affected.

Component Unit – Water Resource District:

	Balance 1-1-12	Increases	Decreases	Balance 12-31-12
<i>Capital assets not being depreciated:</i>				
Land	\$ 112,481	\$ -	\$ -	\$ 112,481
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 92,848	\$ -	\$ -	\$ 92,848
Land Improvements	1,236,959	-	-	1,236,959
Buildings	160,536	-	-	160,536
Furniture and Equipment	105,495	-	-	105,495
Total Capital Assets, Being Depreciated	\$1,595,838	\$ -	\$ -	\$1,595,838

TABLE CONTINEUD ON NEXT PAGE.....

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

Component Unit – Water Resource District: - Continued

	Balance 1-1-12	Increases	Decreases	Balance 12-31-12
<i>Less Accumulated Depreciation for:</i>				
Infrastructure	\$ 76,599	\$ 2,321	\$ -	\$ 78,921
Land Improvements	494,906	54,726	-	549,632
Buildings	125,224	3,865	-	129,088
Furniture and Equipment	71,399	3,971	-	75,370
Total Accumulated Depreciation	\$ 768,128	\$ 64,883	\$ -	\$ 833,011
Total Capital Assets Being Depreciated, Net	\$ 827,710	\$(64,883)	\$ -	\$ 762,827
Governmental Activities Capital Assets, Net	\$ 940,191	\$(64,883)	\$ -	\$ 875,308

NOTE 10: DUE FROM / DUE TO OTHER FUNDS

The due to other funds reported in the other governmental funds represents \$5,280 owed to the general fund.

NOTE 11: ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2012 and chargeable to the appropriations for the year then ended, but paid for subsequent to that date.

NOTE 12: DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources reported in the balance sheet represent amounts reported for uncollected taxes and uncollected special assessments receivable, and taxes paid in advance prior to year end applicable to the next year. Deferred inflows of resources reported in the statement of net position represent amounts for taxes paid in advance prior to year end applicable to the next year.

NOTE 13: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2012, the following changes occurred in liabilities reported in long-term liabilities:

	Balance 1-1-12	Increases	Decreases	Balance 12-31-12	Due Within One Year
Governmental Activities:					
Special Assessment Bonds	\$3,200,000	\$ -	\$(605,000)	\$2,595,000	\$505,000
Compensated Absences *	1,219,781	-	(19,838)	1,199,943	119,994
Total Governmental Activities	\$4,419,781	\$ -	\$(624,838)	\$3,794,943	\$624,994

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

Outstanding debt at December 31, 2012 consists of the following issues:

Special Assessment Bonds:

\$430,000 Refunding Improvement Bonds of 2001, Series C; due in annual installments of \$30,000 to \$40,000 through May 2013; interest at 4.4%. \$ 30,000

\$645,000 Refunding Improvement Bonds of 2003; due in annual installments of \$60,000 through May 2014; interest at 3.75% to 4.2%. 120,000

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

Special Assessment Bonds:

\$1,015,000 Refunding Improvement Bonds of 2005; due in annual installments of \$90,000 to \$95,000 through April 2016; interest at 3.05% to 3.65%.	\$ 360,000
\$1,490,000 Refunding Improvement Bonds of 2006 A; due in annual installments of \$140,000 through May 2017; interest at 3.75% to 4.15%.	700,000
\$755,000 Refunding Improvement Bonds of 2006 B; due in annual installments of \$65,000 to \$70,000 through May 2018; interest at 3.8% to 4.00%.	405,000
\$215,000 Refunding Improvement Bonds of 2009 A; due in annual installments of \$15,000 to \$20,000 through May 2021; interest at 2.4% to 3.4%.	180,000
\$375,000 Refunding Improvement Bonds of 2011; due in annual installments of \$35,000 to \$40,000 through May 2022; interest at .8% to 2.0%.	375,000
\$590,000 Refunding Improvement Bonds of 2008 due in annual installments of \$50,000 to \$55,000 through May 2020; interest at 2.7% to 4.75%	<u>425,000</u>
Total Special Assessment Bonds	<u>\$2,595,000</u>

Debt service requirements on long-term debt at December 31, 2012 are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Special Assessment Bonds	
	Principal	Interest
2013	\$ 505,000	\$ 81,884
2014	475,000	64,784
2015	415,000	49,251
2016	410,000	34,670
2017	320,000	21,360
2018 – 2022	470,000	25,814
TOTALS	\$2,595,000	\$277,763

NOTE 14: RELATED ORGANIZATION

The County is also responsible for levying a property tax for the Senior Citizens but the county's accountability for this entity does not extend beyond levying the tax. In 2012, the county remitted \$457,980 to the Senior Citizens.

NOTE 15: RISK MANAGEMENT

Burleigh 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. Burleigh County pays an annual premium to NDIRF for its general liability, automobile, and public assets insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability and automobile and \$4,687,297 for public assets (mobile equipment and portable property).

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

Burleigh 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 one million dollars 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.

Burleigh County has workers compensation with the North Dakota Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

NOTE 16: CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Municipal Industrial Development (MIDA) Bonds and obtained community development block grant loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds and loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Since 1995 there were 41 series of Municipal Industrial Development Bonds issued, with an aggregate principal amount payable of \$225,375,003. The amount outstanding at 12-31-12 is not known, or readily available.

NOTE 17: LEASE PAYMENTS RECEIVABLE

Operating Leases - The County has five leases of building and tower space with other entities. These leases are considered for accounting purposes to be operating leases. Lease revenues were \$275,645 for 2012. The leases expire at various times through October 31, 2021. Future minimum lease revenue is as follows:

Year Ended December 31	Amount
2013	\$226,620
2014	212,977
2015	31,740
2016	31,740
2017	32,534
2018 – 2022	146,004
TOTAL	\$681,615

NOTE 18: PENSION PLAN**North Dakota Public Employee's Retirement System**

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

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

During January 1, 2012 through December 31, 2012, plan members were required to contribute 5% of their annual covered salary. The county was required to contribute 6.26% of the employee's salary, which consists of 5.12% for employee retirement and 1.14% for the retiree health benefits fund. The contribution requirements of plan members and the county are established and may be amended by the State legislature. The County's contributions to NDPERS for the years ending December 31, 2012, 2011, and 2010 were \$585,325, \$555,426, and \$540,554, respectively, equal to the required contributions for the year.

NOTE 19: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2012:

Funds	Transfers In	Transfers Out
General Fund	\$ 5,280	\$ 74,000
County Road and Bridge	6,881,402	-
Highway Gas Tax	-	6,881,402
Social Services	-	850,000
Special Road and Bridge	150,000	-
Lincoln Unorganized	-	100,000
County Poor	850,000	-
Victim Witness Advocate Program	70,000	-
Phoenix Unorganized	-	10,000
Lyman Unorganized	-	10,000
Fort Rice Unorganized	-	30,000
County Park	84,643	-
Sobriety Program	-	5,280
City Recreation Area	-	84,643
Abandoned Cemetery	4,000	-
Total Transfers	\$8,045,325	\$8,045,325

NOTE 20: DEFICIT BALANCES

The following funds were in a deficit position at December 31, 2012:

Governmental Funds	Balance
Riverview Unorganized Township	\$(461,291)
Burnt Creek Unorganized Township	(243,018)
Emergency Fund	(33,924)
Spl. Assmt-Secluded Acres – 2 nd & 3 rd	(592)
Spl. Assmt-149th Avenue Landfill	(31,000)
Spl. Assmt-East Ridge 1st	(12,247)
Spl. Assmt-149 Avenue Northwest	(93,775)

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

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

NOTE 21: JOINT VENTURE

On July 28, 2005, under authorization of state statutes, Burleigh County Water Resource District joined the water resource districts of Morton County, Oliver County, Mercer County, Dunn County, Emmons County, Mountrail County and Sioux County to establish and operate a joint exercise of powers agreement for water management districts located along the Missouri River. The joint powers agreement created Missouri River Joint Water Board. The agreement was established for the mutual advantage of the governments. One member of the directors for the joint venture is appointed by each government. The operating and capital expenses are funded by contributions from each government. Each participating district's share of the cost of operations is determined by the number of river miles in each district.

Unaudited summary financial information for the year ended December 31, 2011, the most current information available, is as follows:

Cash and Investments	\$ 10,463
Total Revenues	\$ 36,100
Total Expenses	(44,077)
Net Change in Equity	\$ (7,977)

Complete financial information can be obtained from Missouri River Joint Water Board, P.O. Box 488, Hazen, ND 58545.

NOTE 22: CONSTRUCTION COMMITMENTS

Burleigh County had several open construction commitments as of December 31, 2012 as follows:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
Highway 10 Sterling	\$ 2,706,189	\$2,692,969	\$ 49,914	\$ 63,134
Arena Road Grade Raise	2,644,988	1,826,124	31,123	849,986
Bismarck Shop Land Improve.	600,000	282,857	-	317,143
Tavis Road Flood Control	2,348,528	667,184	24,427	1,705,771
Bismarck Shop Project	11,667,329	451,644	-	11,215,685
Total Commitments	\$19,967,034	\$5,920,778	\$105,464	\$14,151,719

BURLEIGH COUNTY
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 6,358,000	\$ 6,358,000	\$ 7,675,998	\$ 1,317,998
Licenses, permits and fees	6,500	6,500	8,252	1,752
Intergovernmental	2,305,000	2,305,000	3,660,917	1,355,917
Charges for services	1,189,000	1,189,000	1,501,899	312,899
Interest income	55,000	55,000	29,091	(25,909)
Miscellaneous	22,000	22,000	20,525	(1,475)
Total Revenues	\$ 9,935,500	\$ 9,935,500	\$ 12,896,682	\$ 2,961,182
<u>Expenditures:</u>				
Current:				
General government	\$ 4,533,475	\$ 4,533,475	\$ 4,171,349	\$ 362,126
Public safety	6,213,777	6,213,777	6,044,615	169,162
Health and welfare	113,565	113,565	94,378	19,187
Total Expenditures	\$ 10,860,817	\$ 10,860,817	\$ 10,310,342	\$ 550,475
Excess (Deficiency) of Revenues Over Expenditures	\$ (925,317)	\$ (925,317)	\$ 2,586,340	\$ 3,511,657
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 500,000	\$ 500,000	\$ 5,280	\$ (494,720)
Transfers out	(73,000)	(73,000)	(74,000)	(1,000)
Total Other Financing Sources and Uses	\$ 427,000	\$ 427,000	\$ (68,720)	\$ (495,720)
Net Change in Fund Balances	\$ (498,317)	\$ (498,317)	\$ 2,517,620	\$ 3,015,937
Fund Balance - January 1	\$ 6,148,070	\$ 6,148,070	\$ 6,148,070	-
Fund Balance - December 31	\$ 5,649,753	\$ 5,649,753	\$ 8,665,690	\$ 3,015,937

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

BURLEIGH COUNTY
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD AND BRIDGE FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 68,200	\$ 68,200	\$ 68,223	\$ 23
Licenses, permits and fees	2,500	2,500	5,575	3,075
Intergovernmental	6,300	6,300	62,636	56,336
Charges for services	2,692,000	2,692,000	3,782,031	1,090,031
Interest income	33,000	33,000	28,607	(4,393)
Miscellaneous	452,000	452,000	725,646	273,646
Total Revenues	\$ 3,254,000	\$ 3,254,000	\$ 4,672,718	\$ 1,418,718
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ 12,981,865	\$ 12,981,865	\$ 10,723,117	\$ 2,258,748
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,727,865)	\$ (9,727,865)	\$ (6,050,399)	\$ 3,677,466
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 5,814,000	\$ 6,882,000	\$ 6,881,402	\$ (598)
Net Change in Fund Balances	\$ (3,913,865)	\$ (2,845,865)	\$ 831,003	\$ 3,676,868
Fund Balance - January 1	\$ 12,878,278	\$ 12,878,278	\$ 12,878,278	\$ -
Fund Balance - December 31	\$ 8,964,413	\$ 10,032,413	\$ 13,709,281	\$ 3,676,868

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

BURLEIGH COUNTY
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY GAS TAX FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 5,814,000	\$ 5,814,000	\$ 6,909,085	\$ 1,095,085
<u>Expenditures:</u>	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,814,000	\$ 5,814,000	\$ 6,909,085	\$ 1,095,085
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (5,814,000)	\$ (6,882,000)	\$ (6,881,402)	\$ 598
Net Change in Fund Balances	\$ -	\$ (1,068,000)	\$ 27,683	\$ 1,095,683
Fund Balance - January 1	\$ 713,015	\$ 713,015	\$ 713,015	\$ -
Fund Balance - December 31	\$ 713,015	\$ (354,985)	\$ 740,698	\$ 1,095,683

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

BURLEIGH COUNTY
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 4,300,200	\$ 4,300,200	\$ 4,302,576	\$ 2,376
Intergovernmental	2,121,514	2,121,514	2,274,971	153,457
Charges for services	7,000	7,000	3,565	(3,435)
Interest income	6,000	6,000	3,500	(2,500)
Miscellaneous	5,650	5,650	22,782	17,132
Total Revenues	\$ 6,440,364	\$ 6,440,364	\$ 6,607,394	\$ 167,030
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ 5,763,507	\$ 5,763,507	\$ 5,502,841	\$ 260,666
Excess (Deficiency) of Revenues Over Expenditures	\$ 676,857	\$ 676,857	\$ 1,104,553	\$ 427,696
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (850,000)	\$ (850,000)	\$ (850,000)	\$ -
Net Change in Fund Balances	\$ (173,143)	\$ (173,143)	\$ 254,553	\$ 427,696
Fund Balance - January 1	\$ 2,121,700	\$ 2,121,700	\$ 2,121,700	\$ -
Fund Balance - December 31	\$ 1,948,557	\$ 1,948,557	\$ 2,376,253	\$ 427,696

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

BURLEIGH COUNTY
Bismarck, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

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.

BURLEIGH COUNTY
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2012

	Balance 1-1-12	Revenues	Transfers In	Transfers Out	Expenditures	Balance 12-31-12
Major Funds:						
General Fund	\$ 6,148,070	\$ 12,896,682	\$ 5,280	\$ 74,000	\$ 10,310,342	\$ 8,665,690
County Road & Bridge	12,878,277	4,672,718	6,881,402	-	10,723,117	13,709,280
Highway Gas Tax	713,015	6,909,085	-	6,881,402	-	740,698
Social Services	2,121,701	6,607,394	-	850,000	5,502,841	2,376,254
Total Major Funds	\$ 21,861,063	\$ 31,085,879	\$ 6,886,682	\$ 7,805,402	\$ 26,536,300	\$ 25,491,922
Nonmajor Funds:						
Special Revenue Funds:						
Phoenix Unorganized Township	\$ 4,747	\$ 17,422	\$ -	\$ 10,000	\$ 3,161	\$ 9,008
Lyman Unorganized Township	10,106	18,526	-	10,000	3,363	15,269
Riverview Unorganized Township	(509,144)	69,175	-	-	21,322	(461,291)
Burnt Creek Unorganized Township	(329,934)	142,097	-	-	55,181	(243,018)
Lincoln Unorganized Township	54,514	231,174	-	100,000	105,971	79,717
Fort Rice Unorganized Township	23,968	39,876	-	30,000	10,446	23,398
Special Road and Bridge	376,000	-	150,000	-	-	526,000
County Poor	74,083	-	850,000	-	893,843	30,240
Job Development Authority	6,897	74,180	-	-	75,000	6,077
County Library	-	264,022	-	-	255,740	8,282
Insurance	55,770	170,013	-	-	179,991	45,792
Senior Citizens	250,147	515,996	-	-	457,980	308,163
Communications Center	1,043,754	370,801	-	-	340,295	1,074,260
Victim/Witness Advocate Program	3,837	111,384	70,000	-	136,228	48,993
Emergency Fund	(838,654)	1,479,780	-	-	675,049	(33,923)
Cellular Phone Tax	-	675,109	-	-	675,109	-
Provident Building	1,476,561	586,400	-	-	367,157	1,695,804
Veterans Service Officer	74,000	320,175	-	-	252,076	142,099
Social Security	988,971	730,273	-	-	723,438	995,806
Comprehensive Health	429,753	702,374	-	-	698,385	433,742
County Advertising	19,750	58,154	-	-	59,481	18,423
County Agent	96,131	303,321	-	-	285,613	113,839
Weed Control	216,212	273,994	-	-	251,297	238,909
County Park	485,674	1,694,678	84,643	-	1,675,427	589,568
County Fair	375,189	2,715,611	-	-	185,866	2,904,934
County Preservation	119,348	107,992	-	-	33,214	194,126
Sheriff's Drug Asset Foreit	21,482	30,000	-	-	-	51,482
State's Attorney Asset Foreit	191,110	5,980	-	-	6,401	190,689
Hazardous Chemical Preparedness	8,690	1,438	-	-	2,347	7,781
City Recreation Area	87	260,352	-	84,643	175,796	-
Sobriety 24/7 Program	43,768	37,832	-	5,280	17,035	59,285
Detention Commissary	-	47,082	-	-	-	47,082
County Parking	41,531	5,064	-	-	71	46,524
Abandoned Cemetery	906	-	4,000	-	4,050	856
Total Special Revenue Funds	\$ 4,815,254	\$ 12,060,275	\$ 1,158,643	\$ 239,923	\$ 8,626,333	\$ 9,167,916
Debt Service Funds:						
Special Assessment	\$ 27,994	\$ 7,073	\$ -	\$ -	\$ -	\$ 35,067
Rural Spl. Assess. Dist. Falconer Estates Paving	5,288	286	-	-	-	5,574
Rural Spl. Assess. Dist. Falconer Estate II	5,061	-	-	-	-	5,061
Rural Spl. Assess. Dist. Falconer Estate III	3,305	2,079	-	-	4,414	970
Rural Spl. Assess. Dist. Grand Prairie Paving II	53,956	48,346	-	-	67,878	34,424
Rural Spl. Assess. Dist. Hoge Island Paving	64,240	33,185	-	-	39,399	58,026
Rural Spl. Assess. Dist. Briardale #15	5,329	7,549	-	-	10,214	2,664
Rural Spl. Assess. Dist. Riverside I & II	21,956	12,194	-	-	12,442	21,708
Rural Spl. Assess. Dist. Ponderosa #3	4,507	4,243	-	-	4,729	4,021
Rural Spl. Assess. Dist. Apple Valley Paving	15,711	6,099	-	-	7,308	14,502
Rural Spl. Assess. Dist. Sunnyview #22	20,432	23,379	-	-	30,954	12,857

BURLEIGH COUNTY
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2012

	Balance 1-1-12	Revenues	Transfers In	Transfers Out	Expenditures	Balance 12-31-12
CONTINUED...						
<u>Debt Service Funds (Continued):</u>						
Rural Spl. Assess. Dist. Lindteigen's #23	\$ 14,257	\$ 9,186	\$ -	\$ -	\$ 10,723	\$ 12,720
Rural Spl. Assess. Dist. Prairie View	15,603	11,146	-	-	12,064	14,685
Rural Spl. Assess. Dist. Circle K	34,861	18,398	-	-	24,797	28,462
Rural Spl. Assess. Dist. Prairiewood Est.	29,482	21,189	-	-	19,902	30,769
Rural Spl. Assess. Dist. Ashwood Est. I-III	44,666	35,580	-	-	33,519	46,727
Rural Spl. Assess. Dist. Foxhaven II & IV	19,479	12,115	-	-	12,569	19,025
Rural Spl. Assess. Dist. Rolling Meadows	28,796	21,801	-	-	24,091	26,506
Rural Spl. Assess. Dist. Ashwood Est. IV	14,662	8,052	-	-	9,427	13,287
Rural Spl. Assess. Dist. Brookfield Estates	30,039	25,659	-	-	29,233	26,465
Rural Spl. Assess. Dist. Westwood/Briese	12,297	11,340	-	-	12,037	11,600
Rural Spl. Assess. Dist. Shamrock Acres 2005	56,685	35,389	-	-	37,831	54,243
Rural Spl. Assess. Dist. Harvest Grove 1st	35,686	27,429	-	-	25,794	37,321
Rural Spl. Assess. Dist. Falconer 2005	20,012	11,815	-	-	12,037	19,790
Rural Spl. Assess. Dist. Brentwood Estates	46,954	33,348	-	-	30,952	49,350
Rural Spl. Assess. Dist. High Top Acres	29,389	25,909	-	-	24,074	31,224
Rural Spl. Assess. Dist. Green Acres	102,526	51,462	-	-	56,519	97,469
Rural Spl. Assess. Dist. Three Bears	12,776	6,894	-	-	4,416	15,254
Rural Spl. Assess. Dist. Spruce Hill/Creek	45,153	36,392	-	-	27,376	54,169
149th Avenue Northwest	(16,438)	24,285	-	-	-	7,847
Rural Spl. Assess. Dist. Prairiewood Estates II	10,982	74,164	-	-	68,429	16,717
4 K's Chip Seal Project	(2,708)	4,562	-	-	-	1,854
Rural Spl. Assess. Dist. Crescent Ridge	10,283	6,007	-	-	6,768	9,522
149th Avenue Landfill	(38,700)	7,700	-	-	-	(31,000)
East Ridge 1st	(16,549)	4,302	-	-	-	(12,247)
Prairie Place	41,755	33,969	-	-	26,633	49,091
Prairie Pines Paving	26,586	7,090	-	-	6,063	27,613
Northridge Estates Chip Seal	(95,359)	2,242	-	-	658	(93,775)
Total Debt Service Funds	\$ 740,954	\$ 711,858	\$ -	\$ -	\$ 693,250	\$ 759,562
<u>Capital Projects Funds:</u>						
County Jail Maintenance and Construction	\$ 1,093,461	\$ 592,795	\$ -	\$ -	\$ 145,732	\$ 1,540,524
Secluded Acres 2nd & 3rd	-	-	-	-	592	(592)
Brookfield Drain	2,376	-	-	-	-	2,376
Total Capital Projects Funds	\$ 1,095,837	\$ 592,795	\$ -	\$ -	\$ 146,324	\$ 1,542,308
Total Nonmajor Funds	\$ 6,652,045	\$ 13,364,928	\$ 1,158,643	\$ 239,923	\$ 9,465,907	\$ 11,469,786
Total Reporting Entity	\$ 28,513,108	\$ 44,450,807	\$ 8,045,325	\$ 8,045,325	\$ 36,002,207	\$ 36,961,708

BURLEIGH COUNTY
Bismarck, North Dakota
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>		
<u>Passed through State Department of Emergency Services:</u>		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	\$ 7,865
<u>Passed through State Department of Transportation:</u>		
State and Community Highway Safety	20.600	5,736
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	8,755
Total U.S. Department of Transportation		<u>\$ 22,356</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed through the State Department of Human Services:</u>		
Foster Care-Title IV-E - Recovery	93.658	\$ 292,448
Special Programs for the Aging-Title IV-and Titel II-Discretionary Projects	93.048	25,678
Children's Health Insurance Program	93.767	6,303
Child Welfare Services - State Grants	93.645	5,394
Adoption Assistance	93.659	4,827
Maternal and Child Health Services Block Grant to the States	93.994	8,261
Child Abuse and Neglect State Grants	93.669	35
Promoting Safe and Stable Families	93.556	26,492
Temporary Assistance for Needy Families	93.558	** 591,072
Child Support Enforcement	93.563	24,445
Child Care Mandatory and Matching Funds of the Child Care & Development Fund	93.596	38,329
Total State Department of Human Services		<u>\$ 1,023,284</u>
Total Department of Health and Human Services		<u>\$ 1,023,284</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>		
<u>Passed through the State Department of Commerce:</u>		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	\$ 2,602
<u>Passed through the State Attorney General's Office:</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5,779
Recovery Act - Edward Byrne Memoial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	30,154
Total U.S. Department of Justice		<u>\$ 38,535</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>		
<u>Passed through the State Department of Human Services:</u>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 68
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed through the State Department of Emergency Services:</u>		
Special Projects Grants	97.001	\$ 45,523
Emergency Management Performance Grants	97.042	** 434,811
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	50,286
Homeland Security Grant Program	97.067	52,775
Total U.S. Department of Homeland Security		<u>\$ 583,395</u>

Continued on next page....

BURLEIGH COUNTY
Bismarck, North Dakota
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number		Federal Expenditures
Continued....			
<u>U.S. DEPARTMENT OF INTERIOR:</u>			
<u>Passed through North Dakota Game and Fish Department:</u>			
Sport Fish Restoration Program	15.605	**	\$ 1,165,498
Wildlife Restoration and Basic Hunter Education	15.611		3,433
Total U.S. Department of Interior			<u>\$ 1,168,931</u>
Total Expenditures of Federal Awards			<u>\$ 2,836,569</u>

** - Major Program

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Burleigh County under programs of the federal government for the year ended December 31, 2012. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Burleigh County, it is not intended to and does not present the financial position or changes in net assets of Burleigh County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

STATE AUDITOR

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



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

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

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

Independent Auditor's Report

Board of County Commissioners
Burleigh County
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, Bismarck, North Dakota as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated May 2, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

BURLEIGH COUNTY

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert R. Peterson
State Auditor

May 2, 2013

STATE AUDITOR

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



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

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

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

Independent Auditor's Report

Board of County Commissioners
Burleigh County
Bismarck, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Burleigh County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Burleigh County's major federal programs for the year ended December 31, 2012. Burleigh County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Burleigh County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

BURLEIGH COUNTY

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of Burleigh County as of and for the year ended December 31, 2012, and have issued our report thereon dated May 2, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Robert R. Peterson
State Auditor

May 2, 2013

BURLEIGH COUNTY
Bismarck, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?	
Governmental Activities	Unmodified
Discretely Presented Component Unit	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal Control over financial reporting:

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

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
15.605	Sport Fish Restoration Program
93.558	Temporary Assistance for Needy Families
97.036	Disaster Assistance Grants (Presidentially Declared Disasters)

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

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.