



ROBERT R. PETERSON
STATE AUDITOR

Richland County
Wahpeton, North Dakota

Audit Report

For the Year Ended December 31, 2015

Office of the State Auditor

RICHLAND COUNTY
Wahpeton, North Dakota

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RICHLAND COUNTY
Wahpeton, North Dakota

COUNTY OFFICIALS

December 31, 2015

Tim Campbell	Commissioner - Chairperson
Nathan Berseth	Commissioner - Vice-Chairperson
Sid Berg	Commissioner
Rollie Ehlert	Commissioner
Dan Thompson	Commissioner
Harris Bailey	Auditor/Administrator
Leslie Hage	Treasurer
Joan Oland	Data Processing
Mary DelVal	Administrative Assistant
Sandy Fossum	Tax Equalization Director
Larry Leshovsky	Sheriff
Cindy Schmitz	Clerk of Court
Cyndy Kolle	Superintendent of Schools
Ron McBeth	State's Attorney
Kristen Hasbargen	Social Services
Brett Lambrecht	Emergency Management
Cyndy Kolle	Recorders Office
Vacant	County Engineer

WATER RESOURCE DISTRICT OFFICIALS

December 31, 2015

Don Moffet	Board Member - Chairperson
Robert Rostad	Board Member - Vice-Chairperson
Arv Burvee	Board Member
Gary Friskop	Board Member
James Haugen	Board Member
Monica Zentgraf	Secretary/Treasurer
Sean Fredricks	Attorney

STATE AUDITOR

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MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Richland County
Wahpeton, 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 Richland County, Wahpeton, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, Wahpeton, North Dakota, as of December 31, 2015, and the respective changes in financial position 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 25 to the financial statements, Richland 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 *budgetary comparison information* on pages 31-36 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 Richland County's basic financial statements. The *schedule of fund activity arising from cash transactions* 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 arising from cash transactions* 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 arising from cash transactions* and *the schedule of expenditures of federal awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2016 on our consideration of Richland 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 Richland County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
May 13, 2016

RICHLAND COUNTY
Wahpeton, North Dakota

STATEMENT OF NET POSITION
December 31, 2015

	Primary Government Governmental Activities	Water Resource District
ASSETS		
Cash and investments	\$ 6,553,465	\$ 3,236,948
Accounts receivable	58,468	-
Intergovernmental receivable	573,372	102,529
Due from county	-	1,705
Road accounts receivable	3,014	-
Advance to other government	108,967	-
Taxes receivable	110,343	12,852
Loans receivable	710,473	-
Capital Assets Not Being Depreciated:		
Land	41,040	724,571
Construction in progress	2,853,188	705,466
Capital Assets (net of accumulated depreciation):		
Buildings	2,264,175	-
Equipment	2,987,554	722
Vehicles	852,278	-
Infrastructure	27,415,697	2,898,617
Total Capital Assets	<u>\$ 36,413,932</u>	<u>\$ 4,329,376</u>
Total Assets	<u>\$ 44,532,034</u>	<u>\$ 7,683,410</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions	<u>\$ 404,217</u>	<u>\$ 10,592</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 44,936,251</u>	<u>\$ 7,694,002</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 366,450	\$ 25,434
Salaries payable	69,086	-
Grants received in advance	805,558	-
Retainage payable	104,904	20,009
Interest payable	25,692	-
Non-Current Liabilities		
Due Within One Year:		
Bonds payable	360,000	-
Capital leases payable	164,911	-
Compensated absences payable	104,274	1,105
Due After One Year:		
Bonds payable	1,200,000	-
Capital leases payable	1,156,410	-
Compensated absences payable	312,821	9,947
Net Pension Liability	<u>3,828,608</u>	<u>70,054</u>
Total Liabilities	<u>\$ 8,498,714</u>	<u>\$ 126,549</u>
DEFERRED INFLOWS OF RESOURCES:		
Pensions	<u>\$ 577,102</u>	<u>\$ 10,560</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 9,075,816</u>	<u>\$ 137,109</u>
NET POSITION		
Net Investment in Capital Assets	\$ 33,506,919	\$ 4,329,376
Restricted for:		
Highways and bridges	395,630	-
Culture and recreation	1,055	-
Conservation of natural resources	353,938	3,227,517
Emergencies	221,568	-
Economic development	893,832	-
Unrestricted	<u>487,493</u>	<u>-</u>
Total Net Position	<u>\$ 35,860,435</u>	<u>\$ 7,556,893</u>

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

RICHLAND COUNTY
Wahpeton, 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	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource District
<u>Governmental Activities:</u>						
General government	\$ 2,900,840	\$ 129,217	\$ -	\$ -	\$ (2,771,623)	\$ -
Public safety	3,192,599	740,679	117,204	-	(2,334,716)	-
Highways and bridges	3,187,535	248,422	1,906,483	2,011,968	979,338	-
Flood repair	211,688	-	211,688	-	-	-
Health and welfare	3,131,091	355,837	928,393	-	(1,846,861)	-
Culture and recreation	86,564	933	-	-	(85,631)	-
Conservation of natural resources	388,777	72,702	6,500	-	(309,575)	-
Economic development	104,655	4,290	-	-	(100,365)	-
Emergencies	202	-	-	-	(202)	-
Interest on long-term debt	94,204	-	-	-	(94,204)	-
Total Governmental Activities	\$ 13,298,155	\$ 1,552,080	\$ 3,170,268	\$ 2,011,968	\$ (6,563,839)	\$ -
Water Resource District	\$ 1,053,754	\$ 4,300	\$ 75,222	\$ 217,358	\$ -	\$ (756,874)
<u>General Revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 4,661,887	\$ 316,046
Property taxes; levied for special purposes					3,404,488	1,323,812
Gain on sale of capital assets					154,750	-
State revenue sharing (non restricted grant)					1,280,959	22,511
Other non restricted state grants and contributions					163,955	-
Unrestricted investment earnings					79,167	1,259
Miscellaneous revenue					795,669	24,145
Total General Revenues					\$ 10,540,875	\$ 1,687,773
Change in Net Position					\$ 3,977,036	\$ 930,899
Net Position - January 1					\$ 35,925,266	\$ 6,743,619
Prior Period Adjustments					(4,041,867)	(117,625)
Net Position - January 1, as restated					\$ 31,883,399	\$ 6,625,994
Net Position - December 31					\$ 35,860,435	\$ 7,556,893

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

RICHLAND COUNTY
Wahpeton, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	General	Highway	15 Mill Road	Social Services	FEMA Disaster Reimb.	Job Develop. Authority	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 2,756,153	\$ 154,013	\$ 1,469,647	\$ 729,568	\$ 278,346	\$ 183,794	\$ 981,944	\$ 6,553,465
Intergovernmental receivable	261,443	203,780	21,768	53,662	-	3,692	29,027	573,372
Accounts receivable	40,309	-	-	-	-	-	18,159	58,468
Advance to other government	108,967	-	-	-	-	-	-	108,967
Loans receivable	-	-	-	-	-	710,473	-	710,473
Road receivables	-	3,014	-	-	-	-	-	3,014
Taxes receivable	64,273	8,439	15,823	15,823	-	883	5,102	110,343
Total Assets	\$ 3,231,145	\$ 369,246	\$ 1,507,238	\$ 799,053	\$ 278,346	\$ 898,842	\$ 1,034,232	\$ 8,118,102
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
<u>Liabilities:</u>								
Accounts payable	\$ 90,544	\$ 20,320	\$ 153,961	\$ 41,999	\$ -	\$ 5,010	\$ 54,616	\$ 366,450
Salaries payable	-	37,196	-	31,890	-	-	-	69,086
Grants received in advance	-	-	527,212	-	278,346	-	-	805,558
Total Liabilities	\$ 90,544	\$ 57,516	\$ 681,173	\$ 73,889	\$ 278,346	\$ 5,010	\$ 54,616	\$ 1,241,094
<u>Deferred Inflows of Resources:</u>								
Road receivables	\$ -	\$ 3,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,014
Taxes receivable	64,273	8,439	15,823	15,823	-	883	5,102	110,343
Total Deferred Inflows of Resources	\$ 64,273	\$ 11,453	\$ 15,823	\$ 15,823	\$ -	\$ 883	\$ 5,102	\$ 113,357
Total Liabilities and Deferred Inflows of Resources	\$ 154,817	\$ 68,969	\$ 696,996	\$ 89,712	\$ 278,346	\$ 5,893	\$ 59,718	\$ 1,354,451
<u>Fund Balances:</u>								
Nonspendable:								
Loan receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 710,473	\$ -	\$ 710,473
Advance to other government	108,967	-	-	-	-	-	-	108,967
Restricted:								
Public safety	-	-	-	-	-	-	88,676	88,676
Highways and bridges	-	300,277	810,242	-	-	-	820	1,111,339
Health and welfare	-	-	-	709,341	-	-	306,090	1,015,431
Conservation of natural resources	-	-	-	-	-	-	389,195	389,195
Emergency	-	-	-	-	-	-	228,487	228,487
Economic development	-	-	-	-	-	182,476	-	182,476
General government	-	-	-	-	-	-	1,048	1,048
Unassigned	2,967,361	-	-	-	-	-	(39,802)	2,927,559
Total Fund Balances	\$ 3,076,328	\$ 300,277	\$ 810,242	\$ 709,341	\$ -	\$ 892,949	\$ 974,514	\$ 6,763,651
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,231,145	\$ 369,246	\$ 1,507,238	\$ 799,053	\$ 278,346	\$ 898,842	\$ 1,034,232	\$ 8,118,102

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

RICHLAND COUNTY
Wahpeton, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2015

Total *Fund Balances* for Governmental Funds \$ 6,763,651

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

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

Cost of Capital Assets	\$ 47,120,002	
Less Accumulated Depreciation	<u>(10,706,070)</u>	
Net Capital Assets		36,413,932

Property taxes & road accounts 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	\$ 110,343	
Road Department Accounts Receivable	<u>3,014</u>	113,357

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	\$ 404,217	
Deferred Inflows Related to Pensions	<u>(577,102)</u>	(172,885)

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	\$ (1,560,000)	
Capital Leases Payable	(1,321,321)	
Interest Payable	(25,692)	
Retainage Payable	(104,904)	
Compensated Absences	(417,095)	
Net Pension Liability	<u>(3,828,608)</u>	<u>(7,257,620)</u>

Total Net Position of Governmental Activities \$ 35,860,435

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	General	Highway	15 Mill Road	Social Services	FEMA Disaster Reimb.	Job Develop. Authority	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>								
Taxes	\$ 4,658,308	\$ 620,188	\$ 1,161,806	\$ 1,162,235	\$ -	\$ 94,381	\$ 360,471	\$ 8,057,389
Intergovernmental	1,218,024	1,839,057	2,121,280	586,224	211,688	17,445	633,432	6,627,150
Charges for services	491,144	260,160	-	20,159	-	4,290	784,720	1,560,473
Licenses, permits and fees	3,345	-	-	-	-	-	-	3,345
Interest income	79,167	-	-	-	-	-	-	79,167
Miscellaneous	613,854	36,439	-	37,000	-	-	108,376	795,669
Total Revenues	\$ 7,063,842	\$ 2,755,844	\$ 3,283,086	\$ 1,805,618	\$ 211,688	\$ 116,116	\$ 1,886,999	\$ 17,123,193
<u>Expenditures:</u>								
Current:								
General government	\$ 2,893,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,893,169
Public safety	2,273,385	-	-	-	-	-	874,316	3,147,701
Highways and bridges	-	2,677,953	2,267,781	-	-	-	808,004	5,753,738
Flood repair	-	-	-	-	211,688	-	-	211,688
Health and welfare	24,117	-	-	1,814,324	-	-	1,320,125	3,158,566
Culture and recreation	24,500	-	-	-	-	-	62,064	86,564
Conserv. of natural resources	-	-	-	-	-	-	381,460	381,460
Economic development	-	-	-	-	-	104,655	-	104,655
Capital outlay	-	-	-	-	-	-	842,274	842,274
Debt Service:								
Principal	-	-	360,000	-	-	-	264,559	624,559
Interest and fees	-	-	54,580	-	-	-	39,396	93,976
Total Expenditures	\$ 5,215,171	\$ 2,677,953	\$ 2,682,361	\$ 1,814,324	\$ 211,688	\$ 104,655	\$ 4,592,198	\$ 17,298,350
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,848,671	\$ 77,891	\$ 600,725	\$ (8,706)	\$ -	\$ 11,461	\$ (2,705,199)	\$ (175,157)
<u>Other Financing Sources (Uses):</u>								
Lease financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,450	\$ 300,450
Sale of equipment	-	-	-	-	-	-	154,750	154,750
Transfers in	50,267	-	-	-	-	-	2,436,358	2,486,625
Transfers out	(1,688,100)	(339,000)	(273,000)	(21,800)	-	-	(164,725)	(2,486,625)
Total Other Financing Sources and Uses	\$ (1,637,833)	\$ (339,000)	\$ (273,000)	\$ (21,800)	\$ -	\$ -	\$ 2,726,833	\$ 455,200
Net Change in Fund Balances	\$ 210,838	\$ (261,109)	\$ 327,725	\$ (30,506)	\$ -	\$ 11,461	\$ 21,634	\$ 280,043
Fund Balances - January 1	\$ 2,865,490	\$ 561,386	\$ 482,517	\$ 739,847	\$ -	\$ 881,488	\$ 952,880	\$ 6,483,608
Fund Balances - December 31	\$ 3,076,328	\$ 300,277	\$ 810,242	\$ 709,341	\$ -	\$ 892,949	\$ 974,514	\$ 6,763,651

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

RICHLAND COUNTY
Wahpeton, 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 \$ 280,043

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

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

Current Year Capital Outlay	\$ 2,819,468	
Capital Grants and Contributions	2,011,968	
Current Year Depreciation Expense	<u>(1,487,691)</u>	3,343,745

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the loss on the capital assets sold.

(25,469)

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 by which debt repayments exceeded debt issuance:

Repayment of Debt - Leases	\$ 264,559	
Repayment of Debt - Bonds	360,000	
Issuance of Debt - Capital Leases	<u>(300,450)</u>	324,109

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.

Decrease in Compensated Absences	\$ 6,950	
Increase in Interest Payable	(228)	
Decrease in Retainage Payable	<u>10,264</u>	16,986

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.

Increase in Net Pension Liability	\$ (101,931)	
Decrease in Deferred Outflows of Resources Related to Pensions	(8,055)	
Decrease in Deferred Inflows of Resources Related to Pensions	<u>150,360</u>	40,374

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.

Increase in Taxes Receivable	\$ 8,986	
Decrease in Road Department Receivables	<u>(11,738)</u>	<u>(2,752)</u>

Change in Net Position of Governmental Activities \$ 3,977,036

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and investments	<u>\$ 7,397,446</u>
<u>Liabilities:</u>	
Due to other governments	<u>\$ 7,397,446</u>

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

RICHLAND COUNTY
Wahpeton, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Richland County 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 Richland 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 to exclude. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability and misleading to exclude in GASB Statement No. 61 "The Financial Reporting Entity". This criteria requires a legally separate entity to be included as a component unit if (1) it is fiscally dependent on the primary government, and (2) a financial benefit or burden relationship exists.

Richland County (primary government) is financially accountable if it appoints a voting majority of an organization's governing body, and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Richland County, regardless of whether the organization has a separately elected governing board, or a governing board appointed by a higher level of government, or a jointly appointed board.

An organization has a financial benefit or burden relationship with the primary government if any of the following conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources;
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization;
- The primary government is obligated in some manner for the debt of the organization.

Based on GASB Statement No. 61 criteria, there is one discretely presented component unit and one blended component unit to be included within Richland County's reporting entity.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America as amended by GASB Statement No. 61, the financial statements of the Water Resource District have been included in the financial reporting entity as a discretely presented component unit.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

Richland County Water Resource District - The primary government's governing board appoints a voting majority of the members of the Richland County Water Resource District Board and is able to impose its will on the District. 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. No significant transactions were noted between the County and the Water Resource District.

Blended Component Unit: Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from this unit is combined with data from the primary government in the funds. Criteria outlined in GASB Statement No. 61 for blending component units occurs under these circumstances: (a) the component units governing body is substantively the same as the governing body of the primary government, and there is a financial benefit or burden relationship, or management of the primary government has operational responsibility for the component unit. Operational responsibility exists if it manages the component unit in essentially the same manner in which it manages its own programs, departments, or agencies; (b) the component unit provides services entirely, or almost entirely, to the primary government, or exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it; (c) the component units total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government.

When a component unit is blended, the funds of the component unit are subject to the same financial reporting requirements as the primary government's funds.

Richland County Job Development Authority – The County's governing board appoints a voting majority of the members of the Richland County Job Development Authority. The governing body of the JDA is essentially the same as the governing body of the primary government. The county has the authority to approve or modify the Job Development Authority's operational and capital budgets. The county's governing board must approve the tax levy established by the Job Development Authority. The JDA has the authority to issue bonded debt. The activities of the JDA are blended at the government-wide level in the appropriate activities, and shown as a major (special revenue) fund at the fund level.

Component Unit Financial Statements: The financial statements of the discretely presented component unit and the blended component unit are presented in the County's basic financial statements. Complete financial statements of the individual discretely presented component unit can be obtained from the Secretary-Treasurer, Richland County Water Resource District, 418 2nd Ave. N., Wahpeton, North Dakota, 58030. Complete financial statements of the blended component unit can be obtained from the County Auditor (Office of Finance and Administration), Richland County, 418 2nd Ave. N., Wahpeton, ND 58030.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the county's funds including its fiduciary (agency) 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 non-major funds.

The county reports the following major governmental funds:

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

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

15 Mill Road Fund. This fund accounts for repair and improvement of the farm to market road that are legally restricted from tax and grant funds. The major source of revenues are restricted State/Federal project 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 sources of revenues is a restricted tax levy and State/Federal grants/reimbursements.

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

Job Development Authority Fund. This fund accounts for operations of the Job Development Authority, a blended component unit of the county. The Job Development Authority issues loans to business for either startup costs or expansion costs. The major primary source of revenues is a restricted tax levy.

Additionally, the County reports the following fund type:

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

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

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 in 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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

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

D. Cash, Cash Equivalents and Investments

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

E. Capital Assets**PRIMARY GOVERNMENT:**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings	50
Building Improvements	15 - 40
Office Equipment	5 - 20
Machinery & Equipment	15 - 30
Vehicles	5 - 10
Infrastructure - Highways	20
Infrastructure - Bridges	75

DISCRETELY PRESENTED COMPONENT UNIT:Richland County Water Resource District:

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

General infrastructure assets acquired prior to January 1, 2004 consisting of various drain projects 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 County reported various infrastructure projects in progress at December 31, 2015 as construction in progress.

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

Assets	Years
Infrastructure	30
Equipment	7

F. Compensated Absences

Vacation leave is earned at the rate of one to two working days per month by county employees depending on years of service. Sick leave benefits are earned by full-time employees at the rate of one day per month regardless of the years of service. Unused sick leave benefits will be allowed to accumulate to a limit of 100 days. When that limit is reached, employees may trade additional earned sick leave for vacation days at the rate of 6 days sick leave for 1 day of vacation. Any employee hired prior to October 1, 1988 and who has twenty or more consecutive years of employment or who has reached the age of 65 prior to employment termination will be eligible to receive payment for sick leave at a rate of 50% of the unused balance to a limit of 50 days. A liability for the 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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

H. 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.

I. 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 Richland 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.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (highway, social services, 15 mill road, FEMA disaster reimbursement, and job development authority) are disclosed in more detail in Note 1B.

Fund Balance Reporting and Governmental Fund Type Definitions

Fund balance amounts are to be properly reported within one of the fund balance categories listed below.

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

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RICHLAND COUNTY

Notes to the Financial Statements – Continued

CONTINUED...

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

Richland County only has non-spendable, restricted, and unassigned fund balances at December 31, 2015.

Non-spendable Fund Balances:

Non-spendable fund balance is reported in the job development authority major fund for loans receivable totaling \$710,473, and an amount advanced to other governments from the general fund totaling \$108,967.

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, health & welfare, culture & recreation, conservation of resources, emergencies, economic development, debt service, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements). Restricted fund balances total \$3,016,652 at year-end.

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.

Unassigned Fund Balances:

Unassigned fund balances are shown for the positive fund balance of the general fund totaling \$2,967,361, and for negative non-major funds (\$39,802), for a net total of \$2,927,559.

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. Net position in the statement of net position is also shown by primary function restricted for highways and bridges, flood repair, health & welfare, culture & recreation, conservation of resources, emergencies, and economic development.

Unrestricted net position is primarily unrestricted amounts related to the general fund. The unrestricted net position is available to meet the County's ongoing obligations.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

I. Interfund Transactions

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

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

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

NOTE 2: LEGAL COMPLIANCE - BUDGETSBUDGET AMENDMENTS

The board of county commissioners amended the county expenditure budget for 2015 for various funds as follows:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
General Fund	\$ 5,192,722	\$ 175,000	5,367,722
<u>Special Revenue Funds:</u>			
Bridge Replacement	225,000	200,000	425,000
Road & Bridge Equipment	414,942	85,000	499,942
15 Mill Road Levy	414,580	2,120,000	2,534,580
911 Wireless	29,100	500	29,600
Capital Improvements	-	825,000	825,000
Water Rescue Team	2,500	1,500	4,000
Veteran's Service Officer	40,856	16,000	56,856
Public Health Program	687,510	42,000	729,510
Home Health	331,956	2,000	333,956
WIC Program	71,234	100	71,334
Hazardous Chemicals	500	2,700	3,200
Jail Concessions	14,000	7,000	21,000
Sobriety Test	10,000	6,000	16,000
Job Development Authority	199,200	48,000	247,200
Sheriff Counteract	250	200	450

NOTE 3: DEPOSITS

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

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

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

body and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year ended December 31, 2015, the county's carrying amount of deposits was \$13,949,095 and the bank balances totaled \$11,973,248. Of the bank balances, \$1,528,300 was covered by Federal Depository Insurance. The remaining bank balances totaling \$10,444,948 were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2015, the Water Resource District's carrying amount of deposits was \$3,236,948 and the bank balances totaled \$3,239,439. Of the bank balances, \$262,494 was covered by Federal Depository Insurance. The remaining bank balances totaling \$2,976,945 were collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk:

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

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

As of December 31, 2015, the county had certificates of deposit totaling \$1,485,350.

Concentration of Credit Risk:

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

NOTE 4: TAXES RECEIVABLE

The taxes receivable represents the past two 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: ACCOUNTS RECEIVABLE

Accounts receivable of the primary government consists of amounts due for E-911 fees earned but not collected prior to year-end.

NOTE 6: ROAD / ACCOUNTS RECEIVABLE

Road department receivables of the primary government consists of amounts due for road work for townships and individuals.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 7: INTERGOVERNMENTAL RECEIVABLE

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

NOTE 8: ADVANCE TO OTHER GOVERNMENT

Richland County entered into transactions as of December 31, 2015 that involved loans to townships that would enable them to fix roads that were damaged during spring flooding. The amounts will be paid back to Richland County by the townships once the applicable FEMA reimbursements are received.

NOTE 9: JOB DEVELOPMENT LOANS RECEIVABLE

The Job Development Authority, a blended component unit of Richland County, provides loans to businesses for either startup costs or expansion costs. The Development Authority receives applications from various businesses within the community and either approves or denies the applications based on majority board decision. The Authority had the following activity in loans outstanding for the year ended December 31, 2015.

Name/Business	Balance January 1	New Loans/ Additions	Adjustments/ Writeoffs	Principal Payments	Balance December 31
Aurora Group Inc.	\$ 28,310	\$ -	\$ -	\$ 2,617	\$ 25,693
Barth Investments	48,542	-	-	-	48,542
Berger Body and Glass	4,582	-	-	-	4,582
Blotske, Jason & Larie	25,340	-	-	2,284	23,056
Boutain Inc.	1,036	-	-	1,036	-
Precision Powder Coating	2,786	-	-	-	2,786
Giant Snacks, Inc.	42,070	-	-	-	42,070
Hankinson CDC (Heartland Candies, Inc. Bld)	28,219	-	-	2,086	26,133
Hankinson Hardware	10,843	-	-	4,891	5,952
Hot Cakes & Lodging, Inc. (1)	4,110	-	-	2,880	1,230
Dee's Bar and Grill	13,462	-	-	3,155	10,307
Lost Sock Laundry, LLLP	21,742	-	-	3,075	18,667
Machine Design Inc	22,578	-	-	-	22,578
Jeff's Tree Service	1,592	-	-	1,592	-
Lidgerwood Market	44,380	-	-	9,847	34,533
M&T Repair Inc.	33,954	-	-	4,590	29,364
Northcreek Dental, P.C.	46,907	-	-	6,101	40,806
Barth Investments	17,507	-	-	-	17,507
Noel Clean & Stor, Inc.	72,415	-	-	3,954	68,461
Geothermal Solutions Inc.	56,920	-	-	9,644	47,276
Smykowski, Breanna	26,560	-	-	2,015	24,545
Mr. Mike & Lynda Storbakken	27,405	-	-	2,855	24,550
Karizma Salon	4,227	-	-	1,406	2,821
Mr. Nathan & Janell Berseth	18,550	-	-	2,212	16,338
Hankinson Hardware, Inc	5,312	-	-	2,046	3,266
Mike and Lynda Storbakken	12,946	-	-	1,456	11,490
Wahpeton Fabrication	5,047	-	-	1,688	3,359
Anderson Offroad, LLC	30,782	-	-	18,672	12,110
Brad Bladow (Bladow Shop)	-	25,698	-	2,772	22,926
Ron & Tina Kill (Diamond 1 Stop)	-	25,250	-	2,239	23,011
Crooked Lane Farm Folk School	-	20,000	-	-	20,000
Colfax Farmers Elevator Inc.	-	52,023	-	-	52,023
Advanced Machining & Design LLC	-	9,428	-	-	9,428
Berger Body and Glass	-	12,241	-	-	12,241
MDI Inc.	-	5,608	-	-	5,608
Total	\$ 658,124	\$ 150,248	\$ -	\$ 95,113	\$ 713,259
Allowance for Doubtful Accounts	\$ (2,786)	\$ -	\$ -	\$ -	(2,786)
Net Loans Receivable	\$ 655,338	\$ 150,248	\$ -	\$ 95,113	\$ 710,473

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 10: CAPITAL ASSETS

The following is a summary of changes in capital assets for Richland County for the year ended December 31, 2015:

Governmental Activities:	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 41,040	\$ -	\$ -	\$ -	\$ 41,040
Construction in Progress	2,799,025	4,162,454	-	(4,108,291)	2,853,188
Total Capital Assets, Not Being Depreciated	\$ 2,840,065	\$ 4,162,454	\$ -	\$ (4,108,291)	\$ 2,894,228
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 4,722,291	\$ 14,888	\$ -	\$ -	\$ 4,737,179
Equipment	5,271,948	543,311	338,551	-	5,476,708
Vehicles	1,741,886	110,783	153,767	-	1,698,902
Infrastructure	28,204,695	-	-	4,108,291	32,312,986
Total Capital Assets, Being Depreciated	\$ 39,940,820	\$ 668,982	\$ 492,318	\$ 4,108,291	\$ 44,225,775
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 2,373,602	\$ 99,402	\$ -	\$ -	\$ 2,473,004
Equipment	2,432,582	386,470	329,898	-	2,489,154
Vehicles	839,298	144,277	136,951	-	846,624
Infrastructure	4,039,747	857,542	-	-	4,897,289
Total Accumulated Depreciation	\$ 9,685,229	\$ 1,487,691	\$ 466,849	\$ -	\$ 10,706,071
Total Capital Assets Being Depreciated, Net	\$ 30,255,591	\$ (818,709)	\$ 25,469	\$ 4,108,291	\$ 33,519,704
Governmental Activities-Capital Assets, Net	\$ 33,095,656	\$ 3,343,745	\$ 25,469	\$ -	\$ 36,413,932

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

Governmental Activities:	Amounts
General Government	\$ 77,507
Public Safety	165,672
Highways	1,219,623
Conservation of Natural Resources	7,583
Health and Welfare	17,306
Total Depreciation Expense - Governmental Activities	\$ 1,487,691

Richland County Water Resource District:

The following is a summary of changes in capital assets for the Richland County Water Resource District, a discretely presented component unit of Richland County, for the year ended December 31, 2015:

Governmental Activities:	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 724,571	\$ -	\$ -	\$ -	\$ 724,571
Construction in Progress	196,530	717,188	-	(208,252)	705,466
Total Capital Assets, Not Being Depreciated	\$ 921,101	\$ 717,188	\$ -	\$ (208,252)	\$ 1,430,037
<i>Capital assets, being depreciated:</i>					
Equipment	\$ 5,057	\$ -	\$ -	\$ -	\$ 5,057
Infrastructure	3,029,628	281,755	-	208,252	3,519,635
Total Capital Assets, Being Depreciated	\$ 3,034,685	\$ 281,755	\$ -	\$ 208,252	\$ 3,524,692
<i>Less accumulated depreciation for:</i>					
Equipment	\$ 3,612	\$ 723	\$ -	\$ -	\$ 4,335
Infrastructure	520,030	100,988	-	-	621,018
Total Accumulated Depreciation	\$ 523,642	\$ 101,711	\$ -	\$ -	\$ 625,353
Total Capital Assets Being Depreciated, Net	\$ 2,511,043	\$ 180,044	\$ -	\$ 208,252	\$ 2,899,339
Governmental Activities-Capital Assets, Net	\$ 3,432,144	\$ 897,232	\$ -	\$ -	\$ 4,329,376

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Depreciation expense totaling \$101,711 was charged to the conservation of natural resources function.

NOTE 11: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions. See more detail about deferred outflows of resources in Note 20.

NOTE 12: 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, 2015.

NOTE 13: SALARIES PAYABLE

Salaries payable consists of a liability account reflecting amounts owing to employees for work provided on behalf of the county prior to December 31 of each year-end.

NOTE 14: GRANTS RECEIVED IN ADVANCE

Grants received in advance consist of funds received in the FEMA fund, and in the 15 mill road fund include amounts where fund were received, but the eligibility requirements have not been met at December 31, 2015.

NOTE 15: RETAINAGES PAYABLE

Retainages payable consists of a liability account reflecting amounts owing to contractors on open contracts at December 31, 2015 by the Water Resource District (component unit).

NOTE 16: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long-term debt (bonds payable and leases payable) outstanding at December 31, 2015.

NOTE 17: LONG-TERM OBLIGATIONS

Primary Government:

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

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Leases Payable	\$ 1,285,430	\$ 300,450	\$ 264,559	\$ 1,321,321	\$ 164,911
Bonds Payable	1,920,000	-	360,000	1,560,000	360,000
Compensated Absences *	424,045	-	6,950	417,095	104,274
Net Pension Liability	3,726,677	101,931	-	3,828,608	-
Total Governmental Activities	\$ 7,356,152	\$ 402,381	\$ 631,509	\$ 7,127,024	\$ 629,185

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Capital Leases - The primary government has entered into lease agreements as lessee for financing the acquisition of road department equipment (total principal cost of \$1,489,369). These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

Year Ending December 31	Capital Leases
2016	\$ 298,076
2017	299,629
2018	463,190
2019	179,257
2020	169,501
Total Payments	\$ 1,409,653
Less: amount representing interest	(88,332)
Present value of minimum lease payments	\$ 1,321,321

Bonds Payable

\$3,600,000 due in annual installments from \$320,000 to \$410,000 through November 1, 2019; interest from 3.0% to 3.4%.

\$1,560,000

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

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	G.O. Bonds Payable	
	Principal	Interest
2016	\$ 370,000	\$ 43,680
2017	385,000	32,355
2018	395,000	20,260
2019	410,000	6,970
Total	\$ 1,560,000	\$ 103,265

DISCRETELY PRESENTED COMPONENT UNIT:

Richland County Water Resource District:

Changes in Long-Term Liabilities - During the year ended December 31, 2015, the following changes occurred in governmental long-term liabilities of the County:

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Compensated Absences *	\$ 8,229	\$ 2,823	\$ -	\$ 11,052	\$ 1,105
Net Pension Liability	68,189	1,865	-	70,054	-
Total Governmental Activities	\$ 76,418	\$ 4,688	\$ -	\$ 81,106	\$ 1,105

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 18: DEFERRED INFLOWS OF RESOURCES

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, such amounts include the amount for pensions. See more detail in Note 20 about deferred inflows of resources.

Deferred inflows of resources in the balance sheet represent the amount of uncollected taxes and the road accounts receivable in the fund financial statements for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, uncollected taxes and road accounts receivable are measurable but not available.

NOTE 19: TRANSFERS

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2015:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 50,267	\$ 1,688,100
Highway Fund	-	339,000
15 Mill Road Fund	-	273,000
Social Services Fund	-	21,800
Special Revenue Funds:		
Road and Bridge Equipment	339,000	-
Bridge Replacement	273,000	-
911 Communications	589,000	-
911 Wireless	-	96,000
NDIRN Fees	-	11,000
Capital Projects Fund	810,458	-
Drug Court	19,500	-
Water Rescue Team Fund	1,600	-
Special Response Fund	500	-
Veteran's Service Officer Fund	1,500	-
Public Health Fund	231,800	-
Home Health Care Holding Fund	140,000	-
Family Planning Fund	30,000	-
County Park	-	39,267
County Loan Payment Fund	-	18,458
Total Transfers	\$ 2,486,625	\$ 2,486,625

Transfers are used to move unrestricted general revenue to finance programs that the county accounts for in other funds in accordance with budget authority and to subsidize other 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.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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, Richland County reported a liability of \$3,828,608 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 .573347 percent, which was a decrease of .024532 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Employer recognized pension expense of \$333,805. 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	\$ 111,073	\$ -
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	80,822
Changes of Assumptions	-	341,110
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	155,170
District Contributions Subsequent to the Measurement Date	293,144	-
Total	\$ 404,217	\$ 577,102

\$293,144 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	\$ (103,662)
2017	(103,662)
2018	(103,662)
2019	63,345
2020	(63,218)

Actuarial Assumptions

The total pension liability in the July 1, 2014 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:

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, 2014. 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, 2014. 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, 2014.

RICHLAND COUNTY

Notes to the Financial Statements – Continued

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%)
District’s Proportionate Share of the Net Pension Liability	\$ 5,870,978	\$ 3,828,608	\$ 2,157,579

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: RISK MANAGEMENT

Richland 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. Richland County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of one million dollars per occurrence for general liability and automobile and \$6,618,158 for mobile equipment and portable property. The coverage for the Water Resource District by NDRIF is limited to losses of two million dollars for general liability and automobile and \$12,700 for mobile equipment and portable property. Richland County also has Hartford Steam Boiler Insurance which has multiple coverage and dollar limits.

Richland County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Richland 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 Richland County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees, while the Water Resource District carries \$1,337,000 coverage. The State Bonding Fund does not currently charge any premium for this coverage.

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

RICHLAND COUNTY

Notes to the Financial Statements – Continued

NOTE 22: JOINT VENTURES

Under authorization of state statutes, the Richland County Water Resource District joined Maple River Water Resource District, Rush River Water Resource District, Southeast Cass Water Resource District, North Cass Water Resource District, and the water resource districts of Traill County, Pembina County, Grand Forks County, Steele County, Walsh County, Nelson County, Ransom County, and Sargent County to establish and operate a joint exercise of powers agreement for water management districts located within the Red River Valley, known as the Red River Valley Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of 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 net position cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution depends on where the Red River Joint Water Resource Board projects are being undertaken.

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 available.

	Red River Joint Water Resource District
Total Assets	\$ 7,770,996
Total Liabilities	104,554
Net Position	7,666,442
Revenues	2,423,290
Expenses	2,582,765
Change in Net Position	\$ (159,475)

NOTE 23: CONDUIT DEBT

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

As of December 31, 2015 there are three series of Industrial Revenue Bonds with a principal amount outstanding of \$28,055,000. The county is in no way liable to repay the Industrial Revenue Bonds.

NOTE 24: CONSTRUCTION COMMITMENTS

Richland County had the following open construction commitments as of December 31, 2015 as follows:

Project	Amended Contract	Total Completed	Retainage	Remaining Balance w/Retainages	% Complete
CH-1 and CH-3	\$ 2,486,789	\$ 2,098,073	\$ 104,904	\$ 493,620	84.37%

RICHLAND COUNTY

Notes to the Financial Statements – Continued

Richland County Water Resource District:

Project	Amended Contract	Total Completed	Retainage	Remaining Balance w/Retainages	% Complete
Legal Drain RS #1 (Phase 1)	\$ 400,180	\$ 365,781	\$ 20,009	\$ 54,408	91.40%

NOTE 25: 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*.

The result of implementing GASB 68 reduced beginning net position by a total of (\$4,041,867) for the County and by (\$75,148) for the Water Resource District (WRD), which consists of the net pension liability related to the North Dakota Public Employees Retirement System (NDPERS) and related deferred inflow and deferred outflows of resources. Also, the WRD had prior period adjustments due to reducing construction in progress.

The effect of the prior period adjustments to beginning net position is as follows:

Governmental Activities (County):	Amounts
Beginning Net Position, as previously reported	\$ 35,925,266
Adjustments to restate the January 1, 2015 Net Position:	
Net Pension Liability	(3,726,677)
Deferred Outflows of Resources Related to Pensions	412,272
Deferred Inflows of Resources Related to Pensions	(727,462)
Net Position January 1, as restated	\$ 31,883,399

Governmental Activities (Water Resource District):	Amounts
Beginning Net Position, as previously reported	\$ 6,743,619
Adjustments to restate the January 1, 2015 Net Position:	
Capital Assets - reduce CIP	(42,477)
Net Pension Liability	(68,189)
Deferred Outflows of Resources Related to Pensions	6,352
Deferred Inflows of Resources Related to Pensions	(13,311)
Net Position January 1, as restated	\$ 6,625,994

NOTE 26: NEGATIVE FUND BALANCES

At December 31, 2015, the following non-major funds were in a deficit position: capital projects fund (\$31,812) and 911 Communications Fund (\$7,990).

NOTE 27: SUBSEQUENT EVENT – DEBT

At the January 19th, 2016 county commission board meeting, the governing board approved a bond issuance to retire the remaining 2009 general obligation bonds outstanding totaling \$1,560,000. The 2016 bonds issued totaled \$1,215,000, to attain cash flow savings over the remaining life of the old bonds totaling \$24,179, and a present value savings totaling \$23,719.

RICHLAND COUNTY
Wahpeton, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 4,593,600	\$ 4,593,600	\$ 4,658,308	\$ 64,708
Intergovernmental	1,332,571	1,332,571	1,218,024	(114,547)
Licenses, permits and fees	2,650	2,650	3,345	695
Charges for services	364,688	364,688	491,144	126,456
Interest income	25,000	25,000	79,167	54,167
Miscellaneous	487,610	487,610	613,854	126,244
Total Revenues	\$ 6,806,119	\$ 6,806,119	\$ 7,063,842	\$ 257,723
<u>Expenditures:</u>				
Current:				
General government	\$ 2,815,207	\$ 2,990,207	\$ 2,893,169	\$ 97,038
Public safety	2,328,715	2,328,715	2,273,385	55,330
Health and welfare	24,300	24,300	24,117	183
Culture and recreation	24,500	24,500	24,500	-
Total Expenditures	\$ 5,192,722	\$ 5,367,722	\$ 5,215,171	\$ 152,551
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,613,397	\$ 1,438,397	\$ 1,848,671	\$ 410,274
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ 8,000	\$ 8,000	\$ 50,267	\$ 42,267
Transfers out	(1,377,500)	(1,377,500)	(1,688,100)	(310,600)
Net Change in Fund Balances	\$ 243,897	\$ 68,897	\$ 210,838	\$ 141,941
Fund Balances - January 1	\$ 2,865,490	\$ 2,865,490	\$ 2,865,490	\$ -
Fund Balances - December 31	\$ 3,109,387	\$ 2,934,387	\$ 3,076,328	\$ 141,941

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 611,520	\$ 611,520	\$ 620,188	\$ 8,668
Intergovernmental	1,957,186	1,957,186	1,839,057	(118,129)
Charges for services	201,000	201,000	260,160	59,160
Miscellaneous	5,000	5,000	36,439	31,439
Total Revenues	<u>\$ 2,774,706</u>	<u>\$ 2,774,706</u>	<u>\$ 2,755,844</u>	<u>\$ (18,862)</u>
<u>Expenditures:</u>				
Current:				
Highways and bridges	<u>\$ 3,118,425</u>	<u>\$ 3,118,425</u>	<u>\$ 2,677,953</u>	<u>\$ 440,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (343,719)</u>	<u>\$ (343,719)</u>	<u>\$ 77,891</u>	<u>\$ 421,610</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ 762,000	\$ 762,000	\$ -	\$ (762,000)
Transfers out	(415,000)	(415,000)	(339,000)	76,000
Total Other Financing Sources and Uses	<u>\$ 347,000</u>	<u>\$ 347,000</u>	<u>\$ (339,000)</u>	<u>\$ (686,000)</u>
Net Change in Fund Balances	<u>\$ 3,281</u>	<u>\$ 3,281</u>	<u>\$ (261,109)</u>	<u>\$ (264,390)</u>
Fund Balances - January 1	<u>\$ 561,386</u>	<u>\$ 561,386</u>	<u>\$ 561,386</u>	<u>\$ -</u>
Fund Balances - December 31	<u><u>\$ 564,667</u></u>	<u><u>\$ 564,667</u></u>	<u><u>\$ 300,277</u></u>	<u><u>\$ (264,390)</u></u>

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,146,540	\$ 1,146,540	\$ 1,161,806	\$ 15,266
Intergovernmental	123,580	123,580	2,121,280	1,997,700
Total Revenues	\$ 1,270,120	\$ 1,270,120	\$ 3,283,086	\$ 2,012,966
<u>Expenditures:</u>				
Current:				
Highways and bidges	\$ -	\$ 2,120,000	\$ 2,267,781	\$ (147,781)
Debt Service:				
Principal	360,000	360,000	360,000	-
Interest & Service Charges	54,580	54,580	54,580	-
Total Expenditures	\$ 414,580	\$ 2,534,580	\$ 2,682,361	\$ (147,781)
Excess (Deficiency) of Revenues Over Expenditures	\$ 855,540	\$ (1,264,460)	\$ 600,725	\$ 1,865,185
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (625,000)	\$ (625,000)	\$ (273,000)	\$ 352,000
Net Change in Fund Balances	\$ 230,540	\$ (1,889,460)	\$ 327,725	\$ 2,217,185
Fund Balances - January 1	\$ 482,517	\$ 482,517	\$ 482,517	\$ -
Fund Balances - December 31	\$ 713,057	\$ (1,406,943)	\$ 810,242	\$ 2,217,185

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,146,540	\$ 1,146,540	\$ 1,162,235	\$ 15,695
Intergovernmental	571,656	571,656	586,224	14,568
Charges for servcies	16,300	16,300	20,159	3,859
Miscellaneous	35,000	35,000	37,000	2,000
Total Revenues	\$ 1,769,496	\$ 1,769,496	\$ 1,805,618	\$ 36,122
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ 1,840,493	\$ 1,840,493	\$ 1,814,324	\$ 26,169
Excess (Deficiency) of Revenues Over Expenditures	\$ (70,997)	\$ (70,997)	\$ (8,706)	\$ 62,291
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (21,800)	\$ (21,800)	\$ (21,800)	\$ -
Net Change in Fund Balances	\$ (92,797)	\$ (92,797)	\$ (30,506)	\$ 62,291
Fund Balances - January 1	\$ 739,847	\$ 739,847	\$ 739,847	\$ -
Fund Balances - December 31	\$ 647,050	\$ 647,050	\$ 709,341	\$ 62,291

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 275,500	\$ 275,500	\$ 211,688	\$ (63,812)
<u>Expenditures:</u>				
Current:				
Flood repair	\$ 275,500	\$ 275,500	\$ 211,688	\$ 63,812
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ -	\$ -
Fund Balances - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balances - December 31	\$ -	\$ -	\$ -	\$ -

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

RICHLAND COUNTY
Wahpeton, North Dakota

BUDGETARY COMPARISON SCHEDULE
JOB DEVELOPMENT AUTHORITY FUND
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 95,930	\$ 95,930	\$ 94,381	\$ (1,549)
Intergovernmental	20,080	20,080	17,445	(2,635)
Charges for services	90,000	90,000	4,290	(85,710)
Total Revenues	<u>\$ 206,010</u>	<u>\$ 206,010</u>	<u>\$ 116,116</u>	<u>\$ (89,894)</u>
<u>Expenditures:</u>				
Current:				
Economic development	<u>\$ 199,200</u>	<u>\$ 247,200</u>	<u>\$ 104,655</u>	<u>\$ 142,545</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,810</u>	<u>\$ (41,190)</u>	<u>\$ 11,461</u>	<u>\$ 52,651</u>
Fund Balances - January 1	<u>\$ 881,488</u>	<u>\$ 881,488</u>	<u>\$ 881,488</u>	<u>\$ -</u>
Fund Balances - December 31	<u>\$ 888,298</u>	<u>\$ 840,298</u>	<u>\$ 892,949</u>	<u>\$ 52,651</u>

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

RICHLAND COUNTY
Wahpeton, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The county commission adopts an “appropriated budget” on a basis consistent with accounting principles generally accepted in the United States (GAAP).
- 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 required by section 11-11-05 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: SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY ND PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (NDPERS)

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

	2014	2015
District's proportion of the net pension liability (asset)	0.597879%	0.573347%
District's proportionate share of the net pension liability (asset)	\$ 3,726,677	\$ 3,828,608
District's covered-employee payroll	\$ 4,945,900	\$ 5,016,048
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.

RICHLAND COUNTYNotes to the Required Supplementary Information - Continued

NOTE 3: SCHEDULE OF EMPLOYER CONTRIBUTIONS ND PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (NDPERS)
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Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2014	2015
Statutorily required contribution	\$ 352,148	\$ 363,677
Contributions in relation to the statutorily required contribution	\$ (352,148)	\$ (363,677)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 4,945,900	\$ 5,107,830
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

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

RICHLAND COUNTY
Wahpeton, North Dakota

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

	Balance 1-1-15	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-15
Major Funds:							
General Fund	\$ 2,509,138.52	\$ 7,086,468.83	\$ 50,267.33	\$ -	\$ 1,688,100.00	\$ 5,201,620.76	\$ 2,756,153.92
Special Revenue Funds:							
Highway Fund	\$ 370,291.61	\$ 2,797,774.59	\$ -	\$ -	\$ 339,000.00	\$ 2,675,052.70	\$ 154,013.50
15 Mill Road	453,087.09	3,821,751.32	-	-	273,000.00	2,532,191.42	1,469,646.99
Social Services Fund	743,863.91	1,810,271.56	-	-	21,800.00	1,802,767.80	729,567.67
FEMA Disaster Reimb. Fund	347,132.71	142,901.50	-	-	-	211,688.10	278,346.11
Job Development Authority	217,729.51	213,070.24	-	-	-	247,005.36	183,794.39
Total Major Special Revenue Funds	\$ 2,132,104.83	\$ 8,785,769.21	\$ -	\$ -	\$ 633,800.00	\$ 7,468,705.38	\$ 2,815,368.66
Total Major Funds	\$ 4,641,243.35	\$ 15,872,238.04	\$ 50,267.33	\$ -	\$ 2,321,900.00	\$ 12,670,326.14	\$ 5,571,522.58
Nonmajor Special Revenue Funds:							
Bridge Replacement	\$ 783.42	\$ 145,246.95	\$ 273,000.00	\$ -	\$ -	\$ 418,993.78	\$ 36.59
Road and Bridge Equipment	548.00	3,202.50	339,000.00	154,750.00	-	496,717.35	783.15
Emergency Assistance Fund	1,492.22	3,500.00	-	-	-	2,079.49	2,912.73
Emergency Fund	225,574.38	-	-	-	-	-	225,574.38
911 Communications	377.77	190,481.84	589,000.00	-	-	778,885.34	974.27
911 Wireless	717.76	125,071.30	-	-	96,000.00	29,445.41	343.65
NDIRN Fees	79.33	17,961.00	-	-	11,000.00	6,805.46	234.87
Capital Projects Fund	-	3.89	810,457.97	-	-	810,343.84	118.02
Special Assessments-Co. Property	297.84	-	-	-	-	-	297.84
Drug Court	503.95	2,726.48	19,500.00	-	-	22,531.78	198.65
Water Rescue Team Fund	704.97	1,725.00	1,600.00	-	-	3,952.07	77.90
Special Response	1,000.69	1,000.00	500.00	-	-	2,452.38	48.31
County Agent	79,493.79	169,502.73	-	-	-	154,461.26	94,535.26
Veteran's Service Officer	46,318.20	8,642.01	1,500.00	-	-	56,318.88	141.33
Weed Control Levy	276,826.81	219,013.16	-	-	-	210,087.27	285,752.70
Public Health Fund	191,989.25	498,680.31	231,800.00	-	-	729,448.10	193,021.46
Home Health Care Holding Fund	83,331.59	185,498.68	140,000.00	-	-	333,792.15	75,038.12
Family Planning Fund	14,855.60	108,409.60	30,000.00	-	-	129,348.99	23,916.21
WIC Program Fund	864.30	71,125.11	-	-	-	71,237.74	751.67
Hazardous Chemicals Fund	12,014.39	2,850.00	-	-	-	3,126.39	11,738.00
Jail Concession Fund	42,893.68	31,547.14	-	-	-	20,064.77	54,376.05
Sobriety Test Fund	4,232.02	17,661.00	-	-	-	15,703.00	6,190.02
County Park	9,871.36	91,460.14	-	-	39,267.33	62,064.17	-
Sheriff-Counteract Fund	434.69	150.00	-	-	-	388.96	195.73
County Agent Special Account	4,684.61	9,751.24	-	-	-	10,499.23	3,936.62
Off-Book Activity	-	750.00	-	-	-	-	750.00
Total Nonmajor Special Revenue Funds	\$ 999,890.62	\$ 1,905,960.08	\$ 2,436,357.97	\$ 154,750.00	\$ 146,267.33	\$ 4,368,747.81	\$ 981,943.53
Nonmajor Debt Service Fund:							
County Loan Payment Fund	\$ 18,457.97	\$ -	\$ -	\$ -	\$ 18,457.97	\$ -	\$ -
Total Nonmajor Funds	\$ 1,018,348.59	\$ 1,905,960.08	\$ 2,436,357.97	\$ 154,750.00	\$ 164,725.30	\$ 4,368,747.81	\$ 981,943.53
Total Governmental Funds	\$ 5,659,591.94	\$ 17,778,198.12	\$ 2,486,625.30	\$ 154,750.00	\$ 2,486,625.30	\$ 17,039,073.95	\$ 6,553,466.11
Agency Funds:							
State Medical Center	\$ 244.50	\$ 78,040.04	\$ -	\$ -	\$ -	\$ 77,858.20	\$ 426.34
Game and Fish	37,883.00	65,526.00	-	-	-	76,380.00	27,029.00
Three Rivers Crisis Center	-	5,200.00	-	-	-	5,200.00	-
Garrison Diversion	244.50	86,215.63	-	-	-	86,033.79	426.34
Domestic Violence	350.00	3,115.00	-	-	-	3,360.00	105.00
Township Share Gas & Oil Taxes	-	722,888.32	-	-	-	722,888.32	-
Telecommunications Tax Fund	-	185,292.44	-	-	-	185,292.44	-
State Aid Distribution	-	216,098.53	-	-	-	216,098.53	-
SEMCA Program Fund	(9,480.96)	216,153.89	-	-	-	205,582.11	1,090.82
ND State Income Tax W/H Fund	11,547.85	46,362.18	-	-	-	47,176.26	10,733.77
Senior Citizens	244.50	144,918.79	-	-	-	144,736.95	426.34
Historical Society	61.10	27,630.78	-	-	-	27,585.29	106.59
Soil Conservation District	244.50	81,192.31	-	-	-	81,010.47	426.34
Water Management Levy	978.11	339,845.47	-	-	-	339,118.29	1,705.29
Red River Joint Water Resource	489.03	163,061.30	-	-	-	162,697.63	852.70
Estimated Real Estate Tax	4,873.59	18,815.64	-	-	-	21,827.05	1,862.18
Taxes Paid in Advance	6,995,432.65	7,253,817.08	-	-	-	6,995,432.65	7,253,817.08

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RICHLAND COUNTY
Wahpeton, North Dakota

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

	Balance 1-1-15	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-15
CONTINUED.....							
<u>Agency Funds (Continued):</u>							
Total Cities	\$ 26,139.99	\$ 4,249,462.72	\$ -	\$ -	\$ -	\$ 4,248,502.62	\$ 27,100.09
Total Park Districts	2,738.42	661,361.75	-	-	-	661,794.76	2,305.41
Total School Districts	30,780.18	9,106,455.08	-	-	-	9,092,731.06	44,504.20
Total Townships	3,872.40	1,252,750.45	-	-	-	1,250,247.59	6,375.26
County Drain Assessments	433.02	1,300,572.69	-	-	-	1,287,007.58	13,998.13
Total Fire Protection Districts	1,728.41	551,553.99	-	-	-	549,994.50	3,287.90
Total Ambulance Districts	299.66	155,277.88	-	-	-	154,710.61	866.93
Total Vector Districts	-	139.17	-	-	-	139.17	-
Total Agency Funds	\$ 7,109,104.45	\$ 26,931,747.13	\$ -	\$ -	\$ -	\$ 26,643,405.87	\$ 7,397,445.71
Total Primary Government	\$ 12,768,696.39	\$ 44,709,945.25	\$ 2,486,625.30	\$ 154,750.00	\$ 2,486,625.30	\$ 43,682,479.82	\$ 13,950,911.82
<u>Component Unit:</u>							
Water Resource District	\$ 3,270,360.16	\$ 1,888,040.19	\$ 129,521.16	\$ -	\$ 129,521.16	\$ 1,921,451.93	\$ 3,236,948.42
Total Primary Government	\$ 16,039,056.55	\$ 46,597,985.44	\$ 2,616,146.46	\$ 154,750.00	\$ 2,616,146.46	\$ 45,603,931.75	\$ 17,187,860.24

RICHLAND COUNTY WATER RESOURCE DISTRICT
Wahpeton, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
WATER RESOURCE DISTRICT
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Debt Proceeds	Transfers Out	Disbursements	Balance 12-31-15
General Fund	\$ 158,658.69	\$ 368,822.07	\$ 4,521.16	\$ -	\$ 125,000.00	\$ 259,787.88	\$ 147,214.04
Special Revenue Funds:							
Drain #1	\$ 56,272.93	\$ 3,720.54	\$ -	\$ -	\$ -	\$ 3,702.70	\$ 56,290.77
Drain #2	111,334.33	52,069.55	-	-	-	41,369.42	122,034.46
Drain #3	95,201.21	33,295.45	-	-	-	5,963.96	122,532.70
Drain #4	6,148.00	64,300.03	-	-	-	24,379.27	46,068.76
Drain #5	266,866.63	110,424.02	-	-	-	41,617.42	335,673.23
Drain #7	37,502.02	60,827.65	-	-	-	11,910.51	86,419.16
Drain #10	38,518.01	14,772.75	-	-	-	13,391.63	39,899.13
Drain #12	199,036.64	57,528.18	-	-	-	192,342.09	64,222.73
Drain #14	233,181.86	92,961.96	-	-	-	65,472.61	260,671.21
Drain #15	156,847.35	36,694.86	-	-	-	148,986.88	44,555.33
Drain #17	19,437.82	9,548.68	-	-	-	37,290.96	(8,304.46)
Drain #18	34,619.58	24,798.53	-	-	-	4,370.50	55,047.61
Drain #19	19,889.00	3,045.80	-	-	-	19.02	22,915.78
Drain #26	18,521.45	13,916.50	-	-	-	11,204.74	21,233.21
Drain #31	339,956.82	147,569.42	-	-	-	79,569.34	407,956.90
Drain #34	7,024.00	10,201.28	-	-	-	11,955.14	5,270.14
Drain #35	15,002.57	4,449.26	-	-	-	842.07	18,609.76
Drain #39	211,342.29	61,497.84	-	-	-	243,330.94	29,509.19
Drain #41	6,036.23	14,907.10	-	-	-	15,493.00	5,450.33
Drain #48	(18,254.19)	6,845.13	-	-	-	938.04	(12,347.10)
Drain #55	30,441.51	21,689.93	-	-	-	3,838.05	48,293.39
Drain #58	30,615.32	13,259.84	-	-	-	25,379.03	18,496.13
Drain #62	50,209.62	14,371.61	-	-	-	1,949.29	62,631.94
Drain #63	8,497.13	14,908.52	-	-	-	9,694.79	13,710.86
Drain #65	198,493.36	81,161.88	-	-	-	9,613.14	270,042.10
Drain #66	124,886.26	22,802.64	-	-	-	40,802.52	106,886.38
Drain #67-8	142,490.86	43,119.89	-	-	-	10,140.86	175,469.89
Drain #72	113,617.71	78,506.20	-	-	-	46,680.81	145,443.10
Drain #95	89,335.76	105,203.24	-	-	-	(20,596.38)	215,135.38
Drain #97	29,599.18	4,502.25	-	-	-	5,425.30	28,676.13
Drain RS #1	236,015.27	244,567.59	-	-	-	510,923.37	(30,340.51)
Drain #SW2	10,940.24	-	-	-	-	16.15	10,924.09
Waterways	186,377.98	51,750.00	125,000.00	-	-	62,471.32	300,656.66
FEMA Administrative Fee	5,696.72	-	-	-	4,521.16	1,175.56	-
Total Special Revenue Funds	\$ 3,111,701.47	\$ 1,519,218.12	\$ 125,000.00	\$ -	\$ 4,521.16	\$ 1,661,664.05	\$ 3,089,734.38
Total All Funds	\$ 3,270,360.16	\$ 1,888,040.19	\$ 129,521.16	\$ -	\$ 129,521.16	\$ 1,921,451.93	\$ 3,236,948.42

RICHLAND COUNTY
Wahpeton, 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
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed Through the State Department of Human Services:</u>		
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	\$ 86,388
Promoting Safe and Stable Families	93.556	7,218
Temporary Assistance for Needy Families	93.558	135,265
Child Support Enforcement	93.563	291
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	16,487
Stephanie Tubbs Jones Child Welfare Services Program	93.645	12,165
Foster Care-Title IV-E	93.658	82,080
Adoption Assistance	93.659	925
Medical Assistance Program	93.778	(1,774)
Maternal and Child Health Services Block Grant to the States	93.994	1,072
<u>Passed Through the State Department of Health:</u>		
Public Health Emergency Preparedness	93.069	2,356
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1,040
Family Planning-Services	93.217	41,617
Immunization Cooperative Agreements	93.268	6,829
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	900
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	10,853
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	24,923
Assistance Programs for Chronic Disease Prevention and Control	93.945	4,733
HIV Care Formula Grants	93.917	665
Cooperative Agreements for State Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	26,314
HIV Prevention Activities-Health Department Based	93.940	2,107
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	410
Maternal and Child Health Services Block Grant to the States	93.994	7,846
Total U.S. Department of Health and Human Services Pass-Through Programs		<u>\$ 470,710</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>		
<u>Passed Through the State Office of Attorney General:</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>\$ 46,800</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>		
<u>Passed Through the State Department of Health:</u>		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 74,671
WIC Grants to States (WGS)	10.578	2,265
Total U.S. Department of Agriculture Pass-Through Programs		<u>\$ 76,936</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed Through the State Department of Emergency Services:</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	** 97.036	\$ 187,630
Emergency Management Performance Grants	97.042	38,239
Homeland Security Grant Program	97.067	70,937
Total U.S. Department of Transportation Pass-Through Programs		<u>\$ 296,806</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 891,252</u></u>

** - Major program

NOTE 1: BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Richland 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 Uniform Guidance. Because the schedule presents only a selected portion of the operations of Richland County, it is not intended to and does not present the net position or changes in net position of Richland 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

ROBERT R. PETERSON
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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

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

Independent Auditor's Report

Board of County Commissioners
Richland County
Wahpeton, 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 Richland County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Richland County's basic financial statements, and have issued our report thereon dated May 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Richland 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 Richland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Richland 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify one deficiency in internal control, described in the accompanying *schedule of findings and questioned costs* that we consider to be a significant deficiency [2015-001].

Compliance and Other Matters

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

RICHLAND 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

Richland County's Response to Findings

Richland County's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. Richland County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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
May 13, 2016

STATE AUDITOR

ROBERT R. PETERSON
Phone (701) 328-2241
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Local Government Division:
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STATE OF NORTH DAKOTA
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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

Independent Auditor's Report

Board of County Commissioners
Richland County
Wahpeton, North Dakota

Report on Compliance for Each Major Federal Programs

We have audited Richland County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Richland County's major federal program for the year ended December 31, 2015. Richland 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 Richland 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 Richland 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 Richland County's compliance.

Opinion on Each Major Federal Programs

In our opinion, Richland 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.

RICHLAND 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

Report on Internal Control Over Compliance

Management of Richland 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 Richland 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 Richland 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 Richland County as of and for the year ended December 31, 2015, and have issued our report thereon dated May 13, 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
May 13, 2016

RICHLAND COUNTY
Wahpeton, 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 Report Issued?	
Governmental Activities	Unmodified
Discretely Presented Component Unit	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> None noted
Significant deficiencies identified not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ None noted
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> None noted

Federal Awards

Internal control over major programs:

Material weakness identified?	_____ Yes	_____ <u>X</u> None noted
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None noted
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?	_____ Yes	_____ <u>X</u> None noted

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
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

RICHLAND COUNTY

Schedule of Findings and Questioned Costs – Continued

Section II - Financial Statement Findings

2015-001 – LACK OF SEGREGATION OF DUTIES – WATER RESOURCE DISTRICT

Condition:

The Richland County WRD has one Secretary/Treasurer responsible for the primary accounting functions. A lack of segregation of duties exists as one employee is responsible to collect monies, deposit monies, issue checks, send checks to vendors, record receipts and disbursements in the check register, maintain the general ledger, and perform bank reconciliations.

Criteria:

An accounting system should segregate the duties of authorizing transactions, posting of transactions, custody of assets, and reconciliation.

Effect:

The lack of segregation of duties in this key control area creates a higher risk that the financial statements could be misstated due to errors or fraud.

Recommendation:

Due to the size, complexity and the economic realities of Richland County Water Resource District, it is presently not feasible to obtain proper separation of duties. We recommend that if it becomes feasible to segregate duties in the future, that duties are segregated to the extent possible to reduce the potential risk of loss.

Views of Responsible Officials:

The Richland County Water Resource District agrees and will segregate duties as it becomes feasible.

Section III - Federal Award Findings and Questioned Costs

No matters reported.

STATE AUDITOR

ROBERT R. PETERSON
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Board of County Commissioners
Richland County
Wahpeton, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Richland County, Wahpeton, 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 May 13, 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 January 12, 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 basic 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 Richland 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 Richland 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 Richland 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 Richland 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 Richland 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 Richland 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 May 13, 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:

BIDDING - COUNTY

Richland County did not bid a piece of highway equipment costing in excess of \$50,000 in accordance with state law. An oil tank costing \$68,350 was not bid in accordance with North Dakota Century Code (NDCC) Section 24-05-04 (1).

North Dakota Century Code Section 24-05-04 (1) states 'a purchase of county road machinery and any rental contract or agreement for the use of road machinery and other articles, except necessary repairs for road machinery, which exceeds the sum of fifty thousand dollars must be advertised as provided by law for the purchase of county supplies.'

RICHLAND COUNTY
Management's Letter - Continued

We recommend that Richland County properly bid any county road machinery that costs in excess of \$50,000 in accordance with state law as outlined in NDCC Section 24-05-04 (1).

This information is intended solely for the use of the Board of County Commissioners and management of Richland 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 Richland 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 Richland County.



Robert R. Peterson
State Auditor

Fargo, North Dakota
May 13, 2016

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