

OFFICE OF THE STATE AUDITOR

AUDIT REPORT

**RAMSEY COUNTY
DEVILS LAKE, NORTH DAKOTA**

FOR THE YEAR ENDED DECEMBER 31, 2013



RAMSEY COUNTY
Devils Lake, North Dakota

TABLE OF CONTENTS
For the Year Ended December 31, 2013

	<u>Page(s)</u>
County Officials	1
Independent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	9
Statement of Net Position - Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12
Statement of Fiduciary Assets and Liabilities	13
Notes to the Financial Statements	14 - 28
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
General Fund	29
County Road Fund	30
Highway Tax Distribution Fund	31
Social Service Fund	32
FEMA Flood Fund	33
Notes to Required Supplementary Information	34

RAMSEY COUNTY

Table of Contents - Continued

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity	35 - 36
Schedule of Expenditures of Federal Awards	37
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	38 - 39
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	40 - 41
Schedule of Findings and Questioned Costs	42

RAMSEY COUNTY
Devils Lake, North Dakota

COUNTY OFFICIALS

December 31, 2013

Mark E Olson	Commissioner -Chairperson
Ed Brown	Commissioner - Vice Chairman
Myrna Heisler	Commissioner
Bill Mertens	Commissioner
Scott Diseth	Commissioner
Elizabeth Fischer	County Auditor
Lisa Diseth	County Treasurer
Lisa Diseth	Superintendent of Schools Desinee
Kari Landsem	Clerk of Court
Katie Nadeau	County Recorder
Steven Nelson	Sheriff
Lonnie Olson	State's Attorney
Kristen Nelson	Emergency Manager/Risk Manager
Tanya Wieler	Human Resource Coordinator

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Ramsey County
Devils Lake, 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 Ramsey County, Devils Lake, North Dakota, as of and for the year ended December 31, 2013, 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 Ramsey County, Devils Lake, North Dakota, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flow thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 21 to the financial statements, the financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29-33 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.

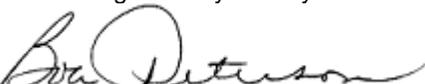
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ramsey 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 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 basic 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 financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 on our consideration of Ramsey County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ramsey County's internal control over financial reporting and compliance.


Robert R. Peterson
State Auditor

Fargo, North Dakota
October 24, 2014

RAMSEY COUNTY
Devils Lake, North Dakota
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and Cash Equivalents	\$ 7,212,513	\$ 211,230
Intergovernmental Receivable	1,352,192	5,547
Road Accounts Receivable	43,800	-
Taxes Receivable	76,874	1,036
Capital Assets (not being depreciated):		
Land	22,216	-
Intangible Asset	152,176	-
Construction in Progress	13,257,336	-
Capital Assets (being depreciated):		
Buildings	1,770,244	-
Equipment and Vehicles	1,679,204	-
Infrastructure	6,765,824	-
Total Capital Assets	<u>\$ 23,647,000</u>	<u>\$ -</u>
Total Assets	<u>\$ 32,332,379</u>	<u>\$ 217,813</u>
LIABILITIES		
Accounts Payable	\$ 211,357	\$ -
Salaries and Benefits Payable	234,508	-
Retainage Payable	164,747	-
Grants Received in Advance	588,279	-
Interest Payable	2,735	-
Incurred, but not reported claims	28,085	-
Long-Term Liabilities:		
Due Within One Year:		
Loans Payable	1,836	-
Bonds Payable	50,000	-
Compensated Absences Payable	91,811	-
Due After One Year:		
Loans Payable	8,207	-
Bonds Payable	930,000	-
Compensated Absences Payable	170,506	-
Total Liabilities	<u>\$ 2,482,071</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	\$ 22,656,957	\$ -
Restricted for:		
Debt Service	74,983	-
Capital Projects	15,000	-
Public Safety	162,530	-
Highways and Bridges	4,064,599	-
Flood Repair & Mitigation	262,347	-
Health and Welfare	871,979	-
Conservation of Natural Resources	218,911	-
Emergencies	94,475	-
General Government and Other	267,905	-
Unrestricted	<u>1,160,622</u>	<u>217,813</u>
Total Net Position	<u>\$ 29,850,308</u>	<u>\$ 217,813</u>

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

RAMSEY COUNTY
Deville Lake, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Water Resource District
Primary Government:						
General Government	\$ 1,536,490	\$ 101,989	\$ 42,371	\$ -	\$ (1,392,130)	
Public Safety	962,945	25,868	172,667	-	(764,410)	
Highways and Bridges	2,995,994	303,323	2,239,745	3,268,610	2,815,684	
Flood Repair & Mitigation	3,634,169	-	4,650,193	-	1,016,024	
Health and Welfare	2,423,927	-	804,562	-	(1,619,365)	
Conservation of Natural Resources	180,933	36,336	-	-	(144,597)	
Interest on Long-Term Debt	35,769	-	-	-	(35,769)	
Total Primary Government	\$ 11,770,227	\$ 467,516	\$ 7,909,538	\$ 3,268,610	\$ (124,563)	
Component Unit:						
Water Resource District	\$ 53,101	\$ -	\$ -	\$ -		\$ (53,101)
General revenues:						
Taxes:						
Property taxes; levied for general purposes					\$ 812,741	\$ 55,950
Property taxes; levied for special purposes					3,394,628	-
Property taxes; levied for debt service					160,674	-
Property taxes; levied for drain maintenance					-	9,439
Grants & contributions not restricted to specific programs					1,191,210	22,839
Unrestricted investment earnings					30,137	665
Miscellaneous Revenue					464,966	5,946
Total General Revenues					\$ 6,054,356	\$ 94,839
Change in Net Position					\$ 5,929,793	\$ 41,738
Net Position - January 1					\$ 25,553,771	\$ 176,075
Prior Period Adjustments					(1,633,256)	-
Net Position - January 1, as restated					\$ 23,920,515	\$ 176,075
Net Position - December 31					\$ 29,850,308	\$ 217,813

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

RAMSEY COUNTY
Devils Lake, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General	County Road	Highway Tax Distribution	Social Services	FEMA Flood	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 986,528	\$ 683,648	\$ 2,338,854	\$ 465,367	\$ 588,279	\$ 1,314,628	\$ 6,377,304
Intergovernmental Receivable	165,501	5,024	130,918	40,184	390,551	620,014	1,352,192
Road Accounts Receivable	-	43,800	-	-	-	-	43,800
Taxes Receivable	13,975	1,347	-	-	-	61,552	76,874
Due from Other Funds	-	18,547	-	-	-	-	18,547
Total Assets	\$ 1,166,004	\$ 752,366	\$ 2,469,772	\$ 505,551	\$ 978,830	\$ 1,996,194	\$ 7,868,717
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
<u>Liabilities:</u>							
Accounts Payable	\$ 8,074	\$ -	\$ 11,032	\$ 1,544	\$ 128,204	\$ 51,318	\$ 200,172
Salaries Payable	91,876	-	36,689	94,484	-	11,459	234,508
Grants Received in Advance	-	-	-	-	588,279	-	588,279
Due to Other Funds	-	-	-	-	-	18,547	18,547
Total Liabilities	\$ 99,950	\$ -	\$ 47,721	\$ 96,028	\$ 716,483	\$ 81,324	\$ 1,041,506
<u>Deferred Inflows of Resources:</u>							
Road Receivable	\$ -	\$ 43,800	\$ -	\$ -	\$ -	\$ -	\$ 43,800
Taxes Receivable	13,975	1,347	-	-	-	61,552	76,874
Total Deferred Inflows of Resources	\$ 13,975	\$ 45,147	\$ -	\$ -	\$ -	\$ 61,552	\$ 120,674
Total Liabilities and Deferred Inflows of Resources	\$ 113,925	\$ 45,147	\$ 47,721	\$ 96,028	\$ 716,483	\$ 142,876	\$ 1,162,180
<u>Fund Balances:</u>							
<u>Restricted:</u>							
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,636	\$ 74,636
Capital Projects	-	-	-	-	-	15,000	15,000
Highways and Bridges	-	707,219	2,422,051	-	-	780,096	3,909,366
Health and Welfare	-	-	-	409,523	-	331,936	741,459
Flood Repair & Mitigation	-	-	-	-	262,347	-	262,347
Public Safety	-	-	-	-	-	95,197	95,197
Conservation of Natural Resources	-	-	-	-	-	205,233	205,233
Emergency	-	-	-	-	-	93,850	93,850
General Government and Other	-	-	-	-	-	257,370	257,370
Unassigned:	1,052,079	-	-	-	-	-	1,052,079
Total Fund Balances	\$ 1,052,079	\$ 707,219	\$ 2,422,051	\$ 409,523	\$ 262,347	\$ 1,853,318	\$ 6,706,537
Total Liabilities and Fund Balances	\$ 1,166,004	\$ 752,366	\$ 2,469,772	\$ 505,551	\$ 978,830	\$ 1,996,194	\$ 7,868,717

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

RAMSEY COUNTY
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total *Fund Balances* of Governmental Funds \$ 6,706,537

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

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

Cost of Capital Assets	\$ 27,615,256	
Less Accumulated Depreciation	<u>(3,968,256)</u>	
Net Capital Assets		23,647,000

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

795,939

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

Property Taxes Receivable	\$ 76,874	
Road Department Accounts Receivable	<u>43,800</u>	
Net Property Taxes and Road Receivables		120,674

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, 2013 are:

Bonds Payable	\$ (980,000)	
Loans Payable	(10,043)	
Interest Payable	(2,735)	
Retainage Payable	(164,747)	
Compensated Absences Payable	<u>(262,317)</u>	
Total Long-Term Liabilities		<u>(1,419,842)</u>

Net Position of Governmental Activities \$ 29,850,308

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General	County Road	Highway Tax Distribution	Social Services	FEMA Flood	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>							
Taxes	\$ 814,709	\$ 71,573	\$ -	\$ -	\$ -	\$ 3,488,062	\$ 4,374,344
Intergovernmental	660,120	148,905	2,116,728	824,982	3,899,219	1,450,794	9,100,748
Charges for Services	115,554	284,351	-	-	-	36,336	436,241
Licenses, Permits and Fees	12,303	-	-	-	-	-	12,303
Interest Income	30,137	-	-	-	-	-	30,137
Miscellaneous	265,003	199,843	-	-	-	120	464,966
Total Revenues	\$ 1,897,826	\$ 704,672	\$ 2,116,728	\$ 824,982	\$ 3,899,219	\$ 4,975,312	\$ 14,418,739
<u>Expenditures:</u>							
Current:							
General Government	\$ 1,376,712	\$ -	\$ -	\$ -	\$ -	\$ 232,693	\$ 1,609,405
Public Safety	415,406	-	-	-	-	533,238	948,644
Highways and Bridges	-	1,219,095	1,132,852	-	-	1,176,206	3,528,153
Flood Repair & Mitigation	-	-	-	-	3,634,169	-	3,634,169
Health and Welfare	2,441	-	-	1,804,357	-	694,193	2,500,991
Conservation of Natural Resources	-	-	-	-	-	182,226	182,226
Debt Service:							
Principal	69,473	-	-	-	-	151,215	220,688
Interest and Fiscal Charges	-	-	-	-	-	36,578	36,578
Total Expenditures	\$ 1,864,032	\$ 1,219,095	\$ 1,132,852	\$ 1,804,357	\$ 3,634,169	\$ 3,006,349	\$ 12,660,854
Excess (Deficiency) of Revenues Over Expenditures	\$ 33,794	\$ (514,423)	\$ 983,876	\$ (979,375)	\$ 265,050	\$ 1,968,963	\$ 1,757,885
<u>Other Financing Sources (Uses):</u>							
Transfers In	\$ -	\$ -	\$ -	\$ 1,201,151	\$ -	\$ 55,201	\$ 1,256,352
Transfers Out	(36,685)	-	-	-	-	(1,219,667)	(1,256,352)
Total Other Financing Sources and Uses	\$ (36,685)	\$ -	\$ -	\$ 1,201,151	\$ -	\$ (1,164,466)	\$ -
Net Change in Fund Balances	\$ (2,891)	\$ (514,423)	\$ 983,876	\$ 221,776	\$ 265,050	\$ 804,497	\$ 1,757,885
Fund Balances - January 1	\$ 1,054,970	\$ 1,221,642	\$ 1,438,175	\$ 187,747	\$ 1,630,553	\$ 1,048,821	\$ 6,581,908
Prior Period Adjustment	-	-	-	-	(1,633,256)	-	(1,633,256)
Fund Balance - Jan. 1, as restated	\$ 1,054,970	\$ 1,221,642	\$ 1,438,175	\$ 187,747	\$ (2,703)	\$ 1,048,821	\$ 4,948,652
Fund Balances - December 31	\$ 1,052,079	\$ 707,219	\$ 2,422,051	\$ 409,523	\$ 262,347	\$ 1,853,318	\$ 6,706,537

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

RAMSEY COUNTY
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net Change in *Fund Balances* - Total Governmental Funds \$ 1,757,885

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

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

Current Year Capital Outlay	\$ 1,412,365	
Current Year Capital Contribution	3,268,610	
Current Year Depreciation Expense	<u>(543,822)</u>	4,137,153

In the Statement of Activities, the loss or gain on sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Loss on Disposals of Capital Assets		(107,668)
-------------------------------------	--	-----------

The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net 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 position. This is the amount of debt repayment.

Repayment of Debt - Bonds	\$ 45,000	
Repayment of Debt - Loans	<u>175,688</u>	220,688

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ 8,126	
Net Change in Retainage Payable	(164,747)	
Net Change in Interest Payable	<u>809</u>	(155,812)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the following:

Change in Taxes Receivable	\$ (6,301)	
Change in Road Accounts Receivable	<u>18,972</u>	12,671

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

64,876

Change in Net Position of Governmental Activities		<u>\$ 5,929,793</u>
---	--	---------------------

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF NET POSITION
PROPRIETARY FUND - HEALTH INSURANCE
December 31, 2013

	<u>Governmental Activities Internal Service Fund</u>
<u>Assets:</u>	
Cash and Cash Equivalents	<u>\$ 835,209</u>
<u>Liabilities:</u>	
Current Liabilities:	
Accounts Payable	\$ 11,185
Incurred But Not Reported Claims	<u>28,085</u>
Total Liabilities	<u>\$ 39,270</u>
<u>Net Position:</u>	
Restricted	<u>\$ 795,939</u>
Total Net Position	<u>\$ 795,939</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - HEALTH INSURANCE
For the Year Ended December 31, 2013

	<u>Governmental Activities Internal Service Fund</u>
<u>Operating Revenues:</u>	
Contributions to Self-Insurance	<u>\$ 895,491</u>
<u>Operating Expenses:</u>	
Health Insurance Claims	<u>\$ 830,615</u>
Operating Income	<u>\$ 64,876</u>
Net Position - January 1	<u>\$ 731,063</u>
Net Position - December 31	<u><u>\$ 795,939</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - HEALTH INSURANCE
For the Year Ended December 31, 2013

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from User Charges	\$ 895,491
Payments for Health Insurance Claims	<u>(834,669)</u>
Net Cash Provided by Operating Activities	<u>\$ 60,822</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 60,822</u>
Cash and Cash Equivalents - January 1	<u>\$ 774,387</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 835,209</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	\$ 64,876
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>	
Increase (Decrease) in Accounts Payable	\$ 11,185
Increase (Decrease) in IBNR Claims Payable	<u>(15,239)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 60,822</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and Cash Equivalents	<u>\$ 3,807,293</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>\$ 3,807,293</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ramsey County, Devils Lake, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the county's accounting policies are described below.

A. Reporting Entity

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

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

COMPONENT UNIT

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

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

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

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Related Organizations - The County is accountable for the following legally separate entities because it appoints a voting majority to their governing boards. Although the county is not financially accountable for these entities, as defined by GASB Statement 14, the county did provide operating grants to them as follows:

Industrial Development	\$33,000
County Fair	40,382
County Park	8,000
Historical Society	9,536
County Airport	67,202
Senior Citizens	65,693

B. Basis of Presentation

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

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

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. Separate statements for each fund category-*governmental* and *fiduciary*-are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The county reports the following major governmental funds:

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

County Road Fund. This fund accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. The major primary sources of revenues are a restricted tax levy and restricted Federal and State grants/reimbursements.

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

Social Services Fund. This fund accounts for the costs of providing social service benefits and programs to needy residents of the county. The major primary source of revenue is restricted Federal and State grants/reimbursements.

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

The County reports the following fund types:

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

Agency Funds. These funds account for assets by the County in a custodial capacity as an agent on behalf of others. The County's agency funds are used to account for property taxes collected on behalf of other governments.

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

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

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

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

D. Cash, Cash Equivalents and Investments

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

The investments consist of certificates of deposit stated at cost.

E. Capital Assets

PRIMARY GOVERNMENT:

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. In January of 2008 the County Commission approved an increase from \$2,000 to \$5,000 for the minimum capitalization value reporting threshold for the year ended December 31, 2008 and thereafter. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired prior to January 1, 2004 consisting of various road and bridge network assets are not reported in the financial statements, as the County was required to prospectively report infrastructure assets beginning January 1, 2004 as a Phase III GASB 34 implementation entity. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

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

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

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

F. Compensated Absences

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

G. Long-Term Obligations

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

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

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

Minimum Fund Balance Policy:

The Ramsey County budget committee established a 10-15% general fund carryover balance target to help with financial stability. The 10-15% fund balance range is a part of the budget recommendation adopted by the county each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the district. Unassigned general fund balance of \$1,052,080 at December 31, 2013 represented 56% of annual 2013 expenditures.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (county road, highway tax distribution, social services, and FEMA flood) are disclosed in more detail in Note 1B.

Fund Balance Reporting and Governmental Fund Type Definitions

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

<i>CLASSIFICATION</i>	<i>DEFINITION</i>	<i>EXAMPLES</i>
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.

Continued on next page.....

RAMSEY COUNTY

Notes to the Financial Statements – Continued

CONTINUED...

CLASSIFICATION	DEFINITION	EXAMPLES
Unassigned	<p>Unassigned fund balance is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification.</p> <p>(a) The General Fund is the only fund that can report a positive unassigned fund balance</p> <p>(b) A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes;</p>	Available for any remaining general fund expenditure.

Ramsey County only has restricted and unassigned fund balances at December 31, 2013.

Restricted Fund Balances – consist of the following items at December 31, 2013:

Restricted fund balances are shown by primary function on the balance sheet for public safety, highways & bridges, flood repair, health & welfare, culture & recreation, conservation of resources, emergencies, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted & Committed Fund Balances:

(a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements:

- Restricted tax levies – includes fund balances for various tax levies other than the general fund.
- Restricted grants/reimbursements – primarily includes FEMA funds, other grant funds, and highway tax distribution.

Net Position:

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.

Net investment in capital assets is reported for capital assets less accumulated depreciation, and any related debt used to finance the purchase or construction of those capital assets. These assets are not available for future spending.

Restrictions of net position shown in the net position statement are due to restricted tax levies and restricted Federal & State grants/reimbursements. Restrictions of net position are also shown by primary function and are restricted for highways and bridges, public safety, flood repair and mitigation, health & welfare, conservation of resources, emergencies, and other purposes (health insurance, insurance reserve, veteran's service officer, and social security).

Unrestricted net position is primarily unrestricted amounts related to the general fund, as well as amounts shown for applicable negative funds. The unrestricted net position is available to meet the district's ongoing obligations.

I. Interfund Transactions

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

All other inter-fund transactions, except reimbursements, are reported as transfers.

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

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

The board of county commissioners amended the county budget for 2013 as follows:

	REVENUES		
	Original Budget	Amendment	Amended Budget
<u>Major Funds:</u>			
General Fund	\$1,890,194	\$ 20,718	\$1,910,912
County Road	393,714	305,934	699,648
Highway Tax	1,167,176	947,351	2,114,527
Social Services	653,990	150,037	804,027
FEMA	2,240,339	778,412	3,018,751
<u>Special Revenue Funds:</u>			
Health Insurance	340,986	(1,093)	339,893
DOJ	200,000	(129,248)	70,752
Housing Grant	(40,000)	68,723	28,723
DES Grant	10,000	(7,203)	2,797
Document Preservation	13,400	479	13,879
Entry Team Grant	1,500	(500)	1,000
Predisaster Mitigation	5,000	(5,000)	-
Bituminous Surfacing	465,998	264,949	730,947
County Bridge	96,215	(3,777)	92,438
County Road Program	384,123	(4,117)	380,006
Social Service Projects	36,307	(12,119)	24,188
CAN Grant Fund	13,000	(4,514)	8,486
County Poor Relief	890,078	1,862	891,940
Emergency Poor	703,606	(8,741)	694,865
Emergency Management	36,685	(12,780)	23,905
Hazardous Chemicals	2,000	(613)	1,387
County Agent	129,257	138	129,395
Weed Control	81,831	633	82,464
Cemetery Maintenance	4,564	24	4,588
Correction Center	331,581	(712)	330,869
Specials on County Property	1,391	234	1,625
County Loan	115,885	(1,454)	114,431
Bond 1231	19,411	2,512	21,923
West Dike Extension	47,500	(10,272)	37,228

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<u>Major Funds:</u>			
General Fund	\$1,920,714	\$ (3,832)	\$1,916,882
County Road	485,963	751,454	1,237,417
Highway Tax Distribution	1,227,908	(8,800)	1,219,108
FEMA Flood	6,534,000	(1,500,000)	5,034,000
<u>Special Revenue Funds:</u>			
Bituminous Surfacing	385,000	315,821	700,821
County Road	385,000	8,800	393,800
OASIS and Social Security	230,000	1,466	231,466
Correctional Center - LEC	325,000	11,378	336,378
County Loan Fund	101,000	6,225	107,225

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 3: DEPOSITS

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

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

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

At year ended December 31, 2013, the county's carrying amount of deposits was \$10,645,280 and the bank balances were \$10,789,982. Of the county bank balances, \$1,500,000 was covered by Federal Depository Insurance. The remaining bank balances of \$9,289,982 were collateralized with securities held by the pledging financial institution's agent in the government's name. The water resource district's carrying amount of deposits and bank balances were \$211,230 and \$218,921, respectively, all of which were covered under Federal Depository Insurance.

Credit Risk:

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

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

Concentration of Credit Risk:

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

NOTE 4: TAXES RECEIVABLE

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

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

Most property owners choose to pay property taxes on or before February 15 and receive the 5% discount on the property taxes.

NOTE 5: ROAD ACCOUNTS RECEIVABLE

Road accounts receivable consist of amounts due for road work for townships, cities and private citizens.

NOTE 6: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of the 2013 flood fund, state aid and highway tax distribution.

NOTE 7: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2013 for the primary government:

Governmental Activities:	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 22,216	\$ -	\$ -	\$ -	\$ 22,216
Intangible Assets	-	152,176	-	-	152,176
Construction in Progress	11,845,749	3,335,418	-	(1,923,833)	13,257,335
Total Capital Assets not being depreciated	\$11,867,965	\$3,487,595	\$ -	\$(1,923,833)	\$13,431,727
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 3,038,027	\$ 167,709	\$ -	\$ -	\$ 3,205,736
Equipment	2,478,925	1,025,671	538,338	-	2,966,258
Infrastructure	6,087,701	-	-	1,923,833	8,011,534
Total Capital Assets, Being Depreciated	\$11,604,653	\$1,193,380	\$538,338	\$ 1,923,833	\$14,183,528
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 1,368,230	\$ 67,261	\$ -	\$ -	\$ 1,435,491
Equipment	1,508,215	209,510	430,670	-	1,287,055
Infrastructure	978,658	267,051	-	-	1,245,709
Total Accumulated Depreciation	\$ 3,855,103	\$ 543,822	\$430,670	\$ -	\$ 3,968,255
Total Capital Assets Being Depreciated, Net	\$ 7,749,550	\$ 649,558	\$107,668	\$ 1,923,833	\$10,215,273
Governmental Activities - Capital Assets, Net	\$19,617,515	\$4,137,153	\$107,668	\$ -	\$23,647,000

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

Governmental Activities:	Amounts
General Government	\$ 83,939
Public Safety	60,936
Highways and Bridges	390,179
Health and Welfare	8,768
Total Depreciation Expense - Governmental Activities	\$543,822

Intangible assets represent right of ways that aren't depreciated.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 8: ACCOUNTS PAYABLE

Accounts payable consists of a liability account reflecting amounts on open accounts owing to private persons or organizations for goods and services received prior to December 31.

NOTE 9: SALARIES AND BENEFITS PAYABLE

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

NOTE 10: DUE TO/FROM OTHER FUNDS

Due to and due from other funds on the governmental funds modified accrual balance sheet at December 31, 2013 represents the amount of cash borrowed by the Bituminous Surfacing - Blacktop Fund totaling \$18,547 covered by the County Road Fund.

NOTE 11: GRANTS RECEIVED IN ADVANCE

Grants received in advance consist of funds received in the FEMA fund where the eligibility requirements have not all been met at December 31, 2013. Asset recognition criteria have been met, but revenue recognition criteria have not been met.

NOTE 12: INTEREST PAYABLE

Interest payable consists of interest amounts accrued on loans and leases payable at December 31, 2013, but not paid until after year-end.

NOTE 13: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2013; the following changes occurred in governmental activities long-term liabilities for Ramsey County:

Governmental Activities	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Loans Payable	\$ 185,731	\$ -	\$175,688	\$ 10,043	\$ 1,836
Bonds Payable	1,025,000	-	45,000	980,000	50,000
Compensated Absences *	270,443	-	8,126	262,317	91,811
Total	\$1,481,174	\$ -	\$228,814	\$1,252,360	\$143,647

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

Outstanding debt (excluding compensated absences and leases payable) at December 31, 2013 for the primary government governmental activities consists of the following issues:

Loans Payable:

\$65,000 Loan Payable to Ramsey National Bank for the Sakakawea project due in annual installments of \$2,276 to \$6,911 through 2013; with interest at 4.5%.

\$ 10,043

Bonds Payable:

\$1,070,000 Bond Payable, due in annual installments of \$45,000 to \$75,000 through 2030; with interest at 1.10% to 4.25%.

\$980,000

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

Year Ending December 31	Sakakawea		2012 G.O. Bond	
	Principal	Interest	Principal	Interest
2014	\$ 1,836	\$ 452	\$ 50,000	\$ 32,225
2015	1,918	369	50,000	31,475
2016	2,005	283	50,000	30,538
2017	2,095	193	50,000	29,412
2018	2,189	99	50,000	28,150
2019 - 2023	-	-	270,000	116,375
2024 - 2028	-	-	315,000	63,344
2029 - 2033	-	-	145,000	6,269
Total	\$10,043	\$1,396	\$980,000	\$337,788

NOTE 14: RETAINAGE PAYABLE

Retainages payable consists of a percentage portion of the agreed upon contract price of a construction project deliberately withheld until the work is substantially complete to assure that contractor or subcontractor will satisfy its obligations in completing construction projects.

NOTE 15: DEFERRED INFLOWS

Deferred inflows of resources in the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met consisting of taxes receivable and road receivable. Under the modified accrual basis of accounting, such amounts are measurable but not available. Deferred inflows reported on the balance sheet consist of offsets to road receivables and taxes receivable.

NOTE 16: RISK MANAGEMENT

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

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. The County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF for automobile and general liability is limited to losses of two million dollars per occurrence for both the County and the Water Resource District. Public Assets (mobile equipment and portable property) coverage is limited to \$2,681,349 for the County and \$15,800 for the Water Resource District.

Ramsey County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Ramsey County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides Ramsey County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees, while the Water Resource District carries \$60,000 coverage. The State Bonding Fund does not currently charge any premium for this coverage.

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

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

IBNR Payable: Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$28,085. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement.

NOTE 17: DEFICIT BALANCES

The following fund was in a deficit cash position at December 31, 2013:

Governmental Funds	Balance
Bituminous Surfacing – Blacktop	\$ (18,547)

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

NOTE 18: JOINT VENTURES

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

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2013, which is the most current audited information.

	Lake Region Law Enforcement
Total Assets	\$3,937,980
Total Liabilities	138,198
Total Net Position	\$3,799,782
Revenues	\$3,354,717
Expenses	3,425,269
Change in Net Position	\$ (70,552)

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

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2012, which is the most current audited information.

	Lake Region District Health Unit
Total Assets	\$ 579,061
Total Liabilities	(64,305)
Total Net Position	\$ 514,756
Total Revenues	\$1,463,052
Total Expenses	1,445,437
Change in Net Position	\$ 17,615

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

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

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

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

NOTE 19: TRANSFERS

The following is a listing of transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2013:

	Transfers In	Transfers Out
<u>Major Funds:</u>		
General Fund	\$ -	\$ 36,685
Social Service Fund	1,201,151	-
<u>Nonmajor Special Revenue Funds:</u>		
Social Service Projects	18,516	-
Human Service Fund	-	589,496
Emergency Poor	-	630,171
Emergency Management	36,685	-
Total Transfers	\$1,256,352	\$1,256,352

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 20: PENSION PLANNorth Dakota Public Employee's Retirement System

Ramsey 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.

Plan members are required to contribute 7% of their annual salary and the county is required to contribute 8.26% of the employee's salary, which consists of 6.12% for employee retirement and 1.14% for retiree health benefits fund. The county has agreed to pay 100% of the member assessments in lieu of a salary increase. The contributions requirements of the 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, 2013, 2012, and 2011 were \$188,029, \$122,844, and \$121,536, respectively, equal to the required contributions for the year. The Water Resource District's contribution to NDPERS for the year ended December 31, 2013 and 2012 were \$1,088 and \$903, respectively, equal to the required contributions for the year.

NOTE 21: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments to beginning net position and fund balance to account for prior unearned revenue related to DES payments in the reported government funds.

Governmental Activities (County):	Amounts
Beginning Net position, as previously reported	\$25,553,771
Adjustments to restate the January 1, 2012 Net position:	
Fund Balance Adjustment	(1,633,256)
Net position January 1, as restated	<u>\$23,920,515</u>

A beginning fund balance adjustment was necessary to the FEMA Flood fund to account for prior unearned revenue related to DES payments.

Governmental Funds (County):	Governmental Funds
Beginning fund balance (FEMA Flood Fund):	\$6,581,908
Adjustments to restate the January 1, 2013 fund balance:	
Fund Balance net adjustment to remove unearned revenue	(1,633,256)
Fund Balance, January 1, as restated	<u>\$4,948,652</u>

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 22: CONSTRUCTION COMMITMENTS

Ramsey County had open construction commitments as of December 31, 2013 as follows:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
CER-3627(064) - Wood-Rutten Road	\$ 2,720,603	\$ 2,462,778	\$ 24,626	\$ 282,451
CER-3627(062) - RC#3 by Rohrville	2,026,035	2,057,690	38,521	6,866
CER-3628(053) - Ramsey County #6	489,237	481,866	9,634	17,005
CER-3630(055) - Ramsey County #2	881,948	821,163	8,206	68,991
CER-3630(056) - Ramsey County #2	1,028,124	924,407	18,498	122,215
CER-3633(065-066) - Ramsey County #4	655,941	652,020	9,971	13,892
CER-3633(067) - Ramsey County #4 - Fenster	3,376,228	3,399,088	55,292	32,432
CER-3614(001) - Ramsey County #10 - Phase 2	8,971,713	12,220	-	8,959,493
Total Construction in Progress	\$20,149,829	\$10,811,232	\$164,748	\$9,503,345

NOTE 23: SUBSEQUENT EVENTS

There are two pending lawsuits that the County is involved with. The cases are both in the discovery stage at this time.

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 840,238	\$ 814,709	\$ 814,709	\$ -
Intergovernmental	652,242	673,709	660,120	(13,589)
Charges for Services	140,800	115,554	115,554	-
Licenses, Permits and Fees	10,550	12,303	12,303	-
Interest Income	30,500	30,137	30,137	-
Miscellaneous	257,300	264,499	265,003	504
Total Revenues	\$ 1,931,630	\$ 1,910,911	\$ 1,897,826	\$ (13,085)
<u>Expenditures:</u>				
Current:				
General Government	\$ 1,479,070	\$ 1,475,238	\$ 1,376,712	\$ 98,526
Public Safety	434,645	434,645	415,406	19,239
Health and Welfare	7,000	7,000	2,441	4,559
Debt Service:				
Principal	-	-	69,473	(69,473)
Total Expenditures	\$ 1,920,715	\$ 1,916,883	\$ 1,864,032	\$ 52,851
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,915	\$ (5,972)	\$ 33,794	\$ 39,766
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (36,685)	\$ (36,685)	\$ (36,685)	\$ -
Net Change in Fund Balances	\$ (25,770)	\$ (42,657)	\$ (2,891)	\$ 39,766
Fund Balance - January 1	\$ 1,054,970	\$ 1,054,970	\$ 1,054,970	\$ -
Fund Balance - December 31	\$ 1,029,200	\$ 1,012,313	\$ 1,052,079	\$ 39,766

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD FUND
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 77,634	\$ 71,573	\$ 71,573	\$ -
Intergovernmental	18,581	143,882	148,905	5,023
Charges for Services	269,500	284,351	284,351	-
Miscellaneous	28,000	199,843	199,843	-
Total Revenues	<u>\$ 393,715</u>	<u>\$ 699,649</u>	<u>\$ 704,672</u>	<u>\$ 5,023</u>
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 485,963	\$ 1,237,417	\$ 1,219,095	\$ 18,322
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (92,248)</u>	<u>\$ (537,768)</u>	<u>\$ (514,423)</u>	<u>\$ 23,345</u>
Fund Balance - January 1	<u>\$ 1,221,642</u>	<u>\$ 1,221,642</u>	<u>\$ 1,221,642</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 1,129,394</u></u>	<u><u>\$ 683,874</u></u>	<u><u>\$ 707,219</u></u>	<u><u>\$ 23,345</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX DISTRIBUTION FUND
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 1,167,176	\$ 2,114,527	\$ 2,116,728	\$ 2,201
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 1,227,908	\$ 1,219,108	\$ 1,132,852	\$ 86,256
Excess (Deficiency) of Revenues Over Expenditures	\$ (60,732)	\$ 895,419	\$ 983,876	\$ 88,457
Fund Balance - January 1	\$ 1,438,175	\$ 1,438,175	\$ 1,438,175	\$ -
Fund Balance - December 31	\$ 1,377,443	\$ 2,333,594	\$ 2,422,051	\$ 88,457

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 804,027	\$ 804,027	\$ 824,982	\$ 20,955
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 1,859,159	\$ 1,859,159	\$ 1,804,357	\$ 54,802
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,055,132)	\$ (1,055,132)	\$ (979,375)	\$ 75,757
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 1,201,151	\$ 1,201,151	\$ 1,201,151	\$ -
Net Change in Fund Balances	\$ 146,019	\$ 146,019	\$ 221,776	\$ 75,757
Fund Balance - January 1	\$ 187,747	\$ 187,747	\$ 187,747	\$ -
Fund Balance - December 31	\$ 333,766	\$ 333,766	\$ 409,523	\$ 75,757

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FLOOD FUND
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 2,240,339	\$ 3,018,751	\$ 3,899,219	\$ 880,468
<u>Expenditures:</u>				
Current:				
Flood Repair & Mitigation	\$ 6,534,000	\$ 5,034,000	\$ 3,634,169	\$ 1,399,831
		-		
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,293,661)	\$ (2,015,249)	\$ 265,050	\$ 2,280,299
Fund Balance - January 1	\$ 1,630,553	\$ 1,630,553	\$ 1,630,553	\$ -
Prior Period Adjustment	-	-	(1,633,256)	1,633,256
Fund Balance - Jan. 1, as restated	\$ 1,630,553	\$ 1,630,553	\$ (2,703)	\$ 1,633,256
Fund Balance - December 31	\$ (2,663,108)	\$ (384,696)	\$ 262,347	\$ 647,043

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

RAMSEY COUNTY
Devils Lake, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

NOTE 2: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2013, Ramsey County had the following fund expenditures in excess of budgeted amounts:

Overspent Funds:	Budget	Actual	Overspent
<u>Special Revenue Funds</u>			
Housing Grant	\$28,435	\$63,966	\$(35,531)

No remedial action is anticipated or required regarding these excess expenditures

RAMSEY COUNTY
Deville Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
PRIMARY GOVERNMENT
For the Year Ended December 31, 2013

	Balance 1-1-13	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-13
Major Funds:						
General Fund	\$ 963,328.28	\$ 1,910,912.15	\$ -	\$ 36,684.89	\$ 1,851,027.69	\$ 986,527.85
Major Governmental Funds:						
County Road	\$ 1,239,958.19	\$ 699,648.20	\$ -	\$ -	\$ 1,237,411.31	\$ 702,195.08
Highway Tax Distribution	1,342,921.84	2,114,526.55	-	-	1,118,593.40	2,338,854.99
Social Services	258,719.62	804,027.46	1,201,151.04	-	1,798,530.83	465,367.29
FEMA	1,633,256.30	3,018,751.30	-	-	4,063,728.85	588,278.75
Total Major Special Revenue Funds	\$ 4,474,855.95	\$ 6,636,953.51	\$ 1,201,151.04	\$ -	\$ 8,218,264.39	\$ 4,094,696.11
Total Major Funds	\$ 5,438,184.23	\$ 8,547,865.66	\$ 1,201,151.04	\$ 36,684.89	\$ 10,069,292.08	\$ 5,081,223.96
Non-Major Special Revenue Funds:						
Comprehensive Health Insurance	\$ 85,804.94	\$ 339,892.62	\$ -	\$ -	\$ 320,412.77	\$ 105,284.79
DOJ\Homeland Security Funds	-	70,752.42	-	-	70,752.42	-
US MARSHALL Funds/Grants	75.00	-	-	-	-	75.00
Fish and Wildlife Trust	15,100.00	-	-	-	-	15,100.00
Housing Reh & Citizens Ret	28,434.74	68,723.06	-	-	63,966.00	33,191.80
DES Grant	-	2,796.55	-	-	2,796.55	-
Document Preservation	15,137.70	13,878.90	-	-	6,617.60	22,399.00
Entry Team Grant	663.28	1,000.00	-	-	-	1,663.28
Bituminous Surfacing - Blacktop	(48,673.77)	730,947.03	-	-	700,820.20	(18,546.94)
County Bridge	177,921.22	92,437.97	-	-	78,270.79	192,088.40
County Road Program	107,553.58	380,006.39	-	-	393,792.36	93,767.61
Social Service Projects	48,805.84	24,188.32	18,516.50	-	54,507.18	37,003.48
Foster Care Recruitment Grant Fund	4,553.45	8,486.06	-	-	7,843.55	5,195.96
Human Service Fund	88,404.17	891,940.00	-	589,495.50	286,001.22	104,847.45
Emergency Poor	54,405.60	694,865.29	-	630,172.04	-	119,098.85
Emergency Fund	46,367.86	44,185.82	-	-	-	90,553.68
Veteran's Service Officer	8,050.34	21,642.10	-	-	18,374.20	11,318.24
Oasis and Social Security	27,144.55	319,953.23	-	-	231,465.54	115,632.24
Advertising	18,146.06	-	-	-	-	18,146.06
Emergency Management	2,848.13	23,905.09	36,684.89	-	62,734.13	703.98
Hazardous Chemicals	5,135.23	1,387.50	-	-	-	6,522.73
County Agent - Extension	59,601.57	129,394.61	-	-	109,790.45	79,205.73
Weed Control	62,420.20	82,463.60	-	-	58,562.79	86,321.01
Cemetery	331.88	4,587.63	-	-	3,800.00	1,119.51
Correctional Center - LEC	104,652.46	330,868.91	-	-	336,377.94	99,143.43
Spl. Assessments on Co. Property	8,188.82	1,624.68	-	-	1,227.02	8,586.48
CDBG - NCPC	501.33	28,223.00	-	-	26,702.93	2,021.40
Total Non-Major Special Revenue Funds	\$ 921,574.18	\$ 4,308,150.78	\$ 55,201.39	\$ 1,219,667.54	\$ 2,834,815.64	\$ 1,230,443.17
Non-Major Debt Service Funds:						
County Loan Fund	\$ 2,721.19	\$ 114,430.79	\$ -	\$ -	\$ 107,222.30	\$ 9,929.68
Bond - 1231	112,004.90	21,922.57	-	-	78,282.50	55,644.97
Sakakawea Ave Special	9.15	2,341.58	-	-	2,287.76	62.97
Total Non-Major Debt Service Funds	\$ 114,735.24	\$ 138,694.94	\$ -	\$ -	\$ 187,792.56	\$ 65,637.62
Non-Major Capital Projects Fund:						
West Dike Extension O&M	\$ -	\$ 37,227.65	\$ -	\$ -	\$ 37,227.65	\$ -
Total Non-Major Governmental Funds	\$ 1,036,309.42	\$ 4,484,073.37	\$ 55,201.39	\$ 1,219,667.54	\$ 3,059,835.85	\$ 1,296,080.79
Total Governmental Funds	\$ 6,474,493.65	\$ 13,031,939.03	\$ 1,256,352.43	\$ 1,256,352.43	\$ 13,129,127.93	\$ 6,377,304.75
Internal Service Fund:						
Health Insurance	\$ 774,386.64	\$ 895,491.18	\$ -	\$ -	\$ 834,668.50	\$ 835,209.32
Total Governmental Activities	\$ 7,248,880.29	\$ 13,927,430.21	\$ 1,256,352.43	\$ 1,256,352.43	\$ 13,963,796.43	\$ 7,212,514.07

Continued on next page...

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
PRIMARY GOVERNMENT
For the Year Ended December 31, 2013

	Balance 1-1-13	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-13
CONTINUED...						
<u>Agency Funds:</u>						
Job/Industrial Development	\$ 14,594.30	\$ 36,143.50	\$ -	\$ -	\$ 33,000.00	\$ 17,737.80
Water Safety Operations	-	5,000.00	-	-	5,000.00	-
Scoobys Point Sewer District #1-06	-	34,065.94	-	-	34,065.94	-
Michigan Spillway Drain	-	349.54	-	-	349.54	-
State Tax	187.22	38,255.61	-	-	38,260.82	182.01
Sales Tax	3,285.21	7,060.21	-	-	3,285.21	7,060.21
Auditor's License Fund	154,249.90	352,703.10	-	-	333,512.00	173,441.00
Paid Under Protest	-	1,721.96	-	-	1,721.96	-
Garrison Diversion Conservancy	203.80	45,196.89	-	-	45,197.88	202.81
Attendant Care	-	9,955.99	-	-	9,955.99	-
Domestic Violence	245.00	3,150.00	-	-	3,150.00	245.00
State Aid Townships	-	129,078.12	-	-	129,078.12	-
Township Road	-	1,059,775.38	-	-	1,059,775.38	-
County Park	3,830.38	7,586.93	-	-	8,000.00	3,417.31
County Fair	187.76	40,376.27	-	-	40,382.02	182.01
Soil Conservation General Fund	190.11	54,662.69	-	-	54,629.31	223.49
Soil Conserv. Ins. Res. Fund	66.95	10,679.96	-	-	10,692.87	54.04
Transit	2,575.74	26,323.23	-	-	23,415.81	5,483.16
District Health	14,396.93	129,401.20	-	-	128,538.00	15,260.13
County Airport	182.80	67,294.82	-	-	67,201.65	275.97
Senior Citizens	5,361.75	72,175.11	-	-	65,693.00	11,843.86
Ramsey County WRD	374.60	77,490.80	-	-	77,577.24	288.16
NDSU Extension	3,577.64	3,234.67	-	-	2,685.48	4,126.83
SAAF	34.55	-	-	-	-	34.55
Joint Water Resource District	261.66	53,058.42	-	-	53,090.99	229.09
Starkweather Coulee Project	8.96	36.82	-	-	45.78	-
County Library	166.56	69,298.48	-	-	69,188.51	276.53
Historical Society	50.96	9,535.80	-	-	9,536.06	50.70
Telecommunications-Townships	-	4,458.78	-	-	4,458.78	-
Joint Water Resource District Mgr.	4,080.67	50,262.31	-	-	50,103.00	4,239.98
Total Cities	16,808.01	1,921,297.33	-	-	1,915,807.85	22,297.49
Total Park Districts	6,563.00	632,542.89	-	-	635,479.08	3,626.81
Total School Districts	26,921.17	4,944,947.64	-	-	4,945,290.67	26,578.14
Total Townships	1,271.19	521,907.79	-	-	520,571.90	2,607.08
Total Fire Protection Districts	311.51	119,969.53	-	-	119,718.16	562.88
Total Ambulance Districts	14.46	2,049.48	-	-	2,053.19	10.75
Prepaid Taxes	4,236,023.71	3,506,754.71	-	-	4,236,023.71	3,506,754.71
Total Agency Funds	\$ 4,496,026.50	\$ 14,047,801.90	\$ -	\$ -	\$ 14,736,535.90	\$ 3,807,292.50
Total Primary Government	\$ 11,744,906.79	\$ 27,975,232.11	\$ 1,256,352.43	\$ 1,256,352.43	\$ 28,700,332.33	\$ 11,019,806.57

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE:</u>		
<u>Passed Through State Department of Commerce:</u>		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	\$ 6,999
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed Through State Department of Human Services:</u>		
Promoting Safe and Stable Families	93.556	\$ 8,490
Child Care and Development Block Grant	93.575	149
Temporary Assistance for Needy Families	93.558	112,720
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	11,124
Stephanie Tubbs Jones Child Welfare Services Program	93.645	11,120
Foster Care-Title IV-E (Recovery)	93.658	91,555
Adoption Assistance (Recovery)	93.659	1,455
Medical Assistance Program	93.778	1,017
Children's Health Insurance Program	93.767	1,810
Maternal and Child Health Services Block Grant to the States	93.994	2,595
Child Support Enforcement	93.563	91
Children's Justice Grants to States	93.643	48
Total U.S. Department of Health and Human Services		\$ 242,174
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>		
<u>Passed Through State Department of Commerce:</u>		
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	\$ 1,476
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed Through State Department of Emergency Services:</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	** \$ 3,585,643
Hazard Mitigation Grant	97.039	15,008
Emergency Management Performance Grants	97.042	28,008
Homeland Security Grant Program	97.067	68,841
Total U.S. Department of Homeland Security		\$ 3,697,500
Total Expenditures of Federal Awards		\$ 3,948,149

** - Major Program

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ramsey County under programs of the federal government for the year ended December 31, 2013. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Ramsey County, it is not intended to and does not present the financial position or changes in net position of Ramsey County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

STATE AUDITOR

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



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

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

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

Independent Auditor's Report

Board of County Commissioners
Ramsey County
Devils Lake, 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 Ramsey County, Devils Lake, North Dakota as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated October 24, 2014.

Internal Control Over Financial Reporting

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

RAMSEY 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

Fargo, North Dakota
October 24, 2014

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 PROGRAMS; 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
Ramsey County
Devils Lake, North Dakota

Report on Compliance for Each Major Federal Programs

We have audited Ramsey County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Ramsey County's major federal program for the year ended December 31, 2013. Ramsey County's major federal program is 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Ramsey County's major federal program 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 Ramsey County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Programs

In our opinion, Ramsey County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

RAMSEY COUNTY

Report on Compliance for Each Major Federal Programs; 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 Ramsey 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 Ramsey County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Ramsey County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 Ramsey County as of and for the year ended December 31, 2013, and have issued our report thereon dated October 24, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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

Fargo, North Dakota
October 24, 2014

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?

Governmental Activities	Unmodified
Component Unit – Water Resource District	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal Control over financial reporting:

Material weaknesses identified? _____ Yes X None noted

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None noted

Noncompliance material to financial statements noted? _____ Yes X None noted

Federal Awards

Internal Control over major programs:

Material weaknesses identified? _____ Yes X None reported

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

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes X None noted

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.