



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## LaMoure County

LaMoure, North Dakota

Audit Report for the Years Ended December 31, 2019 and 2018

*Client Code: PS23000*



Photo credit: North Dakota Tourism



Office of the  
State Auditor

# LAMOURE COUNTY

## Table of Contents

For the Years Ended December 31, 2019 and 2018

---

County Officials and Audit Personnel .....	1
Independent Auditor's Report .....	2
Basic Financial Statements	
2019 Statements	
Statement of Net Position .....	4
Statement of Activities .....	5
Balance Sheet - Governmental Funds.....	6
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position.....	7
Statement of Expenditures and Changes in Fund Balances -	
Governmental Funds .....	8
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the	
Statement of Activities.....	9
2018 Statements	
Statement of Net Position .....	10
Statement of Activities .....	11
Balance Sheet - Governmental Funds.....	12
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position.....	13
Statement of Expenditures and Changes in Fund Balances -	
Governmental Funds .....	14
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures, and Changes in Fund Balances to the	
Statement of Activities.....	15
Statement of Fiduciary Assets & Liabilities - Agency Funds .....	16
Notes to the Financial Statements.....	17
Required Supplementary Information	
Budgetary Comparison Schedules .....	31
Schedule of Employer's Share of Net Pension Liability and	
Employer Contributions .....	33
Schedule of Employer's Share of Net OPEB Liability and	
Employer Contributions .....	34
Notes to the Required Supplementary Information .....	35
Supplementary Information	
2019 Schedule of Fund Activity .....	37
2018 Schedule of Fund Activity .....	38
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 .....	39
Summary of Auditor's Results.....	41
Schedule of Audit Findings .....	42
Governance Communication .....	48

## **LAMOURE COUNTY**

County Officials and Audit Personnel  
December 31, 2019 and 2018

---

### **COUNTY OFFICIALS**

#### **At December 31, 2019**

Chairman	Keith Heidinger
Vice Chairman	Lee Miller
Commissioner	Marvin Schulz
Commissioner	Bruce Klein
Commissioner	Robert Flath
County Auditor	Jan Hamlin
County Treasurer	Cindy Worrel
County Recorder	Laurie Good
Sheriff	Robert Fernandes
State's Attorney	James Shockman

#### **At December 31, 2018**

Chairman	Robert Flath
Vice Chairman	Keith Heidinger
Commissioner	Victor Weigal
Commissioner	Lee Miller
Commissioner	Bruce Klein
County Auditor	Jan Hamlin
County Treasurer	Cindy Worrel
County Recorder	Laurie Good
Sheriff	Robert Fernandes
State's Attorney	Tonya Duffy

### **AUDIT PERSONNEL**

Audit Manager	Heath Erickson, CPA
Audit In-Charge	Alex Bakken, CPA

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

---

## INDEPENDENT AUDITOR'S REPORT

---

Board of County Commissioners  
LaMoure County  
LaMoure, 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 LaMoure County, North Dakota, as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, which collectively comprise LaMoure County's basic financial statements as listed in the table of contents.

### 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 LaMoure County, North Dakota, as of December 31, 2019 and December 31, 2018, 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.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules, schedule of employer's share of net pension liability and employer contributions, schedule of employer's share of net OPEB liability and employer contributions, and notes to the required supplementary information* as listed in the table of contents 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.

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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LaMoure County's basic financial statements. The *schedule of fund activity - cash basis* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of fund activity - cash basis* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of fund activity arising from cash transactions* 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 April 22, 2020 on our consideration of LaMoure 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LaMoure County's 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 LaMoure County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
April 22, 2020

**LAMOURE COUNTY**

## Statement of Net Position

December 31, 2019

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS</b>		
Cash and Investments	\$ 5,898,168	\$ 42,433
Intergovernmental Receivable	292,115	-
Accounts Receivable	38,051	-
Road Receivables	188,578	-
Taxes Receivable	67,784	366
Capital Assets		
Nondepreciable	33,600	-
Depreciable, Net	19,878,159	-
Total Assets	<u>\$ 26,396,455</u>	<u>\$ 42,799</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 1,023,072</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 27,419,527</u>	<u>\$ 42,799</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 332,456	\$ -
Salaries Payable	20,628	-
Long-Term Liabilities		
Due Within One Year		
Compensated Absences Payable	43,510	-
Due After One Year		
Compensated Absences Payable	65,264	-
Net Pension and OPEB Liability	2,046,220	-
Total Liabilities	<u>\$ 2,508,078</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 1,117,632</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,625,710</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 19,911,759	\$ -
Restricted		
Debt Service	514	-
Flood Repair	352,746	-
Culture and Recreation	140,267	-
Conservation of Natural Resources	271,326	42,799
Emergencies	231,771	-
Unrestricted	2,885,434	-
Total Net Position	<u>\$ 23,793,817</u>	<u>\$ 42,799</u>

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

# LAMOURE COUNTY

## Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
				Governmental Activities	Water Resource District
<b>Primary Government</b>					
General Government	\$ 1,796,722	\$ 68,338	\$ 67,780	\$ (1,660,604)	
Public Safety	818,394	86,671	152,788	(578,935)	
Highways	3,180,906	646,706	672,952	(1,861,248)	
Health and Welfare	1,030,052	413,138	457,845	(159,069)	
Culture and Recreation	91,747	32,500	2,556	(56,691)	
Conservation of Natural Resources	203,075	9,698	-	(193,377)	
Economic Development	1,051	-	-	(1,051)	
Total Primary Government	<u>\$ 7,121,947</u>	<u>\$ 1,257,051</u>	<u>\$ 1,353,921</u>	<u>\$ (4,510,975)</u>	
<b>Component Unit</b>					
Water Resource District	<u>\$ 12,571</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (12,571)</u>
<b>General Revenues</b>					
Property Taxes				\$ 3,242,809	\$ 17,629
Grants and Contributions Not Restricted to Specific Programs				585,788	-
Loss on Sale of Assets				(76,362)	-
Interest Revenue				103,567	111
Miscellaneous Revenue				255,917	450
Total General Revenues				<u>\$ 4,111,719</u>	<u>\$ 18,190</u>
Change in Net Position				<u>\$ (399,256)</u>	<u>\$ 5,619</u>
Net Position - January 1				<u>\$ 24,193,073</u>	<u>\$ 37,180</u>
Net Position - December 31				<u>\$ 23,793,817</u>	<u>\$ 42,799</u>

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

**LAMOURE COUNTY**

Balance Sheet – Governmental Funds  
December 31, 2019

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 4,155,729	\$ 1,741,925	\$ 514	\$ 5,898,168
Intergovernmental Receivable	85,974	206,141	-	292,115
Accounts Receivable	-	38,051	-	38,051
Road Receivables	-	188,578	-	188,578
Taxes Receivable	43,123	24,661	-	67,784
Total Assets	<u>\$ 4,284,826</u>	<u>\$ 2,199,356</u>	<u>\$ 514</u>	<u>\$ 6,484,696</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 90,672	\$ 241,784	\$ -	\$ 332,456
Salaries Payable	2,330	18,298	-	20,628
Total Liabilities	<u>\$ 93,002</u>	<u>\$ 260,082</u>	<u>\$ -</u>	<u>\$ 353,084</u>
Deferred Inflows of Resources				
Taxes Receivable	\$ 43,123	\$ 24,661	\$ -	\$ 67,784
Road Receivables	-	188,578	-	188,578
Total Deferred Inflows of Resources	<u>\$ 43,123</u>	<u>\$ 213,239</u>	<u>\$ -</u>	<u>\$ 256,362</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 136,125</u>	<u>\$ 473,321</u>	<u>\$ -</u>	<u>\$ 609,446</u>
Fund Balances				
Restricted				
Debt Service	\$ -	\$ -	\$ 514	\$ 514
Public Safety	-	110,838	-	110,838
Highways	-	206,340	-	206,340
Flood Repair	-	352,746	-	352,746
Health and Welfare	-	187,195	-	187,195
Culture and Recreation	-	140,039	-	140,039
Conservation of Natural Resources	-	298,753	-	298,753
Emergency	-	231,771	-	231,771
General Government	-	198,353	-	198,353
Unassigned	4,148,701	-	-	4,148,701
Total Fund Balances	<u>\$ 4,148,701</u>	<u>\$ 1,726,035</u>	<u>\$ 514</u>	<u>\$ 5,875,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,284,826</u>	<u>\$ 2,199,356</u>	<u>\$ 514</u>	<u>\$ 6,484,696</u>

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



## LAMOURE COUNTY

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2019

---

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 5,875,250</b>
---	---------------------

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.	19,911,759
--	------------

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

Property taxes receivable	\$ 67,784	
Road receivables	<u>188,578</u>	256,362

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

Deferred outflows derived from pensions and OPEB	\$ 1,023,072	
Deferred inflows derived from pensions and OPEB	<u>(1,117,632)</u>	(94,560)

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term- are reported in the statement of net position.

Compensated absences	\$ (108,774)	
Net pension and OPEB liability	<u>(2,046,220)</u>	<u>(2,154,994)</u>

<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 23,793,817</u></b>
--	-----------------------------

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

**LAMOURE COUNTY**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2019

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,063,697	\$ 1,187,699	\$ 320	\$ 3,251,716
Intergovernmental	242,749	1,696,960	-	1,939,709
Charges for Services	80,954	1,022,006	-	1,102,960
Licenses, Permits and Fees	36,875	-	-	36,875
Interest Income	103,567	-	-	103,567
Miscellaneous	26,832	229,085	-	255,917
Total Revenues	\$ 2,554,674	\$ 4,135,750	\$ 320	\$ 6,690,744
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,700,942	\$ 17,312	\$ -	\$ 1,718,254
Public Safety	490,334	292,226	-	782,560
Highways	-	2,624,699	-	2,624,699
Health and Welfare	-	991,949	-	991,949
Culture and Recreation	106,744	-	-	106,744
Conser. of Natural Resources	-	191,613	-	191,613
Emergency	-	1,051	-	1,051
Total Expenditures	\$ 2,298,020	\$ 4,118,850	\$ -	\$ 6,416,870
Excess (Deficiency) of Revenues Over Expenditures	\$ 256,654	\$ 16,900	\$ 320	\$ 273,874
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 110,855	\$ 731,470	\$ -	\$ 842,325
Transfers Out	(78,809)	(763,516)	-	(842,325)
Total Other Financing Sources and Uses	\$ 32,046	\$ (32,046)	\$ -	\$ -
Net Change in Fund Balances	\$ 288,700	\$ (15,146)	\$ 320	\$ 273,874
Fund Balance - January 1	\$ 3,860,001	\$ 1,741,181	\$ 194	\$ 5,601,376
Fund Balance - December 31	\$ 4,148,701	\$ 1,726,035	\$ 514	\$ 5,875,250

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

## LAMOURE COUNTY

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2019

---

<b>Net Change in <i>Fund Balances</i> - Total Governmental Funds</b>	<b>\$ 273,874</b>
--	-------------------

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.

Current year capital outlay	\$ 358,711	
Current year depreciation	<u>(855,297)</u>	(496,586)

In the statement of activities, only the loss on the sale of 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 book value of the assets sold.

Loss on Sale of Capital Assets	(76,362)
--------------------------------	----------

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	23,140
----------------------------------	--------

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.

Decrease in Taxes Receivable	\$ (8,907)	
Increase in Road Receivable	<u>117,216</u>	108,309

The Net Pension & OPEB 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.

Decrease in Net Pension & OPEB Liability	\$ 1,107,414	
Decrease in Deferred Outflows of Resources	(400,155)	
Increase in Deferred Inflows of Resources	<u>(938,890)</u>	<u>(231,631)</u>

<b>Change in <i>Net Position</i> of Governmental Activities</b>	<b><u><u>\$ (399,256)</u></u></b>
---	-----------------------------------

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

**LAMOURE COUNTY**

## Statement of Net Position

December 31, 2018

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS</b>		
Cash and Investments	\$ 5,408,213	\$ 36,788
Intergovernmental Receivable	213,312	-
Accounts Receivable	28,752	-
Road Receivables	71,362	-
Taxes Receivable	76,691	392
Capital Assets		
Nondepreciable	33,600	-
Depreciable, Net	20,451,107	-
Total Assets	<u>\$ 26,283,037</u>	<u>\$ 37,180</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 1,423,227</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 27,706,264</u>	<u>\$ 37,180</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 30,502	\$ -
Salaries Payable	18,399	-
Long-Term Liabilities		
Due Within One Year		
Compensated Absences Payable	52,766	-
Due After One Year		
Compensated Absences Payable	79,148	-
Net Pension and OPEB Liability	3,153,634	-
Total Liabilities	<u>\$ 3,334,449</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Derived from Pension and OPEB	<u>\$ 178,742</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,513,191</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 20,484,707	\$ -
Restricted		
Debt Service	517	-
Flood Repair	352,747	-
Culture and Recreation	54,451	-
Conservation of Natural Resources	246,730	37,180
Emergencies	232,822	-
Unrestricted	2,821,099	-
Total Net Position	<u>\$ 24,193,073</u>	<u>\$ 37,180</u>

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

# LAMOURE COUNTY

## Statement of Activities

For the Year Ended December 31, 2018

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 Government	Component Unit
					Governmental Activities	Water Resource District
<b>Primary Government</b>						
General Government	\$ 1,575,992	\$ 70,748	\$ 49,752	\$ -	\$ (1,455,492)	
Public Safety	860,487	115,989	71,823	-	(672,675)	
Highways	2,869,471	500,872	1,074,708	41,436	(1,252,455)	
Flood Repair	-	-	352,747	-	352,747	
Health and Welfare	822,289	386,560	421,415	-	(14,314)	
Culture and Recreation	71,497	31,046	4,263	-	(36,188)	
Conservation of Natural Resources	176,588	8,550	-	-	(168,038)	
Total Primary Government	<u>\$ 6,376,324</u>	<u>\$ 1,113,765</u>	<u>\$ 1,974,708</u>	<u>\$ 41,436</u>	<u>\$ (3,246,415)</u>	
<b>Component Unit</b>						
Water Resource District	<u>\$ 43,299</u>	<u>\$ -</u>	<u>\$ 25,658</u>	<u>\$ -</u>		<u>\$ (17,641)</u>
<b>General Revenues</b>						
Property Taxes					\$ 3,292,767	\$ 17,596
Grants and Contributions Not Restricted to Specific Programs					550,683	-
Gain on Sale of Assets					32,491	-
Interest Revenue					67,491	66
Miscellaneous Revenue					100,808	401
Total General Revenues					<u>\$ 4,044,240</u>	<u>\$ 18,063</u>
Change in Net Position					<u>\$ 797,825</u>	<u>\$ 422</u>
Net Position - January 1					<u>\$ 23,395,248</u>	<u>\$ 36,758</u>
Net Position - December 31					<u>\$ 24,193,073</u>	<u>\$ 37,180</u>

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

**LAMOURE COUNTY**

Balance Sheet – Governmental Funds  
December 31, 2018

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 3,872,761	\$ 1,535,258	\$ 194	\$ 5,408,213
Intergovernmental Receivable	-	213,312	-	213,312
Accounts Receivable	-	28,752	-	28,752
Road Receivables	-	71,362	-	71,362
Taxes Receivable	48,117	28,251	323	76,691
Total Assets	<u>\$ 3,920,878</u>	<u>\$ 1,876,935</u>	<u>\$ 517</u>	<u>\$ 5,798,330</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 11,359	\$ 19,143	\$ -	\$ 30,502
Salaries Payable	1,401	16,998	-	18,399
Total Liabilities	<u>\$ 12,760</u>	<u>\$ 36,141</u>	<u>\$ -</u>	<u>\$ 48,901</u>
Deferred Inflows of Resources				
Taxes Receivable	\$ 48,117	\$ 28,251	\$ 323	\$ 76,691
Road Receivables	-	71,362	-	71,362
Total Deferred Inflows of Resources	<u>\$ 48,117</u>	<u>\$ 99,613</u>	<u>\$ 323</u>	<u>\$ 148,053</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 60,877</u>	<u>\$ 135,754</u>	<u>\$ 323</u>	<u>\$ 196,954</u>
Fund Balances				
Restricted				
Debt Service	\$ -	\$ -	\$ 194	\$ 194
Public Safety	-	143,980	-	143,980
Highways	-	244,713	-	244,713
Flood Repair	-	352,747	-	352,747
Health and Welfare	-	233,504	-	233,504
Culture and Recreation	-	54,204	-	54,204
Conservation of Natural Resources	-	260,581	-	260,581
Emergency	-	232,822	-	232,822
General Government	-	218,630	-	218,630
Unassigned	3,860,001	-	-	3,860,001
Total Fund Balances	<u>\$ 3,860,001</u>	<u>\$ 1,741,181</u>	<u>\$ 194</u>	<u>\$ 5,601,376</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,920,878</u>	<u>\$ 1,876,935</u>	<u>\$ 517</u>	<u>\$ 5,798,330</u>

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

## LAMOURE COUNTY

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2018

---

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 5,601,376</b>
---	---------------------

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.	20,484,707
--	------------

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

Property taxes receivable	\$ 76,691	
Road receivables	<u>71,362</u>	148,053

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

Deferred outflows derived from pensions and OPEB	\$ 1,423,227	
Deferred inflows derived from pensions and OPEB	<u>(178,742)</u>	1,244,485

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term are reported in the statement of net position.

Compensated absences	\$ (131,914)	
Net pension and OPEB liability	<u>(3,153,634)</u>	<u>(3,285,548)</u>

<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 24,193,073</u></u></b>
--	------------------------------------

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

**LAMOURE COUNTY**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2018

	General	Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,126,717	\$ 1,148,184	\$ 645	\$ 3,275,546
Intergovernmental	112,252	2,454,575	-	2,566,827
Charges for Services	84,008	1,018,118	-	1,102,126
Licenses, Permits and Fees	34,056	-	-	34,056
Interest Income	67,491	-	-	67,491
Miscellaneous	40,002	60,806	-	100,808
Total Revenues	\$ 2,464,526	\$ 4,681,683	\$ 645	\$ 7,146,854
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,401,039	\$ 35,602	\$ -	\$ 1,436,641
Public Safety	574,976	253,241	-	828,217
Highways	-	3,511,182	-	3,511,182
Health and Welfare	-	772,349	-	772,349
Culture and Recreation	62,556	5,569	-	68,125
Conser. of Natural Resources	-	172,095	-	172,095
Capital Outlay	-	176,647	-	176,647
Total Expenditures	\$ 2,038,571	\$ 4,926,685	\$ -	\$ 6,965,256
Excess (Deficiency) of Revenues Over Expenditures	\$ 425,955	\$ (245,002)	\$ 645	\$ 181,598
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Asset	\$ 2,632	\$ 1,800	\$ -	\$ 4,432
Transfers In	189,499	1,756,563	-	1,946,062
Transfers Out	(550,658)	(1,205,905)	(189,499)	(1,946,062)
Total Other Financing Sources and Uses	\$ (358,527)	\$ 552,458	\$ (189,499)	\$ 4,432
Net Change in Fund Balances	\$ 67,428	\$ 307,456	\$ (188,854)	\$ 186,030
Fund Balance - January 1	\$ 3,792,573	\$ 1,433,725	\$ 189,048	\$ 5,415,346
Fund Balance - December 31	\$ 3,860,001	\$ 1,741,181	\$ 194	\$ 5,601,376

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



## LAMOURE COUNTY

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2018

---

<b>Net Change in <i>Fund Balances</i> - Total Governmental Funds</b>	<b>\$ 186,030</b>
--	-------------------

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.

Current Year Capital Outlay	\$ 1,785,265	
Current Year Capital Contribution	41,436	
Current Year Depreciation	<u>(839,075)</u>	987,626

In the statement of activities, only the gain on the sale of 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 book value of the assets sold.

Gain on Sale of Capital Assets	\$ 32,491	
Proceeds from Sale of Capital Assets	<u>(4,432)</u>	28,059

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.

Increase in Compensated Absences	\$ (14,707)	
Decrease in Retainage Payable	<u>21,750</u>	7,043

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	\$ 17,221	
Decrease in Road Receivable	<u>(22,417)</u>	(5,196)

The Net Pension & OPEB 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 & OPEB Liability	\$ (283,136)	
Decrease in Deferred Outflows of Resources	(43,910)	
Increase in Deferred Inflows of Resources	<u>(78,691)</u>	<u>(405,737)</u>

<b>Change in <i>Net Position</i> of Governmental Activities</b>	<b>\$ <u>797,825</u></b>
---	--------------------------

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

**LAMOURE COUNTY**

Statement of Fiduciary Assets and Liabilities - Agency Funds  
December 31, 2019 and 2018

---

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 2,632,780</u>	<u>\$ 2,900,677</u>
<b>LIABILITIES</b>		
Due to Other Governments	<u>\$ 2,632,780</u>	<u>\$ 2,900,677</u>

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

## LAMOURE COUNTY

Notes to the Financial Statements  
For the Year Ended December 31, 2019

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Component Unit**

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

*Discretely Presented Component Unit.* The component unit column in the basic financial statements includes the financial data of the County's component units. These units are reported in separate columns to emphasize that it is legally separate from the County.

LaMoure County Water Resource District. The LaMoure County Water Resource District ("Water Resource District") governing board is appointed by the County's governing body. The County's governing body has the authority to disapprove, amend, or approve the Water Resource District budget.

#### **B. Basis of Presentation**

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. 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 all taxes, interest, and non-restricted grants and contributions, are presented as general revenues.

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

## LAMOURE COUNTY

### Notes to the Financial Statements – Continued

---

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.

Special Revenue Fund - This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

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 for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

### **D. Cash and Investments**

Cash includes amounts in demand deposits and money market accounts.

The investments of the County during the years ended December 31, 2019 and December 31, 2018 consist of certificates of deposit stated at cost with maturities in excess of three months.

### **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 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.

**LAMOURE COUNTY**Notes to the Financial Statements – Continued

---

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

<b>Assets</b>	<b>Years</b>
Buildings	50
Equipment	5 - 10
Vehicles	5
Infrastructure	50

**F. Compensated Absences**

Full time employees, except for social services employees, earn vacation benefits from eight to fourteen hours per month, depending on tenure with the County. Social services employees earn vacation benefits from eight to sixteen hours per month, depending on tenure with the County. Employees, except social services employees, can carry over a maximum of 240 hours of vacation at December 31 of each year. Social services employees can carry over a maximum of 240 hours at April 30, of each year.

Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of 240 hours, based on their current rate of pay. Vested or accumulated vacation leave is reported in the general long-term debt account group. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**G. Long-Term Liabilities**

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the statement of net position.

When applicable, in the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, and discounts received on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**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. Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**J. Fund Balance**

*Fund Balance Spending Policy.* It is the policy of the County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the County to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

*Restricted Fund Balances.* Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3<sup>rd</sup> parties (state and federal governments for various grants & reimbursements).

*Unassigned Fund Balances.* Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

## LAMOURE COUNTY

### Notes to the Financial Statements – Continued

---

#### **K. 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, as well as net of any related debt to purchase or finance capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted state and federal grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund.

#### **L. 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: DEPOSITS**

#### **Custodial Credit Risk**

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

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

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

At year ended December 31, 2019, the County's carrying amount of deposits totaled \$8,530,262, and the bank balances totaled \$8,162,102. Of the bank balances, \$2,147,190 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2018, the County's carrying amount of deposits totaled \$8,296,163, and the bank balances totaled \$7,944,610. Of the bank balances, \$2,123,568 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2019, the Water Resource District's carrying amount of deposits totaled \$42,433, and the bank balances totaled \$43,257, all of which were covered by Federal Depository Insurance.

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

At year ended December 31, 2018, the Water Resource District's carrying amount of deposits totaled \$36,788, and the bank balances totaled \$37,033, all of which were covered by Federal Depository Insurance.

**NOTE 3: PROPERTY TAXES**

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.

**NOTE 4: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the years ended December 31, 2019 and 2018:

<b>Primary Government - 2019</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 33,600	\$ -	\$ -	\$ -	\$ 33,600
<i>Capital assets, being depreciated</i>					
Vehicles	\$ 1,176,193	\$ 15,900	\$ (15,400)	\$ -	\$ 1,176,693
Equipment	4,669,263	495,311	(327,189)	-	4,837,385
Buildings	731,794	-	-	-	731,794
Infrastructure	18,650,202	-	-	-	18,650,202
Total capital assets, being depreciated	\$ 25,227,452	\$ 511,211	\$ (342,589)	\$ -	\$ 25,396,074
<i>Less accumulated depreciation for</i>					
Vehicles	\$ 344,688	\$ 113,047	\$ (1,540)	\$ -	\$ 456,195
Equipment	2,397,532	359,943	(112,187)	-	2,645,288
Buildings	503,566	9,303	-	-	512,869
Infrastructure	1,530,559	373,004	-	-	1,903,563
Total accumulated depreciation	\$ 4,776,345	\$ 855,297	\$ (113,727)	\$ -	\$ 5,517,915
Total capital assets being depreciated, net	\$ 20,451,107	\$ (344,086)	\$ (228,862)	\$ -	\$ 19,878,159
Total capital assets, net	\$ 20,484,707	\$ (344,086)	\$ (228,862)	\$ -	\$ 19,911,759

<b>Primary Government - 2018</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance Dec 31</b>
<i>Capital assets not being depreciated</i>					
Land	\$ 33,600	\$ -	\$ -	\$ -	\$ 33,600
Construction in Progress	1,259,913	4,533	-	(1,264,446)	-
Total capital assets not being depreciated	\$ 1,293,513	\$ 4,533	\$ -	\$ (1,264,446)	\$ 33,600
<i>Capital assets, being depreciated</i>					
Vehicles	\$ 331,108	\$ 880,950	\$ (35,865)	\$ -	\$ 1,176,193
Equipment	4,350,706	729,102	(410,545)	-	4,669,263
Buildings	731,794	-	-	-	731,794
Infrastructure	16,959,099	426,657	-	1,264,446	18,650,202
Total capital assets, being depreciated	\$ 22,372,707	\$ 2,036,709	\$ (446,410)	\$ 1,264,446	\$ 25,227,452
<i>Less accumulated depreciation for</i>					
Vehicles	\$ 261,986	\$ 115,547	\$ (32,845)	\$ -	\$ 344,688
Equipment	2,283,394	341,221	(227,083)	-	2,397,532
Buildings	494,263	9,303	-	-	503,566
Infrastructure	1,157,555	373,004	-	-	1,530,559
Total accumulated depreciation	\$ 4,197,198	\$ 839,075	\$ (259,928)	\$ -	\$ 4,776,345
Total capital assets being depreciated, net	\$ 18,175,509	\$ 1,197,634	\$ (186,482)	\$ 1,264,446	\$ 20,451,107
Total capital assets, net	\$ 19,469,022	\$ 1,202,167	\$ (186,482)	\$ -	\$ 20,484,707

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

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

<b>Primary Government</b>	<b>2019</b>	<b>2018</b>
General Government	\$ 17,206	\$ 16,295
Public Safety	30,783	29,856
Highways	783,653	771,360
Health and Welfare	1,542	1,542
Culture and Recreation	5,413	3,372
Conservation of Natural Resources	16,700	16,650
<b>Total Depreciation Expense</b>	<b>\$ 855,297</b>	<b>\$ 839,075</b>

**NOTE 5: LONG-TERM LIABILITIES**

During the years ended December 31, 2019 and 2018, the following changes occurred in long-term liabilities:

<b>Primary Government - 2019</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 131,914	\$ -	\$ 23,140	\$ 108,774	\$ 43,510
Net Pension and OPEB Liability	3,153,634	-	1,107,414	2,046,220	-
<b>Total Long Term Liabilities</b>	<b>\$ 3,285,548</b>	<b>\$ -</b>	<b>\$ 1,130,554</b>	<b>\$ 2,154,994</b>	<b>\$ 43,510</b>

<b>Primary Government - 2018</b>	<b>Balance Jan 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Dec 31</b>	<b>Due Within One Year</b>
Compensated Absences *	\$ 117,207	\$ 14,707	\$ -	\$ 131,914	\$ 52,766
Net Pension and OPEB Liability	2,870,498	283,136	-	3,153,634	-
<b>Total Long Term Liabilities</b>	<b>\$ 2,987,705</b>	<b>\$ 297,843</b>	<b>\$ -</b>	<b>\$ 3,285,548</b>	<b>\$ 52,766</b>

\* The change in compensated absences is shown as a net change due to changes in salary prohibit exact calculations.

**NOTE 6: TRANSFERS**

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. Transfers were also made to close out funds and to finance various projects.

**NOTE 7: 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 nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.



**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member 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). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly 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. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. 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.

**Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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 24 months of service	Greater of two percent of monthly salary or \$25
25 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

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

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

At December 31, 2019 and 2018, the County reported a liability of \$1,923,828 and \$3,021,259 respectively, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019 and 2018 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County'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, 2019 and 2018, the County had the following proportions, change in proportions, and pension expense:

	<b>Proportion</b>	<b>Increase (Decrease) in Proportion from June 30, 2018 and 2019 Measurement</b>	<b>Pension Expense</b>
County - 2019	0.164139%	-0.014887%	\$ 369,123
County - 2018	0.179026%	0.008363%	547,011

At December 31, 2019 and 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Primary Government - 2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 1,140	\$ 349,138
Changes in Assumptions	718,884	617,224
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	33,518	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	108,158	139,261
Contributions - Employer	129,825	-
Total Deferred Outflow and Inflow of Resources	\$ 991,525	\$ 1,105,623

<b>Primary Government - 2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 7,997	\$ 102,789
Changes in Assumptions	1,090,612	43,123
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	14,699
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	161,405	12,256
Contributions - Employer	133,731	-
Total Deferred Outflow and Inflow of Resources	\$ 1,393,745	\$ 172,867

\$129,825 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

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

2020	\$	82,325
2021		16,208
2022		(77,928)
2023		(201,202)
2024		(63,626)
Thereafter		-

**Actuarial Assumptions**

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	10.00%
	36 – 40	7.50%
	41 – 49	6.75%
	50 – 59	6.50%
	60+	5.25%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.50%, 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 set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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	30%	6.25%
International Equity	21%	6.95%
Private Equity	7%	10.15%
Domestic Fixed Income	23%	2.11%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.41%
Cash Equivalents	0%	0.00%

**Discount rate**

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the total pension liability. This rate considers the ability of the system to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The plan net position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate**

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Proportionate Share of the Net Pension Liability	\$ 2,758,355	\$ 1,923,828	\$ 1,222,679

**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 8: OPEB PLAN****General Information about the OPEB Plan****North Dakota Public Employees Retirement System**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

At December 31, 2019 and 2018, the County reported a liability of \$122,892 and \$132,375 respectively, for its proportionate share of the net OPEB liability.

The net OPEB liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net OPEB liability was based on their respective share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2019 and 2018, the County had the following proportions, change in proportions, and pension expense:

	Proportion	Increase (Decrease) in Proportion from June 30, 2017 and 2018 Measurement	OPEB Expense
County - 2019	0.153005%	-0.015076%	\$ 15,964
County - 2018	0.168081%	0.007041%	16,920

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

At December 31, 2019 and 2018, the following deferred outflows of resources and deferred inflows of resources were reported related to OPEB from the following sources:

<b>Primary Government - 2019</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 3,033	\$ (3,839)
Changes of Assumptions	14,647	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	137	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,249	(8,170)
Contributions - Employer	10,480	-
<b>Total Deferred Outflow and Inflow of Resources</b>	<b>\$ 31,546</b>	<b>\$ (12,009)</b>

<b>Primary Government - 2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 3,962	\$ 2,735
Changes of Assumptions	10,862	-
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	2,848
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	3,862	292
Contributions - Employer	10,795	-
<b>Total Deferred Outflow and Inflow of Resources</b>	<b>\$ 29,481</b>	<b>\$ 5,875</b>

\$10,480 for the County was 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 OPEB liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	1,513
2021	1,513
2022	2,657
2023	2,447
2024	1,191
2025	(152)
Thereafter	(112)

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.25%, net of investment expenses
Cost of living adjustments	None

**LAMOURE COUNTY**

## Notes to the Financial Statements – Continued

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equities	33%	6.00%
Small Cap Domestic Equities	6%	7.30%
International Equities	21%	6.95%
Domestic Fixed Income	40%	2.07%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate Share of the OPEB Liability	\$ 156,855	\$ 122,892	\$ 93,819

**NOTE 9: RISK MANAGEMENT**

The 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 (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRF is limited to losses of \$1,000,000 per occurrence for general liability and for automobile, and \$4,367,034 for public assets (mobile equipment and portable property).

**LAMOURE COUNTY**Notes to the Financial Statements – Continued

---

The County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of \$1,000,000 per occurrence during a 12-month period. The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The County has worker's compensation with the North Dakota Workforce Safety and Insurance.

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



**LAMOURE COUNTY**

## Budgetary Comparison Schedule - General Fund

December 31, 2019 and 2018

	2019				2018			
	Original Budget	Amended Budget	Actual	Variance with Final Budget	Original Budget	Amended Budget	Actual	Variance with Final Budget
<b>REVENUES</b>								
Taxes	\$2,095,768	\$2,095,768	\$2,063,697	\$ (32,071)	\$2,198,034	\$2,198,034	\$2,126,717	\$ (71,317)
Intergovernmental	91,137	91,137	242,749	151,612	122,139	122,139	112,252	(9,887)
Charges for Services	67,100	67,100	80,954	13,854	103,410	103,410	84,008	(19,402)
Licenses, Permits and Fees	31,304	31,304	36,875	5,571	5,600	5,600	34,056	28,456
Interest Income	36,000	36,000	103,567	67,567	36,000	36,000	67,491	31,491
Miscellaneous	19,500	19,500	26,832	7,332	12,010	12,010	40,002	27,992
<b>Total Revenues</b>	<b>\$2,340,809</b>	<b>\$2,340,809</b>	<b>\$2,554,674</b>	<b>\$ 213,865</b>	<b>\$2,477,193</b>	<b>\$2,477,193</b>	<b>\$2,464,526</b>	<b>\$ (12,667)</b>
<b>EXPENDITURES</b>								
Current								
General Government	\$1,539,816	\$1,572,199	\$1,700,942	\$ (128,743)	\$1,542,027	\$1,542,027	\$1,401,039	\$ 140,988
Public Safety	615,078	615,078	490,334	124,744	613,355	613,355	574,976	38,379
Culture & Recreation	109,401	109,401	106,744	2,657	92,674	92,674	62,556	30,118
<b>Total Expenditures</b>	<b>\$2,264,295</b>	<b>\$2,296,678</b>	<b>\$2,298,020</b>	<b>\$ (1,342)</b>	<b>\$2,248,056</b>	<b>\$2,248,056</b>	<b>\$2,038,571</b>	<b>\$ 209,485</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 76,514	\$ 44,131	\$ 256,654	\$ 212,523	\$ 229,137	\$ 229,137	\$ 425,955	\$ 196,818
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,632	\$ 2,632
Transfers In	-	-	110,855	110,855	-	-	189,499	189,499
Transfers Out	-	-	(78,809)	(78,809)	-	-	(550,658)	(550,658)
<b>Total Other Financing Sources and Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,046</b>	<b>\$ 32,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (358,527)</b>	<b>\$ (358,527)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 76,514</b>	<b>\$ 44,131</b>	<b>\$ 288,700</b>	<b>\$ 244,569</b>	<b>\$ 229,137</b>	<b>\$ 229,137</b>	<b>\$ 67,428</b>	<b>\$ (161,709)</b>
<b>Fund Balance - January 1</b>	<b>\$3,860,001</b>	<b>\$3,860,001</b>	<b>\$3,860,001</b>	<b>\$ -</b>	<b>\$3,792,573</b>	<b>\$3,792,573</b>	<b>\$3,792,573</b>	<b>\$ -</b>
<b>Fund Balance - December 31</b>	<b>\$3,936,515</b>	<b>\$3,904,132</b>	<b>\$4,148,701</b>	<b>\$ 244,569</b>	<b>\$4,021,710</b>	<b>\$4,021,710</b>	<b>\$3,860,001</b>	<b>\$ (161,709)</b>

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

# LAMOURE COUNTY

## Budgetary Comparison Schedule - Special Revenue Fund December 31, 2019 and 2018

	2019				2018			
	Original Budget	Amended Budget	Actual	Variance with Final Budget	Original Budget	Amended Budget	Actual	Variance with Final Budget
<b>REVENUES</b>								
Taxes	\$ 1,228,215	\$ 1,228,215	\$ 1,187,699	\$ (40,516)	\$ 1,215,269	\$ 1,215,269	\$ 1,148,184	\$ (67,085)
Intergovernmental	1,691,234	1,691,234	1,696,960	5,726	1,434,860	1,434,860	2,454,575	1,019,715
Charges for Services	493,635	493,635	1,022,006	528,371	926,867	926,867	1,018,118	91,251
Miscellaneous	53,500	53,500	229,085	175,585	63,816	63,816	60,806	(3,010)
Total Revenues	\$ 3,466,584	\$ 3,466,584	\$ 4,135,750	\$ 669,166	\$ 3,640,812	\$ 3,640,812	\$ 4,681,683	\$ 1,040,871
<b>EXPENDITURES</b>								
Current								
General Government	\$ 11,030	\$ 12,772	\$ 17,312	\$ (4,540)	\$ -	\$ 31,625	\$ 35,602	\$ (3,977)
Public Safety	217,452	266,596	292,226	(25,630)	258,726	265,914	253,241	12,673
Highways	2,798,036	2,926,378	2,624,699	301,679	3,662,736	4,284,486	3,511,182	773,304
Health and Welfare	858,890	875,752	991,949	(116,197)	820,615	820,615	772,349	48,266
Culture and Recreation	-	-	-	-	4,500	5,569	5,569	-
Conser. of Natural Resources	232,730	234,225	191,613	42,612	246,777	246,777	172,095	74,682
Capital Outlay	-	-	-	-	200,000	200,000	176,647	23,353
Emergency	-	1,051	1,051	-	-	-	-	-
Total Expenditures	\$ 4,118,138	\$ 4,316,774	\$ 4,118,850	\$ 197,924	\$ 5,193,354	\$ 5,854,986	\$ 4,926,685	\$ 928,301
Excess (Deficiency) of Revenues Over Expenditures	\$ (651,554)	\$ (850,190)	\$ 16,900	\$ 867,090	\$ (1,552,542)	\$ (2,214,174)	\$ (245,002)	\$ 1,969,172
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800	\$ 1,800
Transfers In	76,500	76,500	731,470	654,970	291,500	291,500	1,756,563	1,465,063
Transfers Out	(504,534)	(504,534)	(763,516)	(258,982)	(451,977)	(451,977)	(1,205,905)	(753,928)
Total Other Financing Sources and Uses	\$ (428,034)	\$ (428,034)	\$ (32,046)	\$ 395,988	\$ (160,477)	\$ (160,477)	\$ 552,458	\$ 712,935
Net Change in Fund Balances	\$ (1,079,588)	\$ (1,278,224)	\$ (15,146)	\$ 1,263,078	\$ (1,713,019)	\$ (2,374,651)	\$ 307,456	\$ 2,682,107
Fund Balance - January 1 Restated	\$ 1,741,181	\$ 1,741,181	\$ 1,741,181	\$ -	\$ 1,433,725	\$ 1,433,725	\$ 1,433,725	\$ -
Fund Balance - December 31	\$ 661,593	\$ 462,957	\$ 1,726,035	\$ 1,263,078	\$ (279,294)	\$ (940,926)	\$ 1,741,181	\$ 2,682,107

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

**LAMOURE COUNTY**

Schedule of Employer's Share of Net Pension and Employer Contributions  
For the Year Ended December 31, 2019

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.164139%	\$ 1,923,828	\$ 1,707,321	112.68%	71.66%
2018	0.179026%	3,021,259	1,839,167	164.27%	62.80%
2017	0.170663%	2,743,114	1,742,201	157.45%	61.98%
2016	0.160028%	1,559,629	1,612,702	96.71%	70.46%
2015	0.163428%	1,111,282	1,455,944	76.33%	77.70%
2014	0.142199%	1,043,902	1,197,858	87.15%	77.70%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 124,303	\$ 135,484	\$ (11,181)	\$ 1,707,321	7.94%
2018	135,462	129,102	6,360	1,839,167	7.02%
2017	126,331	123,987	2,344	1,742,201	7.12%
2016	116,757	116,625	132	1,612,702	7.23%
2015	110,591	101,693	8,898	1,455,944	6.98%
2014	105,740	105,740	-	1,197,858	8.83%

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

**LAMOURE COUNTY**

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions  
For the Year Ended December 31, 2019

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

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.153005%	\$ 122,392	\$ 1,707,321	7.17%	63.13%
2018	0.168081%	132,375	1,839,167	7.20%	62.80%
2017	0.161040%	127,384	1,742,201	7.31%	59.78%

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

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 19,856	\$ 21,693	\$ (1,837)	\$ 1,839,167	1.18%
2018	21,572	20,671	901	1,839,167	1.12%
2017	20,252	19,852	400	1,742,201	1.14%

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

## **LAMOURE COUNTY**

Notes to the Required Supplementary Information  
For the Years Ended December 31, 2019 and 2018

---

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

#### **Budgetary Information**

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

### **NOTE 2: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS**

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

### **NOTE 3: CHANGES OF BENEFIT TERMS – PENSION AND OPEB**

#### **Pension**

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

#### **OPEB**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

**LAMOURE COUNTY**Notes to the Required Supplementary Information - Continued

---

**NOTE 4: CHANGES OF ASSUMPTIONS – PENSION AND OPEB**

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.75% to 7.50% for Pension.
- The investment return assumption was lowered from 7.50% to 7.25% for OPEB.

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2018.

**NOTE 5: LEGAL COMPLIANCE - BUDGETS****Budget Amendments**

The board of County commissioners amended the County budget for 2019 and 2018 as follows:

<b>2019</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<b>EXPENDITURES/TRANSFERS OUT</b>			
General Fund	\$ 2,264,295	\$ 32,383	\$ 2,296,678
Special Revenue Fund	4,622,672	198,636	4,821,308

<b>2018</b>	<b>Original Budget</b>	<b>Amendment</b>	<b>Amended Budget</b>
<b>EXPENDITURES/TRANSFERS OUT</b>			
Special Revenue Fund	\$ 5,645,331	\$ 661,632	\$ 6,306,963

# LAMOURE COUNTY

## 2019 Fund Activity - Cash Basis

For the Year Ended December 31, 2019

	Balance Jan 1	Receipts	Transfers In	Financing Sources	Transfers Out	Disbursements	Balance Dec 31
<b>Governmental Funds</b>							
<b>General Fund</b>							
General Fund	\$ 3,417,526.12	\$ 2,468,433.72	\$ 110,855.00		\$ 78,809.00	\$ 2,217,778.00	\$ 3,700,227.84
Memorial Park	50,397.88	265.23	-		-	-	50,663.11
Oasis Health Insurance	179,109.01	0.01	-		-	-	179,109.02
Oasis and Social Security	45,916.79	0.04	-		-	-	45,916.83
Technology Fund	21,045.76	0.01	-		-	-	21,045.77
Advertising Fund	1.43	-	-		-	-	1.43
Insurance Reserve	140,672.06	0.01	-		-	-	140,672.07
Comp. Health Insurance	18,092.42	0.04	-		-	-	18,092.46
<b>Total General Fund</b>	<b>\$ 3,872,761.47</b>	<b>\$ 2,468,699.06</b>	<b>\$ 110,855.00</b>	<b>\$ -</b>	<b>\$ 78,809.00</b>	<b>\$ 2,217,778.00</b>	<b>\$ 4,155,728.53</b>
<b>Special Revenue Fund</b>							
County Road and Bridge	\$ -	\$ 1,618,720.81	\$ 567,144.00		\$ -	\$ 2,180,562.46	\$ 5,302.35
Farm to Market Road	-	407,491.00	-		186,794.00	220,697.00	-
Social Welfare	69,957.38	461,424.00	-		16,602.00	339,922.64	174,856.74
Veterans Service Officer	8,778.64	11,010.00	-		-	10,029.92	9,758.72
County Agent	340.13	83,459.00	9,085.00		-	92,884.13	-
Weed Control	227,140.88	130,425.00	-		-	84,617.64	272,948.24
Correctional Center	66,007.21	30,076.00	-		-	59,069.98	37,013.23
FEMA 2011	4,522.05	-	-		-	-	4,522.05
FEMA	348,224.53	-	-		-	-	\$ 348,224.53
Ambulance	949.96	134,066.00	-		-	133,281.95	1,734.01
Emergency Fund	232,821.83	-	-		-	1,051.10	231,770.73
Camp Fund	54,204.86	-	-		-	-	54,204.86
JR Backway Fund	39,850.32	-	-		-	1,742.16	38,108.16
State Aid Distribution	-	558,045.00	-		558,045.00	-	-
Document Preservation Fund	26,917.47	5,286.30	-		-	-	32,203.77
Human Services	-	2,075.00	-		2,075.00	-	-
Wireless E911	70,802.66	84,183.00	-		-	86,458.38	\$ 68,527.28
24/7 Sobriety Program	3,920.78	9,467.00	-		-	7,820.85	5,566.93
LaMoure County Health Dept	125,825.02	403,639.00	76,500.00		-	469,999.63	135,964.39
District Court	5.00	-	-		-	-	5.00
Grants (State & Federal)	36,649.72	625.00	-		-	19,545.97	17,728.75
Weaver Trust	-	85,834.34	-		-	-	85,834.34
4-H Building	6,325.19	1,529.65	-		-	2,795.00	5,059.84
Special Project/Vehicle	229.78	(2,308.28)	2,310.00		-	-	\$ 231.50
Hazardous Chemical	10,109.19	1,663.00	-		-	1,087.98	10,684.21
Equipment Purchase	27,252.90	-	-		-	-	27,252.90
Culvert Purchase & Resale	-	106,911.00	76,431.00		-	183,342.00	-
Bridge Replacement	174,422.67	-	-		-	-	174,422.67
<b>Total Special Revenue Fund</b>	<b>\$ 1,535,258.17</b>	<b>\$ 4,133,621.82</b>	<b>\$ 731,470.00</b>	<b>\$ -</b>	<b>\$ 763,516.00</b>	<b>\$ 3,894,908.79</b>	<b>\$ 1,741,925.20</b>
<b>Debt Service Fund</b>							
Special Assessments on Co. Property	\$ 194.22	\$ -	\$ -		\$ -	\$ -	\$ 194.22
County Loan Fund	-	319.84	-		-	-	319.84
<b>Total Debt Service Fund</b>	<b>\$ 194.22</b>	<b>\$ 319.84</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 514.06</b>
<b>Total Governmental Funds</b>	<b>\$ 5,408,213.86</b>	<b>\$ 6,602,640.72</b>	<b>\$ 842,325.00</b>	<b>\$ -</b>	<b>\$ 842,325.00</b>	<b>\$ 6,112,686.79</b>	<b>\$ 5,898,167.79</b>
<b>Agency Funds</b>							
Historical Society (Museum)	\$ 92.20	\$ 10,237.34	\$ -		\$ -	\$ 10,228.65	\$ 100.89
Senior Citizens	337.50	117,730.60	-		-	117,534.10	534.00
Airport Authority	0.02	-	-		-	-	0.02
County Airport-2 mill	548.99	75,030.20	-		-	74,545.17	1,034.02
Criminal Court Administrative Fund	355.00	-	-		-	-	355.00
Civil Filing Fees	-	350.00	-		-	315.00	35.00
State Fines & Forfeits	8,706.72	-	-		-	-	8,706.72
State Revenue	153.35	40,829.98	-		-	40,744.44	238.89
Garrison Diversion	144.64	45,385.63	-		-	45,287.38	242.89
Court Trust	540.50	-	-		-	-	540.50
Restitutions	356.15	-	-		-	-	356.15
Game and Fish Licenses	(5,218.40)	-	-		-	-	(5,218.40)
Soil Conservation District	153.35	40,938.85	-		-	40,853.29	238.91
Jud Rural Fire	54.37	18,169.47	-		-	17,969.06	254.78
Gackle Fire District	0.04	1,076.22	-		-	1,076.26	-
Water Resource Fund	74.12	17,707.82	-		-	17,666.57	115.37
Library	213.47	55,929.19	-		-	55,810.37	332.29
CDLF Loan Fund	8,521.38	-	-		-	-	8,521.38
Payroll Deduction	6,066.23	-	-		-	-	6,066.23
Southeast Crime Conference	-	2,309.97	-		-	260.00	2,049.97
Undistributed Taxes	2,788,034.90	2,506,340.93	-		-	2,788,034.90	2,506,340.93
Total Cities	11,902.31	938,723.66	-		-	939,994.46	10,631.51
Total Parks	(288.67)	46,630.57	-		-	46,448.13	(106.23)
Total Schools	77,347.44	3,732,660.12	-		-	3,722,121.38	87,886.18
Total Townships	2,581.23	1,018,346.26	-		-	1,017,404.70	3,522.79
<b>Total Agency Funds</b>	<b>\$ 2,900,676.84</b>	<b>\$ 8,668,396.81</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,936,293.86</b>	<b>\$ 2,632,779.79</b>
<b>Total Primary Government</b>	<b>\$ 8,308,890.70</b>	<b>\$ 15,271,037.53</b>	<b>\$ 842,325.00</b>	<b>\$ -</b>	<b>\$ 842,325.00</b>	<b>\$ 15,048,980.65</b>	<b>\$ 8,530,947.58</b>

# LAMOURE COUNTY

## 2018 Fund Activity - Cash Basis

For the Year Ended December 31, 2018

	Balance Jan 1	Receipts	Transfers In	Financing Sources	Transfers Out	Disbursements	Balance Dec 31
<b>Governmental Funds</b>							
General Fund							
General Fund	\$ 3,363,482.22	\$ 2,468,814.87	\$ 189,499.36		\$ 550,658.22	\$ 2,053,612.11	\$ 3,417,526.12
Memorial Park	50,132.66	265.22	-	-	-	-	50,397.88
Oasis Health Insurance	179,104.19	4.82	-	-	-	-	179,109.01
Oasis and Social Security	45,894.15	22.64	-	-	-	-	45,916.79
Technology Fund	21,041.04	4.72	-	-	-	-	21,045.76
Advertising Fund	1.43	-	-	-	-	-	1.43
Insurance Reserve	140,666.59	5.47	-	-	-	-	140,672.06
Comp. Health Insurance	13,446.56	4,645.86	-	-	-	-	18,092.42
Total General Fund	\$ 3,813,768.84	\$ 2,473,763.60	\$ 189,499.36	\$ -	\$ 550,658.22	\$ 2,053,612.11	\$ 3,872,761.47
Special Revenue Fund							
County Road and Bridge	\$ 91.84	\$ 1,586,493.15	\$ 1,222,409.11	\$ -	\$ -	\$ 2,808,994.10	\$ -
Farm to Market Road	372,014.23	861,738.06	-	-	642,488.77	591,263.52	-
Social Welfare	-	422,264.77	4,205.55	-	-	356,512.94	69,957.38
Veterans Service Officer	8,623.53	10,638.98	-	-	-	10,483.87	8,778.64
County Agent	-	81,296.97	-	-	-	80,956.84	340.13
Weed Control	221,021.15	106,044.59	-	-	10,000.00	89,924.86	227,140.88
Correctional Center	30,397.89	49,265.92	-	-	-	13,656.60	66,007.21
FEMA 2011	4,522.05	-	-	-	-	-	4,522.05
FEMA	348,224.53	-	-	-	-	-	348,224.53
Ambulance	4,657.95	138,184.63	-	-	-	141,892.62	949.96
Emergency Fund	232,821.83	-	-	-	-	-	232,821.83
Camp Fund	59,774.21	-	-	-	-	5,569.35	54,204.86
JR Backway Fund	38,676.35	1,639.00	-	-	-	465.03	39,850.32
State Aid Distribution	-	490,762.12	-	-	490,762.12	-	-
Document Preservation Fund	20,175.97	6,741.50	-	-	-	-	26,917.47
Human Services	-	4,205.55	-	-	4,205.55	-	-
Wireless E911	66,071.06	88,524.45	-	-	-	83,792.85	70,802.66
24/7 Sobriety Program	2,703.48	8,405.00	-	-	-	7,187.70	3,920.78
LaMoire County Health Dept	95,285.22	376,479.62	71,500.00	-	-	417,439.82	125,825.02
District Court	5.00	-	-	-	-	-	5.00
Grants (State & Federal)	46,142.89	21,667.05	-	-	-	31,160.22	36,649.72
County Extension	-	-	866.14	-	-	866.14	-
4-H Building	5,745.85	1,650.00	-	-	866.14	204.52	6,325.19
Special Project/Vehicle	227.32	2.46	-	-	-	-	229.78
Hazardous Chemical	11,261.08	1,612.50	-	-	-	2,764.39	10,109.19
Equipment Purchase	-	3,900.10	200,000.00	-	-	176,647.20	27,252.90
Culvert Purchase & Resale	606.46	35,033.14	57,581.54	-	-	93,221.14	-
Bridge Replacement	41,504.21	-	200,000.00	-	57,581.54	9,500.00	174,422.67
Total Special Revenue Fund	\$ 1,610,554.10	\$ 4,296,549.56	\$ 1,756,562.34	\$ -	\$ 1,205,904.12	\$ 4,922,503.71	\$ 1,535,258.17
Debt Service Fund							
Special Assessments on Co. Property	\$ 194.22	\$ -	\$ -		\$ -	\$ -	\$ 194.22
County Loan Fund	188,853.96	645.40	-	-	189,499.36	-	-
Total Debt Service Fund	\$ 189,048.18	\$ 645.40	\$ -	\$ -	\$ 189,499.36	\$ -	\$ 194.22
Total Governmental Funds	\$ 5,613,371.12	\$ 6,770,958.56	\$ 1,946,061.70	\$ -	\$ 1,946,061.70	\$ 6,976,115.82	\$ 5,408,213.86
<b>Agency Funds</b>							
Historical Society (Museum)	\$ 70.25	\$ 9,873.91	\$ -	\$ -	\$ -	\$ 9,851.96	\$ 92.20
Senior Citizens	388.52	113,458.01	-	-	-	113,509.03	337.50
Airport Authority	0.02	-	-	-	-	-	0.02
County Airport-2 mill	621.88	71,860.39	-	-	-	71,933.28	548.99
Criminal Court Administrative Fund	355.00	-	-	-	-	-	355.00
Civil Filing Fees	35.00	350.00	-	-	-	385.00	-
State Fines & Forfeits	8,706.72	-	-	-	-	-	8,706.72
State Revenue	181.85	39,459.93	-	-	-	39,488.43	153.35
Garrison Diversion	178.13	43,426.32	-	-	-	43,459.81	144.64
Court Trust	540.50	-	-	-	-	-	540.50
Restitutions	356.15	-	-	-	-	-	356.15
Estimate Tax	12.04	63.06	-	-	-	75.10	-
Game and Fish Licenses	(5,218.40)	-	-	-	-	-	(5,218.40)
Soil Conservation District	181.85	39,553.06	-	-	-	39,581.56	153.35
Jud Rural Fire	38.13	17,536.16	-	-	-	17,519.92	54.37
Gackle Fire District	-	1,057.47	-	-	-	1,057.43	0.04
Paid Under Protest	1,644.07	(1,644.07)	-	-	-	-	-
Water Resource Fund	90.62	17,464.65	-	-	-	17,481.15	74.12
Library	265.79	54,605.72	-	-	-	54,658.04	213.47
CDLF Loan Fund	8,521.38	-	-	-	-	-	8,521.38
Payroll Deduction	6,066.23	745.53	-	-	-	745.53	6,066.23
Christmas Fund	-	16,642.33	-	-	-	16,642.33	-
Undistributed Taxes	2,621,989.03	2,788,034.90	-	-	-	2,621,989.03	2,788,034.90
Total Cities	9,057.22	899,968.82	-	-	-	897,123.73	11,902.31
Total Parks	(463.95)	42,273.05	-	-	-	42,097.77	(288.67)
Total Schools	82,310.43	3,555,920.04	-	-	-	3,560,883.03	77,347.44
Total Townships	1,013.55	793,607.44	-	-	-	792,039.76	2,581.23
Total Agency Funds	\$ 2,736,942.01	\$ 8,504,256.72	\$ -	\$ -	\$ -	\$ 8,340,521.89	\$ 2,900,676.84
Total Primary Government	\$ 8,350,313.13	\$ 15,275,215.28	\$ 1,946,061.70	\$ -	\$ 1,946,061.70	\$ 15,316,637.71	\$ 8,308,890.70



STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

---

## 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  
LaMoure County  
LaMoure, 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 LaMoure County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated April 22, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LaMoure 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 LaMoure County's internal control. Accordingly, we do not express an opinion on the effectiveness of LaMoure County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying *schedule of audit findings*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2019-001 and 2019-002 to be a material weakness.

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. We consider the deficiencies described in the accompanying *schedule of audit findings* as items 2019-003, 2019-004, 2019-005 and 2019-006 to be significant deficiencies.

## LAMOURE 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

---

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LaMoure 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*.

### LaMoure County's Response to Findings

LaMoure County's response to the findings identified in our audit is described in the accompanying *summary of auditor's results and findings*. LaMoure 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.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
April 22, 2020

## LAMOURE COUNTY

### Summary of Auditor's Results

For the Years Ended December 31, 2019 and 2018

---

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

## **LAMOURE COUNTY**

### Schedule of Audit Findings

For the Years Ended December 31, 2019 and 2018

---

#### **2019-001 – FINANCIAL STATEMENT PREPARATION – MATERIAL WEAKNESS**

##### **Condition**

LaMoure County currently does not prepare the financial statements, including various adjusting entries and accompanying note disclosures, as required by generally accepted accounting principles (GAAP). Thus, management has elected to have the auditors assist in the preparation of the financial statements and note disclosures.

##### **Criteria**

Management of LaMoure County is responsible for the preparation of its annual financial statements and related note disclosures to ensure they are reliable, accurate, free of material misstatement, and in accordance with GAAP.

##### **Cause**

Management chose not to allocate County resources for preparation of the financial statements.

##### **Effect**

There is an increased risk of material misstatement to the County's financial statements.

##### **Repeat Finding**

Yes.

##### **Recommendation**

We recommend LaMoure County consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

##### **LaMoure County's Response**

Agree. LaMoure County is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

**LAMOURE COUNTY**Summary of Auditor's Results and Findings - Continued

---

**2019-002 – ADJUSTING JOURNAL ENTRIES – RECEIVABLE SCHEDULE PREPARATION - MATERIAL WEAKNESS****Condition**

Material auditor-identified intergovernmental and accounts receivable adjusting entries to the financial statements totaling \$330,167 were proposed to properly reflect the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

**Criteria**

LaMoure County is responsible for preparing adjustments for material receivables to ensure its financial statements are reliable, accurate, free of material misstatement, and in accordance with GAAP.

**Cause**

LaMoure County did not conduct a search for potential receivables that may be material for financial statement inclusion.

**Effect**

Choosing not to prepare a receivable schedule could affect LaMoure County's ability to detect misstatements in amounts that could be material in relation to the financial statements.

**Repeat Finding**

Yes.

**Recommendation**

We recommend LaMoure County prepare a receivable schedule at year end for financial statement inclusion in order to present the financial statements in compliance with GAAP.

**LaMoure County's Response**

Agree. LaMoure County will continue to try to identify all items in need of adjustment at year end to comply with GAAP.

---

**LAMOURE COUNTY**Summary of Auditor's Results and Findings - Continued

---

**2019-003 – LACK OF TIME SHEETS - SHERIFF'S DEPARTMENT – SIGNIFICANT DEFICIENCY****Condition**

The LaMoure County Sheriff's Department did not provide adequate documentation of deputy hours worked to the County Auditor. The sheriff's department only provides a schedule of time that deputies are scheduled to work, but no documentation of actual hours worked that is reviewed by management is provided to the County Auditor.

**Criteria**

The LaMoure County Sheriff's Department is in violation of the County's policy manual, which states "All non-elected personnel should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period (if applicable). They should also record the beginning and ending time of any split shift or departure from work for personal reasons."

**Cause**

The LaMoure County Sheriff's Department does not provide detailed documentation to the County auditor.

**Effect**

Without being able to see adequate documentation of actual department personnel hours worked, it is impossible to know whether deputy hours are being accurately recorded.

**Repeat Finding**

Yes.

**Recommendation**

We recommend the LaMoure County Sheriff's Department provide the County Auditor adequate documentation of sheriff department personnel's actual hours worked. This documentation should be reviewed by management.

**LaMoure County's Response**

Agree. We will continue to try to get timecards from the sheriff's department.

---

**LAMOURE COUNTY**Summary of Auditor's Results and Findings - Continued

---

**2019-004 - FRAUD RISK ASSESSMENT – SIGNIFICANT DEFICIENCY****Condition**

LaMoure County does not currently prepare a fraud risk assessment of the entire entity.

**Criteria**

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the COSO framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the entities goals in reporting, reliance, and accountability.

**Cause**

The County may not have considered preparing a fraud risk assessment.

**Effect**

If the County does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

**Repeat Finding**

No.

**Recommendation**

We recommend the LaMoure County prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

**LaMoure County's Response**

Agree. We will perform a fraud risk assessment.

---

**LAMOURE COUNTY**Summary of Auditor's Results and Findings - Continued

---

**2019-005 – CONTROLS OVER FEMA FUNDS – SIGNIFICANT DEFICIENCY****Condition**

LaMoure County had \$352,747 in unused FEMA grant money in the FEMA special revenue fund for projects that have been finished in prior years.

**Criteria**

LaMoure County received letters in prior years from the North Dakota Department of Emergency Services (DES) stating that the County needed to spend the excess funds on upgrading roads that are not FAS (Federal Aid Secondary Highway Systems), involved in a current disaster recovery, or hazard mitigation within one year from the date of the letter. Any unused funds from projects prior to DR-1829 did not have any restrictions and needs to be transferred to the general fund.

**Cause**

The County was unaware that unused funds from the its prior FEMA projects could be transferred to the general fund for County designated purposes.

**Effect**

The County have had idle funds in its possession that could have been used to benefit the County and its taxpayers in prior years.

**Repeat Finding**

No.

**Recommendation**

We recommend LaMoure County review guidance from DES for instruction as to the use of the unused funds that are currently idle in its FEMA fund. We further recommend implementing procedures to ensure that leftover grant funds are handled appropriately.

**LaMoure County's Response**

Agree. We will transfer the amounts to the general fund or highway department.

---



**LAMOURE COUNTY**Summary of Auditor's Results and Findings - Continued

---

**2019-006 – CASH RECON ERROR – SIGNIFICANT DEFICIENCY****Condition**

One of the County's December 31, 2018 bank reconciliations did not agree to the December 31, 2018 daily cash sheet. An additional amount of \$127,937 that was recorded in the general ledger in 2019, was recorded on both the outstanding deposits and on the County's reconciled cash balance. However, the County's financial records were properly showing the correct cash amount, so no financial statement adjustment was necessary.

**Criteria**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) model defines internal control as a process designed to provide reasonable assurance of the achievement of objectives that involve the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Pertaining to the bank reconciliations, management is responsible for adequate internal controls surrounding the review process.

**Cause**

The bank reconciliation incurred errors that were not addressed by the preparer or a reviewer of this bank reconciliation.

**Effect**

A lack of controls surrounding the bank reconciliation process increases the County's risk of material financial statement misstatements whether due to error or fraud.

**Repeat Finding**

No.

**Recommendation**

We recommend that the County implement controls surrounding the bank reconciliation process to ensure accuracy and decrease the chance of material financial statement misstatements whether due to error or fraud.

**LaMoure County's Response**

Agree. We will have an individual other than the preparer sign as well.

---

STATE AUDITOR  
Joshua C. Gallion



PHONE  
701-328-2241

FAX  
701-328-2345

[www.nd.gov/auditor](http://www.nd.gov/auditor)

STATE OF NORTH DAKOTA  
OFFICE OF THE STATE AUDITOR  
STATE CAPITOL  
600 E. Boulevard Ave. Dept. 117  
Bismarck, North Dakota, 58505

[ndsao@nd.gov](mailto:ndsao@nd.gov)

---

## GOVERNANCE COMMUNICATION

---

Board of County Commissioners  
LaMoure County  
LaMoure, 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 LaMoure County, North Dakota, and the respective changes in financial position for the years ended December 31, 2019 and 2018 which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated April 22, 2020. 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**

As stated in our engagement letter dated January 29, 2020, 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. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

In planning and performing our audit, we considered LaMoure County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the effectiveness of internal control over financial reporting.

As part of obtaining reasonable assurance about whether LaMoure 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.

### **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 LaMoure County are described in Note 1 to the financial statements. Application of existing policies was not changed during the years ended December 31, 2019 and 2018. 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.

**LAMOURE COUNTY**

## Governance Communication – Continued

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. Management has corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures that were corrected by management.

<b>2019 Adjustments</b>	<b>Client Provided Adjustments</b>		<b>Audit Adjustments</b>		<b>Total Adjustment</b>	
	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
<b>Governmental Activities</b>						
Intergovernmental Receivable	-	-	292,116	-	292,116	-
Accounts Receivable	-	-	38,051	-	38,051	-
Revenue	-	-	-	330,167	-	330,167
Expenditures	353,084	-	-	-	353,084	-
Salaries Payable	-	20,628	-	-	-	20,628
Accounts Payable	-	332,456	-	-	-	332,456
<b>2018 Adjustments</b>						
	<b>Client Provided Adjustments</b>		<b>Audit Adjustments</b>		<b>Total Adjustment</b>	
	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
<b>Governmental Activities</b>						
Intergovernmental Receivable	-	-	213,312	-	213,312	-
Accounts Receivable	-	-	28,752	-	28,752	-
Revenue	-	-	-	242,064	-	242,064
Expenditures	48,901	-	-	-	48,901	-
Salaries Payable	-	18,399	-	-	-	18,399
Accounts Payable	-	30,502	-	-	-	30,502

**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 April 22, 2020.

**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.

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

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota  
April 22, 2020



NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

**NORTH DAKOTA STATE AUDITOR'S OFFICE**

600 E. Boulevard Ave. Dept. 117 | Bismarck, North Dakota 58505