



Ramsey County  
Devils Lake, North Dakota

**Audit Report**

For the Year Ended December 31, 2015

**ROBERT R. PETERSON**  
STATE AUDITOR

Office of the State Auditor  
Division of Local Government

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RAMSEY COUNTY  
Devils Lake, North Dakota

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For the Year Ended December 31, 2015

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RAMSEY COUNTY  
Devils Lake, North Dakota

**COUNTY OFFICIALS**

December 31, 2015

Mark E Olson	Commissioner -Chairperson
Ed Brown	Commissioner - Vice Chairman
Myrna Heisler	Commissioner
Bill Mertens	Commissioner
Adam Leiphon	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
NA	Human Resource Coordinator

**STATE AUDITOR**

ROBERT R. PETERSON  
Phone (701) 328-2241  
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Local Government Division:  
FARGO OFFICE  
MANAGER – DAVID MIX  
Phone: (701) 239-7252 Fax: (701) 239-7251

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

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**INDEPENDENT AUDITOR'S REPORT**

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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, 2015, 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 of 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, 2015, 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 24 to the financial statements, Ramsey County adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. 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, pension schedules, and the notes to the required supplementary information* on pages 32-39 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 August 18, 2016 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  
August 18, 2016

RAMSEY COUNTY  
Devils Lake, North Dakota

STATEMENT OF NET POSITION  
December 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,498,684	\$ 240,759
Intergovernmental Receivable	1,111,204	5,806
Road Accounts Receivable	13,120	-
Taxes Receivable	76,691	757
Capital Assets (not being depreciated):		
Land	22,216	-
Intangible Asset	152,176	-
Capital Assets (being depreciated):		
Buildings	2,083,075	-
Equipment and Vehicles	2,350,099	-
Infrastructure	34,747,627	-
Total Capital Assets	<u>\$ 39,355,193</u>	<u>\$ -</u>
Total Assets	<u>\$ 49,054,892</u>	<u>\$ 247,322</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	<u>\$ 189,395</u>	<u>\$ 2,308</u>
Total Assets and Deferred Outflows of Resources	<u>49,244,287</u>	<u>\$ 249,630</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 141,169	\$ -
Salaries and Benefits Payable	281,857	343
Retainage Payable	51,806	-
Grants Received in Advance	1,298,227	-
Interest Payable	1,508	-
Incurred, but not reported claims	30,593	-
Long-Term Liabilities:		
Due Within One Year:		
Loans Payable	2,005	-
Bonds Payable	50,000	-
Compensated Absences Payable	91,694	-
Due After One Year:		
Loans Payable	4,284	-
Bonds Payable	830,000	-
Compensated Absences Payable	170,288	-
Net Pension Liability	<u>2,200,969</u>	<u>12,852</u>
Total Liabilities	<u>\$ 5,154,400</u>	<u>\$ 13,195</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	<u>\$ 254,922</u>	<u>\$ 1,483</u>
Total Assets and Deferred Inflows of Resources	<u>\$ 5,409,322</u>	<u>\$ 14,678</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 38,468,904	\$ -
Restricted for:		
Debt Service	93,877	-
Capital Projects	29,034	-
Highways and Bridges	4,710,580	-
Conservation of Natural Resources	64,563	234,952
Emergencies	94,053	-
Unrestricted	<u>373,954</u>	<u>-</u>
Total Net Position	<u>\$ 43,834,965</u>	<u>\$ 234,952</u>

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

RAMSEY COUNTY  
Devils Lake, North Dakota

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015

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 Activities	Component Unit Water Resource District
<u>Primary Government:</u>						
General Government	\$ 1,701,594	\$ 108,826	\$ 11,690	\$ 6,800	\$ (1,574,278)	
Public Safety	1,466,108	26,829	36,868	-	(1,402,411)	
Highways and Bridges	383,730	262,412	4,133,700	-	4,012,382	
Flood Repair & Mitigation	1,250,289	-	638,361	-	(611,928)	
Health and Welfare	2,711,940	-	770,398	-	(1,941,542)	
Conservation of Natural Resources	241,547	47,500	-	-	(194,047)	
Interest on Long-Term Debt	31,748	-	-	-	(31,748)	
<b>Total Primary Government</b>	<b>\$ 7,786,956</b>	<b>\$ 445,567</b>	<b>\$ 5,591,017</b>	<b>\$ 6,800</b>	<b>\$ (1,743,572)</b>	
<u>Component Unit:</u>						
Water Resource District	\$ 86,472	\$ -	\$ -	\$ -		\$ (86,472)
<u>General revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 1,066,016	\$ 45,680
Property taxes; levied for special purposes					3,923,894	614
Property taxes; levied for debt service					163,414	-
Grants & contributions not restricted to specific programs					1,035,120	28,401
Unrestricted investment earnings					29,785	755
Miscellaneous Revenue					285,174	19,782
<b>Total General Revenues</b>					<b>\$ 6,503,403</b>	<b>\$ 95,232</b>
<b>Change in Net Position</b>					<b>\$ 4,759,831</b>	<b>\$ 8,760</b>
Net Position - January 1					\$ 40,680,910	\$ 238,191
Prior Period Adjustments					(1,605,776)	(11,999)
<b>Net Position - January 1, as restated</b>					<b>\$ 39,075,134</b>	<b>\$ 226,192</b>
<b>Net Position - December 31</b>					<b>\$ 43,834,965</b>	<b>\$ 234,952</b>

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, 2015

	General	Bituminous Surfacing	County Road	Highway Tax Distribution	Social Services	FEMA Flood	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 821,122	\$ 1,014,992	\$ 839,598	\$ 1,637,478	\$ 49,741	\$ 1,298,227	\$ 1,936,229	\$ 7,597,387
Intergovernmental Receivable	119,674	22,544	5,258	847,656	40,020	-	76,052	1,111,204
Road Accounts Receivable	-	-	13,120	-	-	-	-	13,120
Taxes Receivable	15,274	7,323	1,274	-	-	-	52,820	76,691
Due from Other Funds	1,346	-	-	-	-	-	-	1,346
<b>Total Assets</b>	<b>\$ 957,416</b>	<b>\$ 1,044,859</b>	<b>\$ 859,250</b>	<b>\$ 2,485,134</b>	<b>\$ 89,761</b>	<b>\$ 1,298,227</b>	<b>\$ 2,065,101</b>	<b>\$ 8,799,748</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 2,094	\$ 12,747	\$ -	\$ 39,059	\$ -	\$ -	\$ 87,269	\$ 141,169
Salaries Payable	101,413	-	9,524	39,376	118,211	-	13,333	281,857
Grants Received in Advance	-	-	-	-	-	1,298,227	-	1,298,227
Due to Other Funds	-	-	-	-	-	-	1,346	1,346
<b>Total Liabilities</b>	<b>\$ 103,507</b>	<b>\$ 12,747</b>	<b>\$ 9,524</b>	<b>\$ 78,435</b>	<b>\$ 118,211</b>	<b>\$ 1,298,227</b>	<b>\$ 101,948</b>	<b>\$ 1,722,599</b>
<b>Deferred Inflows of Resources:</b>								
Road Receivable	\$ -	\$ -	\$ 13,120	\$ -	\$ -	\$ -	\$ -	\$ 13,120
Taxes Receivable	15,274	7,323	1,274	-	-	-	52,820	76,691
<b>Total Deferred Inflows of Resources</b>	<b>\$ 15,274</b>	<b>\$ 7,323</b>	<b>\$ 14,394</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,820</b>	<b>\$ 89,811</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 118,781</b>	<b>\$ 20,070</b>	<b>\$ 23,918</b>	<b>\$ 78,435</b>	<b>\$ 118,211</b>	<b>\$ 1,298,227</b>	<b>\$ 154,768</b>	<b>\$ 1,812,410</b>
<b>Fund Balances:</b>								
<b>Restricted:</b>								
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,319	\$ 92,319
Capital Projects	-	-	-	-	-	-	29,034	29,034
Highways and Bridges	-	1,024,789	835,332	2,406,699	-	-	536,379	4,803,199
Health and Welfare	-	-	-	-	-	-	594,245	594,245
Public Safety	-	-	-	-	-	-	25,580	25,580
Conservation of Natural Resources	-	-	-	-	-	-	85,710	85,710
Emergency	-	-	-	-	-	-	131,505	131,505
General Government and Other	-	-	-	-	-	-	475,199	475,199
Unassigned:	838,635	-	-	-	(28,450)	-	(59,638)	750,547
<b>Total Fund Balances</b>	<b>\$ 838,635</b>	<b>\$ 1,024,789</b>	<b>\$ 835,332</b>	<b>\$ 2,406,699</b>	<b>\$ (28,450)</b>	<b>\$ -</b>	<b>\$ 1,910,333</b>	<b>\$ 6,987,338</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 957,416</b>	<b>\$ 1,044,859</b>	<b>\$ 859,250</b>	<b>\$ 2,485,134</b>	<b>\$ 89,761</b>	<b>\$ 1,298,227</b>	<b>\$ 2,065,101</b>	<b>\$ 8,799,748</b>

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, 2015

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Total <i>Fund Balances</i> of Governmental Funds		\$ 6,987,338
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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	\$ 44,121,769	
Less Accumulated Depreciation	<u>(4,766,576)</u>	39,355,193

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:

870,704

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	\$ 76,691	
Road Department Accounts Receivable	<u>13,120</u>	
Net Property Taxes and Road Receivables		89,811

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred Outflows Related to Pensions	\$ 189,395	
Deferred Inflows Related to Pensions	<u>(254,922)</u>	(65,527)

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, 2015 are:

Bonds Payable	\$ (880,000)	
Loans Payable	(6,289)	
Interest Payable	(1,508)	
Net Pension Liability	(2,200,969)	
Retainage Payable	(51,806)	
Compensated Absences Payable	<u>(261,982)</u>	
Total Long-Term Liabilities		<u>(3,402,554)</u>

Net Position of Governmental Activities		<u>\$ 43,834,965</u>
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The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY  
Devlis Lake, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	General	Bituminous Surfacing	County Road	Highway Tax Distribution	Social Services	FEMA Flood	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 1,061,024	\$ 465,762	\$ 74,919	\$ -	\$ -	\$ -	\$ 3,533,178	\$ 5,134,883
Intergovernmental	592,747	94,964	22,137	4,097,810	699,706	638,361	480,412	6,626,137
Charges for Services	124,135	-	253,572	-	-	-	47,500	425,207
Licenses, Permits and Fees	11,520	-	-	-	-	-	-	11,520
Interest Income	29,785	-	-	-	-	-	-	29,785
Miscellaneous	171,419	-	112,369	-	-	-	1,386	285,174
<b>Total Revenues</b>	<b>\$ 1,990,630</b>	<b>\$ 560,726</b>	<b>\$ 462,997</b>	<b>\$ 4,097,810</b>	<b>\$ 699,706</b>	<b>\$ 638,361</b>	<b>\$ 4,062,476</b>	<b>\$ 12,512,706</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General Government	\$ 1,291,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 471,878	\$ 1,763,724
Public Safety	463,341	-	-	-	-	-	1,023,061	1,486,402
Highways and Bridges	-	542,145	589,657	4,075,751	-	-	438,872	5,646,425
Flood Repair & Mitigation	-	-	-	-	-	1,250,289	-	1,250,289
Health and Welfare	14,470	-	-	-	1,957,170	-	745,969	2,717,609
Conserv. of Natural Resources	-	-	-	-	-	-	240,522	240,522
<b>Debt Service:</b>								
Principal	-	-	-	-	-	-	51,918	51,918
Interest and Fiscal Charges	-	-	-	-	-	-	31,844	31,844
<b>Total Expenditures</b>	<b>\$ 1,769,657</b>	<b>\$ 542,145</b>	<b>\$ 589,657</b>	<b>\$ 4,075,751</b>	<b>\$ 1,957,170</b>	<b>\$ 1,250,289</b>	<b>\$ 3,004,064</b>	<b>\$ 13,188,733</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 220,973</b>	<b>\$ 18,581</b>	<b>\$ (126,660)</b>	<b>\$ 22,059</b>	<b>\$ (1,257,464)</b>	<b>\$ (611,928)</b>	<b>\$ 1,058,412</b>	<b>\$ (676,027)</b>
<b>Other Financing Sources (Uses):</b>								
Transfers In	\$ 15,100	\$ -	\$ -	\$ -	\$ 1,110,108	\$ -	\$ 263,046	\$ 1,388,254
Transfers Out	(258,088)	-	-	-	-	-	(1,130,166)	(1,388,254)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (242,988)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,110,108</b>	<b>\$ -</b>	<b>\$ (867,120)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (22,015)</b>	<b>\$ 18,581</b>	<b>\$ (126,660)</b>	<b>\$ 22,059</b>	<b>\$ (147,356)</b>	<b>\$ (611,928)</b>	<b>\$ 191,292</b>	<b>\$ (676,027)</b>
<b>Fund Balances - January 1</b>	<b>\$ 860,650</b>	<b>\$ 1,006,208</b>	<b>\$ 961,992</b>	<b>\$ 2,384,640</b>	<b>\$ 118,906</b>	<b>\$ 611,928</b>	<b>\$ 1,719,041</b>	<b>\$ 7,663,365</b>
<b>Fund Balances - December 31</b>	<b>\$ 838,635</b>	<b>\$ 1,024,789</b>	<b>\$ 835,332</b>	<b>\$ 2,406,699</b>	<b>\$ (28,450)</b>	<b>\$ -</b>	<b>\$ 1,910,333</b>	<b>\$ 6,987,338</b>

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, 2015

Net Change in *Fund Balances* - Total Governmental Funds \$ (676,027)

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	\$ 6,305,828	
Current Year Capital Contribution	6,800	
Current Year Depreciation Expense	<u>(1,044,836)</u>	5,267,792

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 (137,680)

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	\$ 50,000	
Repayment of Debt - Loans	<u>1,918</u>	51,918

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	\$ 12,385	
Net Change in Retainage Payable	216,479	
Net Change in Interest Payable	<u>96</u>	228,960

The Net Pension Liability and related Deferred Outflows of Resources and Deferred Inflows of Resources are reported in the government wide statements; however, activity related to these pension items do not involve current financial resources, and are not reported in the funds.

Net Change in Net Pension Liability	\$ (152,044)	
Net Change in Deferred Outflows of Resources	7,232	
Net Change in Deferred Inflows of Resources	<u>145,036</u>	224

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:

Net Change in Taxes Receivable	\$ 18,441	
Net Change in Road Accounts Receivable	<u>8,840</u>	27,281

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

(2,637)

Change in Net Position of Governmental Activities

\$ 4,759,831

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

STATEMENT OF NET POSITION  
PROPRIETARY FUND - HEALTH INSURANCE  
December 31, 2015

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	<u>Governmental Activities Internal Service Fund</u>
<u>Assets:</u>	
Cash and Cash Equivalents	<u>\$ 901,297</u>
<u>Liabilities:</u>	
Current Liabilities:	
Incurred But Not Reported Claims	<u>\$ 30,593</u>
<u>Net Position:</u>	
Restricted	<u>\$ 870,704</u>
Total Net Position	<u>\$ 870,704</u>

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

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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, 2015

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	<u>Governmental Activities Internal Service Fund</u>
<u>Operating Revenues:</u>	
Contributions to Self-Insurance	<u>\$ 914,793</u>
<u>Operating Expenses:</u>	
Health Insurance Claims	<u>\$ 917,430</u>
Operating Income	<u>\$ (2,637)</u>
Net Position - January 1	<u>\$ 873,341</u>
Net Position - December 31	<u><u>\$ 870,704</u></u>

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - HEALTH INSURANCE  
For the Year Ended December 31, 2015

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	<u>Governmental Activities</u> <u>Internal Service Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from User Charges	\$ 914,793
Payments for Health Insurance Claims	<u>(947,561)</u>
Net Cash Provided by Operating Activities	<u>\$ (32,768)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (32,768)</u>
Cash and Cash Equivalents - January 1	<u>\$ 934,065</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 901,297</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	\$ (2,637)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>	
Increase (Decrease) in IBNR Claims Payable	<u>(30,131)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (32,768)</u></u>

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
December 31, 2015

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	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and Cash Equivalents	<u>\$ 4,112,781</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>\$ 4,112,781</u>

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

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**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 4<sup>th</sup> Avenue, Devils Lake, North Dakota, 58301.

**RAMSEY COUNTY**

Notes to the Financial Statements – Continued

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**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 61, the county did provide operating grants to them as follows:

Industrial Development	\$	43,000
County Fair		48,958
County Park		8,000
Historical Society		11,674
County Airport		76,171
Senior Citizens		76,979

**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.

*Bituminous Surfacing Fund.* This fund accounts for repair and improvement of the farm to market blacktop road that are legally restricted from taxes and state sources. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

*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.

## RAMSEY COUNTY

### Notes to the Financial Statements – Continued

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*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, proprietary and fiduciary Fund Financial Statements.* The government-wide, proprietary 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.

**RAMSEY COUNTY**

Notes to the Financial Statements – Continued

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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:

<b>Assets</b>	<b>Years</b>
Land	--
Intangible Assets	--
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

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 \$838,635 at December 31, 2015 represented 47% of annual 2015 expenditures.

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

Purposes and major revenue sources of the major special revenue funds (bituminous surfacing, 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.

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

Continued on next page.....

**RAMSEY COUNTY**

## Notes to the Financial Statements – Continued

CONTINUED...

<b>CLASSIFICATION</b>	<b>DEFINITION</b>	<b>EXAMPLES</b>
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, 2015.

Restricted Fund Balances – consist of the following items at December 31, 2015:

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 3<sup>rd</sup> parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted & Committed Fund Balances:

- (a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements:
- Restricted tax levies – includes fund balances for various tax levies other than the general fund.
  - Restricted grants/reimbursements – primarily includes FEMA funds, other grant funds, and highway tax distribution.

**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. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**RAMSEY COUNTY**

## Notes to the Financial Statements – Continued

J. Interfund Transactions

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

All other 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 2015 as follows:

	REVENUES		
	Original Budget	Amendment	Amended Budget
<u>Major Funds:</u>			
General Fund	\$ 2,107,945	\$ (7,423)	\$ 2,100,522
Bituminous Surfacing	559,976	13	559,989
County Road	466,787	(3,962)	462,825
Highway Tax	2,760,000	957,457	3,717,457
Social Services	733,790	(23,515)	710,275
<u>Special Revenue Funds:</u>			
Housing Grant	-	35,890	35,890
Document Preservation	9,000	8,496	17,496
County Bridge	103,282	(6,398)	96,884
County Road Program	475,533	(9,771)	465,762
Social Service Projects	42,000	28,508	70,508
CAN Grant Fund	13,000	(4,218)	8,782
County Poor Relief	1,090,011	(19,619)	1,070,392
Emergency Poor	552,465	47,669	600,134
Emergency Fund	14,237	(678)	13,559
Veteran's Service Officer	29,350	974	30,324
Social Security	293,462	(8,097)	285,365
Emergency Management	38,291	(2,905)	35,386
Hazardous Chemicals	2,000	(450)	1,550
County Agent	82,419	(1,365)	81,054
Weed Control	69,555	1,715	71,270
Cemetery Maintenance	5,681	(195)	5,486
Correction Center	557,521	(14,379)	543,142
Specials on County Property	1,869	(184)	1,685
County Loan	120,317	19,422	139,739
Bond 1231	55,350	(1,632)	53,718
Sakakawea Specials	2,336	7	2,343

**RAMSEY COUNTY**

## Notes to the Financial Statements – Continued

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<b>Major Funds:</b>			
Highway Tax Distribution	2,557,100	1,532,750	4,089,850
FEMA Flood	1,946,000	(411,029)	1,534,971
<b>Special Revenue Funds:</b>			
Grants	1,000	34,890	35,890
Housing Grant	-	2,218	2,218
Emergency Poor	344,854	54,034	398,888
Veteran's Service Officer	25,781	69	25,850
County Loan Fund	141,000	54,840	195,840
Correctional Center - LEC	784,380	7,500	791,880

**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, 2015, the county's carrying amount of deposits was \$12,445,964 and the bank balances were \$12,520,775. Of the county bank balances, \$1,500,000 was covered by Federal Depository Insurance. The remaining bank balances 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 \$240,759 and \$264,423, 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.

**RAMSEY COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 4: TAXES RECEIVABLE**

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

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

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

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

**NOTE 5: 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 2014 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, 2015 for the primary government:

<b>Governmental Activities:</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31</b>
<i>Capital assets not being depreciated:</i>					
Land	\$ 22,216	\$ -	\$ -	\$ -	\$ 22,216
Intangibles	152,176	-	-	-	152,176
Construction in Progress	10,307,015	4,913,759	-	(15,220,774)	-
<b>Total Capital Asset not being depreciated</b>	<b>\$10,481,407</b>	<b>\$4,913,759</b>	<b>\$ -</b>	<b>\$ (15,220,774)</b>	<b>\$ 174,392</b>
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 3,434,007	\$ 223,520	\$ -	\$ -	\$ 3,657,527
Equipment	3,101,569	1,175,349	696,700	-	3,580,218
Infrastructure	21,488,858	-	-	15,220,774	36,709,632
<b>Total Capital Assets, Being Depreciated</b>	<b>\$28,024,434</b>	<b>\$1,398,869</b>	<b>\$ 696,700</b>	<b>\$ 15,220,774</b>	<b>\$43,947,377</b>
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 1,501,623	\$ 72,829	\$ -	\$ -	\$ 1,574,452
Equipment	1,533,427	255,712	559,020	-	1,230,119
Infrastructure	1,245,710	716,295	-	-	1,962,005
<b>Total Accumulated Depreciation</b>	<b>\$ 4,280,760</b>	<b>\$1,044,836</b>	<b>\$ 559,020</b>	<b>\$ -</b>	<b>\$ 4,766,576</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$23,743,674</b>	<b>\$ 354,033</b>	<b>\$ 137,680</b>	<b>\$ 15,220,774</b>	<b>\$39,180,801</b>
<b>Governmental Activities - Capital Assets, Net</b>	<b>\$34,225,081</b>	<b>\$5,267,792</b>	<b>\$ 137,680</b>	<b>\$ -</b>	<b>\$39,355,193</b>

**RAMSEY COUNTY**

## Notes to the Financial Statements – Continued

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

<b>Governmental Activities:</b>	<b>Amounts</b>
General Government	\$ 156,806
Public Safety	25,597
Highways and Bridges	842,435
Health and Welfare	19,998
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,044,836</b>

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

**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, 2015 represents the amount of cash borrowed by the Correctional Center Fund totaling \$1,346 covered by the General 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, 2015. Asset recognition criteria have been met, but revenue recognition criteria have not been met.

**NOTE 12: DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions for differences between actual and expected experience, changes in proportion and differences between employer contributions and proportionate share of contributions, and for contributions made to the plan for the period of July 1, 2015 through December 31, 2015.

**NOTE 13: INTEREST PAYABLE**

Interest payable consists of interest amounts accrued on loans and leases payable at December 31, 2015, but not paid until after year-end.

**RAMSEY COUNTY**

Notes to the Financial Statements – Continued

**NOTE 14: LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities** - During the year ended December 31, 2015; the following changes occurred in governmental activities long-term liabilities for Ramsey County:

<b>Governmental Activities</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>	<b>Due Within One Year</b>
Loans Payable	\$ 8,207	\$ -	\$ 1,918	\$ 6,289	\$ 2,005
Bonds Payable	930,000	-	50,000	880,000	50,000
Compensated Absences *	274,366	-	12,384	261,982	91,694
Net Pension Liability *	2,048,925	152,044	-	2,200,969	-
<b>Total</b>	<b>\$ 3,261,498</b>	<b>\$ 152,044</b>	<b>\$ 64,302</b>	<b>\$ 3,349,240</b>	<b>\$ 143,699</b>

\* The change in compensated absences and net pension liability 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, 2015 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 2014; with interest at 4.5%.

\$ 6,289

**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%.

\$ 880,000

The annual requirements to amortize the outstanding long-term liabilities, excluding compensated absences and net pension liability are as follows:

Year Ending December 31	Sakakawea		2012 G.O. Bond	
	Principal	Interest	Principal	Interest
2016	\$ 2,005	\$ 283	\$ 50,000	\$ 30,538
2017	2,095	193	50,000	29,413
2018	2,189	99	50,000	28,150
2019	-	-	50,000	26,750
2020	-	-	55,000	25,156
2021-2025	-	-	285,000	97,219
2026-2030	-	-	340,000	36,862
<b>Total</b>	<b>\$ 6,289</b>	<b>\$ 575</b>	<b>\$ 880,000</b>	<b>\$ 274,088</b>

**NOTE 15: 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 16: DEFERRED INFLOWS**

Deferred inflows of resources in the government wide financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the accrual basis of accounting, this includes amounts related to pension items for the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions.

## RAMSEY COUNTY

### Notes to the Financial Statements – Continued

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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 17: 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 (NDRIF), 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 NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF 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 \$2,272,977 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.

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 18: JOINT VENTURES

##### Lake Region Law Enforcement Center

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%.

**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, 2015, which is the most current audited information.

	<b>Lake Region Law Enforcement</b>
Total Assets	\$ 3,593,026
Total Liabilities	121,073
Total Net Position	\$ 3,471,953
Total Revenues	\$ 3,758,213
Total Expenses	3,636,103
Change in Net Position	\$ 122,110

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

Lake Region District Health Unit

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

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2015, which is the most current audited information.

	<b>Lake Region District Health</b>
Total Assets & Def. Outflows	\$ 1,370,857
Total Liabilities & Def. Inflows	757,636
Total Net Position	\$ 613,221
Total Revenues	\$ 1,937,000
Total Expenses	1,653,840
Change in Net Position	\$ 283,160

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

Devils Lake Basin Joint Water Resource District:

Under authorization of state statues, 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.

	<b>Devils Lake Basin Joint WRD</b>
Total Assets & Def. Outflows	\$ 828,235
Total Liabilities & Def. Inflows	20,051
Total Net Position	\$ 808,184
Total Revenues	\$ 848,156
Total Expenses	918,404
Change in Net Position	\$ (70,248)

**RAMSEY COUNTY**

Notes to the Financial Statements – Continued

**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, 2015:

	Transfers In	Transfers Out
<b>Major Funds:</b>		
General Fund	\$ 15,100	\$ 258,088
Social Service Fund	1,110,108	-
<b>Nonmajor Special Revenue Funds:</b>		
Social Service Projects	4,958	-
Human Service Fund	-	509,033
Emergency Poor	-	606,033
Fish & Wildlife Trust	-	15,100
Correctional Center	219,796	-
Emergency Management	38,292	-
<b>Total Transfers</b>	<b>\$ 1,388,254</b>	<b>\$ 1,388,254</b>

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

**NOTE 20: PENSION PLAN****General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

**Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 25 months of service	Greater of two percent of monthly salary or \$25
26 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

**Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015, Ramsey County reported a liability of \$2,200,969 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015, the Employer's proportion was .323680 percent, which was an increase of .000873 percent from its proportion measured as of June 30, 2014.

**RAMSEY COUNTY**

## Notes to the Financial Statements – Continued

For the year ended December 31, 2015, the Employer recognized pension expense of \$208,403. At December 31, 2015, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 63,853	\$ -
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	12,364
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	5,366	46,462
Changes of Assumptions	-	196,096
District Contributions Subsequent to the Measurement Date	120,176	-
<b>Total</b>	<b>\$ 189,395</b>	<b>\$ 254,922</b>

\$120,176 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

2016	\$ (59,593)
2017	(59,593)
2018	(59,593)
2019	36,416
2020	(36,343)

**Actuarial Assumptions**

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary Increases	3.85% per annum for four years, then 4.50% per annum
Investment Rate of Return	8.00%, net of investment expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with ages set back three years. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with ages set back one year for males (not set back for females).

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2010. They are the same as the assumptions used in the July 1, 2014, funding actuarial valuation for NDPERS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

**RAMSEY COUNTY**

Notes to the Financial Statements – Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.55%
International Fixed Income	5%	.90%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2014, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount rate**

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$ 3,375,075	\$ 2,200,969	\$ 1,240,337

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued NDPERS financial report.

**NOTE 21: IBNR PAYABLE/SELF INSURANCE**

The IBNR (incurred but not reported) claims are an estimate of health insurance claims, for which the County is liable, incurred prior to December 31, but not processed and paid until the following year.

The county is self-insured for a comprehensive group health insurance plan. The County records estimated liabilities for such claims filed or estimated to be filed for incidents related to the health insurance internal service fund. Premiums are collected from County departments and employees, and claims are paid in the related health insurance internal service fund.

The liability had a beginning balance at January 1, 2015 of \$60,724, and an ending balance of \$30,593 at December 31, 2015. The net change in the payable totaling a decrease of \$30,131 was reported as health insurance claims operating expense in the health insurance internal service fund operating statement.

**RAMSEY COUNTY**

Notes to the Financial Statements – Continued

**NOTE 22: CONSTRUCTION COMMITMENTS**

Ramsey County had open construction commitments as of December 31, 2015 as follows:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
CNOB-3606(054) - Ramsey County #9 Culverts	\$ 459,834	\$ 433,197	\$ 12,747	\$ 39,384
CNOB-3618(056) - Ramsey County #8 Lawton	671,920	580,918	39,059	130,061
Total Construction in Progress	\$ 1,131,754	\$ 1,014,115	\$ 51,806	\$ 169,445

Retainages payable totaling \$51,806 on the projects in progress was reported in the statement of net position.

**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.

**NOTE 24: PRIOR PERIOD ADJUSTMENTS**

**Change in Accounting Principle – GASB 68 & 71 - Pensions:**

Net position as of January 1, 2015, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Additionally, prior period capital asset errors were noted for construction in progress, buildings, infrastructure, and accumulated depreciation related to infrastructure.

The result of implementing GASB 68 and GASB 71, and the capital asset errors reduced beginning net position for the County by a total of (\$1,605,776).

The effect of the prior period adjustments to beginning net position for the change in accounting principle and the capital asset errors for the county is as follows:

Governmental Activities - County	Amounts
Beginning Net Position, as previously reported	\$ 40,680,910
<b>Adjustments to restate the January 1, 2015 Net Position:</b>	
Capital Assets - Cost - Construction in Progress	(6,460,521)
Capital Assets - Cost - Infrastructure	6,460,521
Capital Assets - Cost - Buildings	160,000
Capital Assets - Depreciation - Infrastructure	500,944
Deferred Outflows of Resources - Pensions	182,163
Net Pension Liability	(2,048,925)
Deferred Inflows of Resources - Pensions	(399,958)
Net Position January 1, as restated	\$ 39,075,134

The effect of the prior period adjustments to beginning net position for the change in accounting principle for the Water Resource Districts as follows:

Governmental Activities - WRD	Amounts
Beginning Net Position, as previously reported	\$ 238,191
<b>Adjustments to restate the January 1, 2015 Net Position:</b>	
Deferred Outflows of Resources - Pensions	1,823
Net Pension Liability	(11,565)
Deferred Inflows of Resources - Pensions	(2,257)
Net Position January 1, as restated	\$ 226,192

RAMSEY COUNTY  
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,080,100	\$ 1,061,024	\$ 1,061,024	\$ -
Intergovernmental	730,890	702,639	592,747	(109,892)
Charges for Services	115,754	124,135	124,135	-
Licenses, Permits and Fees	11,200	11,520	11,520	-
Interest Income	31,000	29,785	29,785	-
Miscellaneous	139,005	171,419	171,419	-
Total Revenues	<u>\$ 2,107,949</u>	<u>\$ 2,100,522</u>	<u>\$ 1,990,630</u>	<u>\$ (109,892)</u>
<u>Expenditures:</u>				
Current:				
General Government	\$ 1,389,111	\$ 1,389,111	\$ 1,291,846	\$ 97,265
Public Safety	495,046	487,546	463,341	24,205
Health and Welfare	7,000	14,500	14,470	30
Total Expenditures	<u>\$ 1,891,157</u>	<u>\$ 1,891,157</u>	<u>\$ 1,769,657</u>	<u>\$ 121,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 216,792</u>	<u>\$ 209,365</u>	<u>\$ 220,973</u>	<u>\$ 11,608</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ 15,100	\$ 15,100	\$ 15,100	\$ -
Transfers Out	(244,426)	(244,426)	(258,088)	(13,662)
Net Change in Fund Balances	<u>\$ (12,534)</u>	<u>\$ (19,961)</u>	<u>\$ (22,015)</u>	<u>\$ (2,054)</u>
Fund Balance - January 1	<u>\$ 860,650</u>	<u>\$ 860,650</u>	<u>\$ 860,650</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 848,116</u>	<u>\$ 840,689</u>	<u>\$ 838,635</u>	<u>\$ (2,054)</u>

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

RAMSEY COUNTY  
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE  
BITUMINOUS SURFACING FUND  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 465,750	\$ 465,750	\$ 465,762	\$ 12
Intergovernmental	94,226	94,239	94,964	725
Total Revenues	<u>\$ 559,976</u>	<u>\$ 559,989</u>	<u>\$ 560,726</u>	<u>\$ 737</u>
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 650,000	\$ 650,000	\$ 542,145	\$ 107,855
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (90,024)</u>	<u>\$ (90,011)</u>	<u>\$ 18,581</u>	<u>\$ 108,592</u>
Fund Balance - January 1	<u>\$ 1,006,208</u>	<u>\$ 1,006,208</u>	<u>\$ 1,006,208</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 916,184</u></u>	<u><u>\$ 916,197</u></u>	<u><u>\$ 1,024,789</u></u>	<u><u>\$ 108,592</u></u>

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE  
COUNTY ROAD FUND  
For the Year Ended December 31, 2015

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	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 81,317	\$ 74,919	\$ 74,919	\$ -
Intergovernmental	21,970	21,965	22,137	172
Charges for Services	350,000	253,572	253,572	-
Miscellaneous	13,500	112,369	112,369	-
Total Revenues	<u>\$ 466,787</u>	<u>\$ 462,825</u>	<u>\$ 462,997</u>	<u>\$ 172</u>
<u>Expenditures:</u>				
Current:				
Highways and Bridges	<u>\$ 827,925</u>	<u>\$ 827,925</u>	<u>\$ 589,657</u>	<u>\$ 238,268</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (361,138)</u>	<u>\$ (365,100)</u>	<u>\$ (126,660)</u>	<u>\$ 238,440</u>
Fund Balance - January 1	<u>\$ 961,992</u>	<u>\$ 961,992</u>	<u>\$ 961,992</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 600,854</u>	<u>\$ 596,892</u>	<u>\$ 835,332</u>	<u>\$ 238,440</u>

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE  
HIGHWAY TAX DISTRIBUTION FUND  
For the Year Ended December 31, 2015

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	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 2,760,000	\$ 3,717,457	\$ 4,097,810	\$ 380,353
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 2,557,100	\$ 4,089,850	\$ 4,075,751	\$ 14,099
Excess (Deficiency) of Revenues Over Expenditures	\$ 202,900	\$ (372,393)	\$ 22,059	\$ 394,452
Fund Balance - January 1	\$ 2,384,640	\$ 2,384,640	\$ 2,384,640	\$ -
Fund Balance - December 31	\$ 2,587,540	\$ 2,012,247	\$ 2,406,699	\$ 394,452

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, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 733,790	\$ 710,275	\$ 699,706	\$ (10,569)
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 2,194,161	\$ 2,194,161	\$ 1,957,170	\$ 236,991
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,460,371)	\$ (1,483,886)	\$ (1,257,464)	\$ 226,422
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 1,440,871	\$ 1,440,871	\$ 1,110,108	\$ (330,763)
Net Change in Fund Balances	\$ (19,500)	\$ (43,015)	\$ (147,356)	\$ (104,341)
Fund Balance - January 1	\$ 118,906	\$ 118,906	\$ 118,906	\$ -
Fund Balance - December 31	\$ 99,406	\$ 75,891	\$ (28,450)	\$ (104,341)

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE  
FEMA FLOOD FUND  
For the Year Ended December 31, 2015

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	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 1,325,000	\$ 1,325,000	\$ 638,361	\$ (686,639)
<u>Expenditures:</u>				
Current:				
Flood Repair & Mitigation	\$ 1,946,000	\$ 1,534,971	\$ 1,250,289	\$ 284,682
Excess (Deficiency) of Revenues Over Expenditures	\$ (621,000)	\$ (209,971)	\$ (611,928)	\$ (401,957)
Fund Balance - January 1	\$ 611,928	\$ 611,928	\$ 611,928	\$ -
Fund Balance - December 31	\$ (9,072)	\$ 401,957	\$ -	\$ (401,957)

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

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RAMSEY COUNTY  
Devils Lake, North Dakota

PENSION SCHEDULES  
For the Year Ended December 31, 2015

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**Schedule of Employer's Share of Net Pension Liability  
ND Public Employees Retirement System  
Last 10 Fiscal Years\***

	<b>2014</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.322807%	0.323680%
District's proportionate share of the net pension liability (asset)	\$ 2,048,925	\$ 2,200,969
District's covered-employee payroll	\$ 2,719,249	\$ 2,883,596
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.35%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	77.15%

\*Complete data for this schedule is not available prior to 2014.

**Schedule of Employer Contributions  
ND Public Employees Retirement System  
Last 10 Fiscal Years\***

	<b>2014</b>	<b>2015</b>
Statutorily required contribution	\$ 193,611	\$ 205,312
Contributions in relation to the statutorily required contribution	\$ (193,611)	\$ (205,312)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 2,719,249	\$ 2,883,596
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

\*Complete data for this schedule is not available prior to 2014.

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RAMSEY COUNTY  
Devils Lake, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2015

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**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information:

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

**NOTE 2: PENSIONS - CHANGES OF ASSUMPTIONS**

Amounts reported in 2015 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

RAMSEY COUNTY  
Devils Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS  
PRIMARY GOVERNMENT  
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<b>Major Funds:</b>						
General Fund	\$ 730,074.11	\$ 2,100,521.78	\$ 15,100.00	\$ 258,087.66	\$ 1,765,139.67	\$ 822,468.56
<b>Major Governmental Funds:</b>						
County Road Fund	\$ 965,886.98	\$ 462,825.17	\$ -	\$ -	\$ 589,114.07	\$ 839,598.08
Highway Tax Distribution	2,008,800.41	3,717,456.60	-	-	4,088,778.65	1,637,478.36
Social Service Fund	191,027.55	710,275.19	1,110,107.85	-	1,961,669.82	49,740.77
FEMA	960,200.15	1,588,489.07	-	-	1,250,462.55	1,298,226.67
Bituminous Surfacing - Blacktop	984,401.03	559,988.87	-	-	529,398.11	1,014,991.79
Total Major Special Revenue Funds	\$ 5,110,316.12	\$ 7,039,034.90	\$ 1,110,107.85	\$ -	\$ 8,419,423.20	\$ 4,840,035.67
Total Major Funds	\$ 5,840,390.23	\$ 9,139,556.68	\$ 1,125,207.85	\$ 258,087.66	\$ 10,184,562.87	\$ 5,662,504.23
<b>Non-Major Special Revenue Funds:</b>						
Comprehensive Health Insurance	\$ 165,344.75	\$ 410,330.73	\$ -	\$ -	\$ 313,842.54	\$ 261,832.94
US MARSHALL Funds/Grants	75.00	35,890.00	-	-	35,890.00	75.00
Fish and Wildlife Trust	15,100.00	-	-	15,100.00	-	-
Housing Reh & Citizens Ret	13,558.06	-	-	-	2,217.50	11,340.56
Document Preservation	25,881.05	17,496.00	-	-	12,715.55	30,661.50
Entry Team Grant	64.07	-	-	-	-	64.07
County Bridge	271,761.91	96,884.07	-	-	-	368,645.98
County Road Program	135,583.73	465,762.26	-	-	438,871.60	162,474.39
Social Service Projects	31,785.01	70,508.14	4,958.00	-	58,562.26	48,688.89
Foster Care Recruitment Grant Fund	5,479.03	8,781.68	-	-	8,713.17	5,547.54
Human Service Fund	259,130.96	1,070,392.47	-	509,033.01	338,555.76	481,934.66
Emergency Poor	9,421.08	600,133.97	-	606,032.84	-	3,522.21
Emergency Fund	114,496.14	13,558.59	-	-	-	128,054.73
Veteran's Service Officer	9,465.88	30,324.21	-	-	25,846.20	13,943.89
County Loan Fund	132,430.12	139,738.34	-	-	195,838.79	76,329.67
Bond - 1231	32,285.16	53,717.70	-	-	81,910.00	4,092.86
Oasis and Social Security	182,640.66	285,365.78	-	-	274,185.40	193,821.04
Advertising	18,146.06	-	-	-	-	18,146.06
Emergency Management	6,154.91	35,386.25	38,291.66	-	67,095.92	12,736.90
Hazardous Chemicals	8,047.73	1,550.00	-	-	833.00	8,764.73
County Agent - Extension	44,350.50	81,053.81	-	-	115,868.88	9,535.43
Weed Control	78,024.89	71,270.30	-	-	105,571.18	43,724.01
Cemetery	2,011.60	5,485.91	-	-	6,100.00	1,397.51
Spl. Assessments on Co. Property	11,032.06	1,685.48	-	-	1,419.19	11,298.35
Correctional Center - LEC	27,584.90	543,142.10	219,796.00	-	791,869.41	(1,346.41)
CDBG - NCPC	1,238.40	948.00	-	-	2,185.40	1.00
Total Non-Major Special Revenue Funds	\$ 1,601,093.66	\$ 4,039,405.79	\$ 263,045.66	\$ 1,130,165.85	\$ 2,878,091.75	\$ 1,895,287.51
<b>Non-Major Debt Service Funds:</b>						
Sakakawea Ave Special	\$ 112.10	\$ 2,342.55	\$ -	\$ -	\$ 2,287.76	\$ 166.89
<b>Non-Major Capital Projects Fund:</b>						
West Dike Extension O&M	\$ 28,038.93	\$ 65,000.00	\$ -	\$ -	\$ 53,610.63	\$ 39,428.30
Total Non-Major Governmental Funds	\$ 1,629,244.69	\$ 4,106,748.34	\$ 263,045.66	\$ 1,130,165.85	\$ 2,933,990.14	\$ 1,934,882.70
Total Governmental Funds	\$ 7,469,634.92	\$ 13,246,305.02	\$ 1,388,253.51	\$ 1,388,253.51	\$ 13,118,553.01	\$ 7,597,386.93
<b>Internal Service Fund:</b>						
Health Insurance	\$ 934,064.52	\$ 914,793.05	\$ -	\$ -	\$ 947,561.31	\$ 901,296.26
<b>Agency Funds:</b>						
Job/Industrial Development	\$ 3,716.25	\$ 41,026.68	\$ -	\$ -	\$ 43,000.00	\$ 1,742.93
Water Safety Operations	-	5,000.00	-	-	5,000.00	-
Scoobys Point Sewer District #1-06	-	28,169.56	-	-	28,169.56	-
Michigan Spillway Drain	-	1,552.00	-	-	1,552.00	-
State Tax	108.22	46,597.35	-	-	46,592.54	113.03
Sales Tax	4,725.00	3,124.24	-	-	4,725.00	3,124.24

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, 2015

CONTINUED....	Balance 1-1-15	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-15
<u>Agency Funds: Continued</u>						
Auditor's License Fund	\$ 206,225.00	\$ 423,951.50	\$ -	\$ -	\$ 413,459.00	\$ 216,717.50
Paid Under Protest	-	1,466.61	-	-	1,466.61	-
Garrison Diversion Conservancy	119.31	54,467.71	-	-	54,462.48	124.54
Attendant Care	-	4,341.79	-	-	4,341.79	-
Domestic Violence	140.00	3,080.00	-	-	3,115.00	105.00
State Aid Townships	-	143,196.68	-	-	143,196.68	-
Township Road	-	503,218.77	-	-	503,218.77	-
County Park	1,296.09	7,347.90	-	-	8,000.00	643.99
County Fair	108.36	49,069.67	-	-	48,958.46	219.57
Soil Conservation General Fund	117.70	45,650.52	-	-	45,664.84	103.38
Soil Conserv. Ins. Res. Fund	26.42	10,261.08	-	-	10,263.41	24.09
ND Income Tax	-	28,849.23	-	-	28,849.23	-
Transit	1,257.46	18,105.87	-	-	17,644.40	1,718.93
District Health	22,088.69	180,564.26	-	-	190,806.00	11,846.95
County Airport	167.45	76,172.25	-	-	76,170.78	168.92
Senior Citizens	24,358.13	120,997.76	-	-	76,979.00	68,376.89
Ramsey County WRD	133.56	68,248.20	-	-	68,271.80	109.96
NDSU Extension	4,970.52	1,410.18	-	-	1,983.37	4,397.33
SAAF	34.55	-	-	-	-	34.55
Joint Water Resource District	126.09	55,445.26	-	-	55,450.99	120.36
County Library	185.79	88,017.65	-	-	88,012.44	191.00
Historical Society	29.81	11,675.06	-	-	11,673.71	31.16
Telecommunications-Townships	-	4,458.78	-	-	4,458.78	-
Common School Trust	-	500.00	-	-	250.00	250.00
Joint Water Resource District Mgr.	4,405.19	54,095.68	-	-	53,919.48	4,581.39
Payroll deductions	-	60.87	-	-	60.87	-
Total Cities	5,634.38	1,924,165.14	-	-	1,925,264.98	4,534.54
Total Park Districts	1,529.84	665,809.14	-	-	665,680.65	1,658.33
Total School Districts	11,357.61	4,431,556.82	-	-	4,431,796.49	11,117.94
Total Townships	1,365.88	595,403.00	-	-	595,269.20	1,499.68
Total Fire Protection Districts	425.80	149,831.37	-	-	149,858.80	398.37
Total Ambulance Districts	12.74	2,489.90	-	-	2,489.92	12.72
Prepaid Taxes	3,705,105.76	3,778,813.25	-	-	3,705,105.76	3,778,813.25
<b>Total Agency Funds</b>	<b>\$ 3,999,771.60</b>	<b>\$ 13,628,191.73</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,515,182.79</b>	<b>\$ 4,112,780.54</b>

RAMSEY COUNTY  
Devils Lake, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>		
<u>Passed Through State Department of Commerce:</u>		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	\$ 2,970
<u>Passed Through State Department of Health:</u>		
Violence Against Women Formula Grants	16.588	<u>30,573</u>
Total U.S. Department of Justice		<u>\$ 33,543</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>		
<u>Passed Through State Department of Human Services:</u>		
Promoting Safe and Stable Families	93.556	\$ 11,520
Child Care and Development Block Grant	93.575	270
Temporary Assistance for Needy Families	93.558	148,848
Low-Income Home Energy Assistance	93.568	266
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	12,423
Stephanie Tubbs Jones Child Welfare Services Program	93.645	3,418
Foster Care-Title IV-E (Recovery)	93.658	104,713
Adoption Assistance (Recovery)	93.659	1,280
Medical Assistance Program	93.778	860
Maternal and Child Health Services Block Grant to the States	93.994	<u>1,422</u>
Total U.S. Department of Health and Human Services		<u>\$ 285,020</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>		
<u>Passed Through State Department of Emergency Services:</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	** \$ 1,103,346
Hazard Mitigation Grant	97.039	258,223
Emergency Management Performance Grants	97.042	<u>33,515</u>
Total U.S. Department of Homeland Security		<u>\$ 1,395,084</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,713,647</u></u>

\*\* - 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, 2015. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portions of the operations of Ramsey County, it is not intended to be 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 Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.

STATE AUDITOR

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

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

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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, 2015, and the related notes to the financial statements, which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated August 18, 2016.

**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.

**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

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**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*.

**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  
August 18, 2016

**STATE AUDITOR**

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**OFFICE OF THE STATE AUDITOR**  
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**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 THE UNIFORM GUIDANCE**

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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 Compliance Supplement* that could have a direct and material effect on Ramsey County's major federal program for the year ended December 31, 2015. 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

***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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

## **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 the Uniform Guidance - Continued

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### **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Ramsey County as of and for the year ended December 31, 2015, and have issued our report thereon dated August 18, 2016, 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 the Uniform Guidance 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  
August 18, 2016

RAMSEY COUNTY  
Devils Lake, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2015

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

Financial Statements

Type of Auditor's 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?	<u>      </u> Yes	<u>  X  </u> None noted
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None noted
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> None noted

Federal Awards

Internal Control Over Major Programs:

Material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> None reported
Reportable conditions identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> 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 CFR §200.516 (Uniform Guidance) requirements?	<u>      </u> Yes	<u>  X  </u> 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:        \$ 750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II – Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**STATE AUDITOR**

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



Local Government Division:  
FARGO OFFICE  
MANAGER – DAVID MIX  
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STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

Board of County Commissioners  
Ramsey County  
Devils Lake, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ramsey County, Devils Lake, North Dakota, for the year ended December 31, 2015 which collectively comprise the County’s basic financial statements, and have issued our report thereon dated August 18, 2016. Professional standards require that we provide you with the following information related to our audit.

**OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE**

As stated in our engagement letter dated June 8, 2016, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Ramsey County’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and for reporting on the schedule of expenditures of federal awards required by the Uniform Guidance.

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 and other matters, 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. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Ramsey County’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on Ramsey County’s compliance with those requirements over each major federal program. While our audit provides a reasonable basis for our opinion over compliance for each major federal program, it does not provide a legal determination on Ramsey County’s compliance with those requirements.

**SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Ramsey County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2015. GASB Statement 68 (Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27), and GASB Statement 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68) were adopted during the year ended December 31, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements presented by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is useful lives of capital assets.

**CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

**DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, or reporting matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated August 18, 2016.

**MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the county's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**OTHER AUDIT FINDINGS OR ISSUES**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following presents our informal recommendation:

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<p><b>BOARD APPROVAL OF EXPENDITURES – WATER RESOURCE DISTRICT</b></p>
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Three checks that were pulled in our random sample were not approved by the board. On top of this, four checks were approved for the wrong amounts which was due to payroll checks being approved for pre-tax amounts instead of the actual check amount and check 8974 being switched with check 8961 in the listing given to the board. The general duties under NDCC 11-11-11 states *The board of county commissioners shall superintend the fiscal affairs of the county and shall supervise the conduct of the respective county officers.* Proper internal controls surrounding expenditures which would include approval of invoices to decrease the risk of loss due to error of fraud.

**RAMSEY COUNTY**  
Management's Letter - Continued

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We recommend that the Ramsey County Water Board review all checks that were paid during each period. The WRD secretary should give the board an accurate listing of the checks (amount, check number, and payee) that were paid during each month. The checks that are given to the board should be reconciled with the check register to ensure that it is accurate.

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This information is intended solely for the use of the Board of County Commissioners and management of Ramsey County, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Ramsey County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Ramsey County.



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
August 18, 2016

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