

AUDIT REPORT

EMMONS COUNTY
Linton, North Dakota

For the Years Ended December 31, 2014 and 2013

RATH & MEHRER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

EMMONS COUNTY
Linton, North Dakota

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EMMONS COUNTY
Linton, North Dakota

COUNTY OFFICIALS

Francis W. Lawler	Commission Chairman
Gary Keller	Commission Vice Chairman
Gary Hulm	Commissioner
Dennis J. Hummel	Commissioner
Jeffrey J. Magrum	Commissioner
Marlys Ohlhauser	Auditor
Florence Plienis	Treasurer
Anita Ibach	County Recorder/Clerk of Court
Gary R. Sanders	Sheriff
Donald R. Becker	States Attorney

Rath & Mehler

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Jayson Rath, CPA

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Bismarck, ND 58501

INDEPENDENT AUDITOR'S REPORT

Governing Board
Emmons County
Linton, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits 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 judgement, 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 county'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 county'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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of December 31, 2014 and 2013, and the respective changes in financial position for the years 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 management's discussion and analysis and budgeting comparison information on pages 4 through 10 and 38 through 44 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The schedules of fund activity arising from cash transactions are presented for additional analysis and are not a required part of the basic financial statements.

The schedules of fund activity arising from cash transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 schedules of fund activity arising from cash transactions are 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 24, 2015 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control over financial reporting and compliance.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 24, 2015

EMMONS COUNTY

Management's Discussion and Analysis

December 31, 2014 and 2013

The Management's Discussion and Analysis (MD&A) of Emmons County's financial performance provides an overall review of the county's financial activities for the fiscal years ended December 31, 2014 and 2013. The intent of the MD&A is to look at the county's financial performance as a whole. It should, therefore, be read in conjunction with the basic financial statements and related notes.

The MD&A is a new element of the Required Supplementary Information specified in the Government Accounting Standards Board's (GASB) Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*". Certain comparative information between the current fiscal year and the prior years is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2014 are as follows:

- * Net position of the county increased \$2,314,910 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$7,164,608.
- * Total revenues from all sources were \$6,190,468.
- * Total expenses were \$3,875,558.
- * The county's general fund had \$1,101,529 in total revenues and \$1,348,424 in total expenditures. There was a total of \$300,000 from other financing sources. Overall, the general fund balance increased by \$53,105 for the year ended December 31, 2014.

Key financial highlights for the year ended December 31, 2013 are as follows:

- * Net position of the county increased \$1,097,385 as a result of the current year's operations.
- * Governmental net position as of the end of the fiscal year totaled \$4,849,698.
- * Total revenues from all sources were \$6,053,170.
- * Total expenses were \$4,955,786.
- * The county's general fund had \$997,095 in total revenues and \$1,340,811 in total expenditures. There was a total of \$269,973 from other financing sources. Overall, the general fund balance decreased by \$73,742 for the year ended December 31, 2013.

USING THIS ANNUAL REPORT

This annual financial report consists of a series of statements and related footnotes. These statements are organized so that the reader can understand the county as a financial whole. The statements then proceed to provide an increasingly detailed look at financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole county, presenting both an aggregate view of the county's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the county's general fund, highway tax distribution fund, unorganized road and bridge fund and HB 1358 road project fund with all other governmental funds presented in total in one column.

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Position and Statement of Activities

These statements are summaries of all the funds used by the county to provide programs and activities and attempt to answer the question "How did the county do financially during the years ended December 31, 2014 and 2013?"

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

The Statement of Activities presents information on how the county's net position changed during the fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused sick leave and/or vacation leave).

These two statements report the county's net position and changes in that position. This change in net position is important because it tells the reader whether, for the county as a whole, the financial position of the county has improved or deteriorated. The causes of this change may be the result of many factors, some financial and some not.

In the Statement of Net Position and the Statement of Activities, the county reports governmental activities. Governmental activities are the activities where most of the county's programs and services are reported including, but not limited to, general government, public safety, highways and public improvement, health and welfare, culture and recreation, and conservation and economic development.

REPORTING ON THE COUNTY'S MOST SIGNIFICANT FUNDS

Balance Sheet - Governmental Funds

The county uses separate funds to account for and manage money dedicated for particular purposes (e.g. taxes collected from special mill levies and funds received from grants and donations). The fund basis financial statements allow the county to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. Fund financial statements provide detailed information about the county's major funds. Using the criteria established by GASB Statement No. 34, the county's general fund, highway tax distribution fund, unorganized road and bridge fund and HB 1358 road project fund are considered "major funds".

The county's other funds, which are used to account for a multitude of financial transactions, are summarized under the heading "Other Governmental Funds".

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Table I provides a summary of the county's net position as of December 31, 2014, 2013 and 2012. A comparative analysis of county-wide data is presented for both current and prior years.

As indicated in the financial highlights above, the county's net position increased by \$2,314,910 and \$1,097,385 for the years ended December 31, 2014 and 2013, respectively. Changes in net position may serve over time as a useful indicator of the county's financial position.

As of December 31, 2014 the county's net position of \$7,164,608 is segregated into three separate categories. Net investment in capital assets represents 28% of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position represents 63% of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 9% of the county's net position and is available to meet the county's ongoing obligations.

As of December 31, 2013 the county's net position of \$4,849,698 is segregated into three separate categories. Net investment in capital assets represents 40% of the county's total net position. It should be noted that these assets are not available for future spending. The restricted component of net position represents 48% of the county's net position and represents resources that are subject to external restrictions on how they must be spent. The remaining unrestricted component of net position represents 12% of the county's net position and is available to meet the county's ongoing obligations.

Table I
 Net Position
 As of December 31, 2014 and 2013
 (With comparative totals for December 31, 2012)

	2014	2013	2012
<u>Assets</u>			
Current Assets	5,963,620	3,611,769	2,216,103
Capital Assets (net of accumulated depreciation)	2,701,200	2,569,542	2,228,542
Total Assets	8,664,820	6,181,311	4,444,645
<u>Liabilities</u>			
Current Liabilities	245,045	263,587	206,864
Long-Term Liabilities	653,555	561,262	485,468
Total Liabilities	898,600	824,849	692,332
<u>Deferred Inflows of Resources</u>			
Unavailable Revenue	591,612	506,764	
<u>Net Position</u>			
Net Investment in Capital			
Assets	2,006,410	1,951,649	1,703,660
Restricted	4,536,909	2,320,374	1,823,090
Unrestricted	621,289	577,674	225,562
Total Net Position	7,164,608	4,849,698	3,752,313

Table II shows the changes in net position for the fiscal years ended December 31, 2014, 2013 and 2012. A comparative analysis of county-wide data is presented for both current and prior years.

Table II
 Changes in Net Position
 As of December 31, 2014 and 2013
 (With comparative totals for December 31, 2012)

	2014	2013	2012
<u>Revenues</u>			
<u>Program Revenues:</u>			
Charges for Services	273,032	238,338	172,103
Operating Grants and Contributions	2,825,867	2,603,975	1,710,336
<u>General Revenues:</u>			
Property Taxes	2,076,535	2,048,248	1,884,931
Other Taxes	112,784	56,629	45,239
Federal Aid - Unrestricted	90,284	82,284	82,067
State Aid - Unrestricted	602,173	561,007	525,372
Interest Earnings and Other Revenue	119,042	125,689	93,560
Gain on Trade-in of Capital Assets	90,750	337,000	278,870
Total Revenues	6,190,468	6,053,170	4,792,478
<u>Expenses</u>			
General Government	1,308,898	1,249,422	1,120,998
Public Safety	472,714	619,825	363,162
Highways and Public Improve.	1,622,261	2,601,882	2,211,712
Health and Welfare	264,285	263,657	273,330
Culture and Recreation	41,545	32,713	26,399
Conser. and Economic Dvlpmnt.	84,740	77,462	63,931
Other	58,989	94,034	148,588
Interest on Long-Term Debt	22,126	16,790	15,441
Total Expenses	3,875,558	4,955,786	4,223,561
Net Change in Position	2,314,910	1,097,385	568,917

Property taxes constituted 34%, other taxes 2%, unrestricted state aid 10%, operating grants and contributions 46%, and charges for services made up 4% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2014.

General government constituted 34%, public safety 12%, highways and public improvement 42%, and health and welfare 7% of total expenses for governmental activities during the fiscal year ended December 31, 2014.

Property taxes constituted 34%, other taxes 1%, unrestricted state aid 9%, operating grants and contributions 43%, and charges for services made up 4% of the total revenues of governmental activities of the county for the fiscal year ended December 31, 2013.

General government constituted 25%, public safety 13%, highways and public improvement 53%, and health and welfare 5% of total expenses for governmental activities during the fiscal year ended December 31, 2013.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and other unrestricted revenues.

Table III

Total and Net Cost of Services
As of December 31, 2014

	Total Cost Year Ended December 31, 2014	Total Cost Year Ended December 31, 2014
General Government	1,308,898	1,221,693
Public Safety	472,714	322,832
Highways and Public Improvement	1,622,261	(1,199,177)
Health and Welfare	264,285	234,149
Culture and Recreation	41,545	41,545
Conservation and Economic Dvlpmnt.	84,740	84,740
Other	58,989	48,751
Interest on Long-Term Debt	22,126	22,126
Total Expenses	<u>3,875,558</u>	<u>776,659</u>

Total and Net Cost of Services
As of December 31, 2013

	Total Cost Year Ended December 31, 2013	Total Cost Year Ended December 31, 2013
General Government	1,249,422	1,173,772
Public Safety	619,825	544,008
Highways and Public Improvement	2,601,882	(47,660)
Health and Welfare	263,657	228,780
Culture and Recreation	32,713	32,713
Conservation and Economic Dvlpmnt.	77,462	77,462
Other	94,034	87,608
Interest on Long-Term Debt	16,790	16,790
Total Expenses	<u>4,955,786</u>	<u>2,113,473</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the county's governmental funds is to provide information on the near-term inflows, outflows and balances of available resources. Unassigned fund balance generally can be used as a measure of the county's net resources available for spending as of the end of the fiscal year. These funds are accounted for using the modified accrual basis of accounting. The county's governmental funds had total revenue of \$6,090,913 and expenditures of \$4,104,963 for the year ended December 31, 2014. As of December 31, 2014, the unassigned fund balance of the county's general fund was \$687,169. The county's governmental funds had total revenue of \$5,710,760 and expenditures of \$5,077,554 for the year ended December 31, 2013. As of December 31, 2013, the unassigned fund balance of the county's general fund was \$634,064 and total unassigned fund balances for all the county's governmental funds was \$632,488.

GENERAL FUND BUDGET HIGHLIGHTS

During the course of fiscal years 2014 and 2013, the county did not amend the general fund budgets.

Actual revenue for the year ended December 31, 2014 was \$24,661 less than budgeted. Actual expenditures for the year ended December 31, were under budget by \$171,578. This budget variance is due to the county overestimating total appropriations for general government.

Actual revenue for the year ended December 31, 2013 was \$17,214 more than budgeted. Actual expenditures for the year ended December 31, were under budget by \$167,785. This budget variance is due to the county overestimating total appropriations for general government.

CAPITAL ASSETS

As of December 31, 2014 and 2013, the county had \$2,701,200 and \$2,569,542, respectively, invested in capital assets. Table IV shows the balances as of December 31, 2014, 2013 and 2012.

Table IV
Capital Assets
(Net of Accumulated Depreciation)
As of December 31, 2014 and 2013
(With comparative totals for December 31, 2012)

	2014	2013	2012
Buildings	645,632	664,506	683,380
Machinery and Vehicles	2,055,568	1,905,036	1,545,162
Total (net of depreciation)	<u>2,701,200</u>	<u>2,569,542</u>	<u>2,228,542</u>
	=====	=====	=====

As of December 31, 2014, this total represents an increase of \$131,658 in capital assets from January 1, 2014. As of December 31, 2013, this total represents an increase of \$341,000 in capital assets from January 1, 2013. The change in machinery and vehicles was due to the purchase of numerous vehicles and equipment for the highway department including the purchase of 3 Caterpillar 140M motor graders and a 2014 Ford Expedition for the county's sheriff's department.

For a detailed breakdown of the additions and deletions to capital assets, readers are referred to Note 5 to the audited financial statements which follow this analysis.

DEBT ADMINISTRATION

As of December 31, 2014, the county had \$836,230 in outstanding debt of which \$182,675 was due within one year. As of December 31, 2013, the county had \$755,305 in outstanding debt of which \$194,043 was due within one year. During fiscal year 2014 and 2013, the county issued 3 new long-term debt obligations:

Capital Lease Payable in the amount of \$240,270. The county obtained funding for the purchase of (2) 2014 140M Caterpillar motor graders. This capital lease will have a final payment on December 16, 2018.

Capital Lease Payable in the amount of \$151,140. The county obtained funding for the purchase of a 2014 140M Caterpillar motor grader. This capital lease will have a final payment on November 1, 2019.

Capital Lease Payable in the amount of \$119,800. The county obtained funding for the purchase of a 2014 John Deere 624K wheel loader. This capital lease will have a final payment on May 6, 2019.

For a detailed breakdown of the long-term debt, readers are referred to Note 11 to the audited financial statements which follow this analysis.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the county's finances and to show the county's accountability for the money it receives. Anyone who has questions about information contained in this report or who is interested in receiving additional information is encouraged to contact Marlys Ohlhauser, County Auditor, Emmons County, Linton, ND 58552.

EMMONS COUNTY
Linton, North Dakota

Statement of Net Position
December 31, 2014

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Weed Control	District Health Unit
ASSETS:				
Cash and Investments	5,896,901.48	358,032.84	166,199.33	246,687.36
Accounts Receivable	11,507.73			
Taxes Receivable	55,210.29	1,182.17	1,718.92	2,101.59
Capital Assets (net of accumulated depreciation):				
Buildings	645,632.00			
Machinery and Vehicles	2,055,568.00		37,588.00	
Total Capital Assets	2,701,200.00		37,588.00	
Total Assets	8,664,819.50	359,215.01	205,506.25	248,788.95
LIABILITIES:				
Accounts Payable	22,119.94			
Salaries and Benefits Payable	38,796.24			
Interest Payable	11,453.56			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	182,674.95			
Due After One Year:				
Capital Leases Payable	512,115.25			
Compensated Absences Payable	141,439.60			
Total Liabilities	908,599.54			
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	591,612.15			
NET POSITION:				
Net Investment in Capital Assets	2,006,409.80		37,588.00	
Restricted for:				
Special Purposes	4,536,909.39			
Unrestricted	621,288.62	359,215.01	167,918.25	248,788.95
Total Net Position	7,164,607.81	359,215.01	205,506.25	248,788.95

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Net Position
December 31, 2013

	Primary Government	Component Units		
	Governmental Activities	Water Resource District	Weed Control	District Health Unit
ASSETS:				
Cash and Investments	3,563,634.25	313,242.92	164,617.36	214,888.27
Accounts Receivable	1,729.00			
Taxes Receivable	46,405.73	1,039.50	1,604.17	1,847.39
Capital Assets (net of accumulated depreciation):				
Buildings	664,506.00			
Machinery and Vehicles	1,905,036.00		46,984.00	
Total Capital Assets	2,569,542.00		46,984.00	
Total Assets	6,181,310.98	314,282.42	213,205.53	216,735.66
LIABILITIES:				
Accounts Payable	26,130.03			
Salaries and Benefits Payable	33,478.38			
Interest Payable	9,935.99			
Long-Term Liabilities:				
Due Within One Year:				
Capital Leases Payable	194,042.96			
Due After One Year:				
Capital Leases Payable	423,850.20			
Compensated Absences Payable	137,411.62			
Total Liabilities	824,849.18			
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	506,764.25			
NET POSITION:				
Net Investment in Capital Assets	1,951,648.84		46,984.00	
Restricted for:				
Special Purposes	2,320,374.29			
Unrestricted	577,674.42	314,282.42	166,221.53	216,735.66
Total Net Position	4,849,697.55	314,282.42	213,205.53	216,735.66

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Activities
For the Year Ended December 31, 2014

Net (Expense) Revenue and Changes in Net Position

	Program Revenues					Component Units			
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Weed Control	District Health Unit			
<u>Expenses</u>									
General Government	1,308,897.80	59,124.33	28,080.00	(1,221,693.47)					
Public Safety	472,714.42	149,882.02		(322,832.40)					
Highways and Public Improve.	1,622,260.86	52,346.69	2,769,091.50	1,199,177.33					
Health and Welfare	264,284.62	11,678.89	18,456.40	(234,149.33)					
Culture and Recreation	41,544.98			(41,544.98)					
Conser. and Economic Dvlpmnt.	84,739.68			(84,739.68)					
Other	58,989.41		10,238.84	(48,750.57)					
Interest on Long-Term Debt	22,125.78			(22,125.78)					
Total Governmental Activities	3,875,557.55	273,031.93	2,825,866.74	(776,658.88)					
<u>Component Units:</u>									
Water Resource District	23,942.45		9,248.00	(14,694.45)					
Weed Control	161,428.19	63,074.34							(98,353.85)
District Health Unit	167,906.66	28,493.58	47,257.69						(92,155.39)

General Revenues:

Taxes:

Property taxes; levied for general purposes	570,665.05	58,779.17	86,326.67	107,565.35
Property taxes; levied for special purposes	1,505,870.40			
Homestead tax credit	11,105.46			
Telecommunications taxes	10,708.54			
Financial institution taxes	49,208.94			
Transmission line taxes	41,761.15			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	81,212.00			
U.S. fish and wildlife	2,505.38			
Flood control	6,566.76			
State aid not restricted to specific program:				
State aid distribution	602,173.17			7,767.00
Earnings on investments and other revenue	119,042.29	847.87	4,327.90	8,876.33
Gain on trade-in of capital assets	90,750.00			

Total General Revenues 3,091,569.14 59,627.04 90,654.57 124,208.68

Change in Net Position 2,314,910.26 44,932.59 (7,699.28) 32,053.29

Net Position - January 1 4,849,697.55 314,282.42 213,205.53 216,735.66

Net Position - December 31 7,164,607.81 359,215.01 205,506.25 248,788.95

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Activities
For the Year Ended December 31, 2013

Net (Expense) Revenue and Changes in Net Position

	Program Revenues				Component Units			
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Water Resource District	Weed Control	District Health Unit	Primary Gov't	
Expenses	1,249,422.40	53,837.16	21,813.44	(1,173,771.80)				
	619,824.85	72,818.23	2,998.58	(544,008.04)				
	2,601,882.38	102,065.07	2,547,477.40	47,660.09				
	263,657.14	9,617.71	25,259.06	(228,780.37)				
	32,712.79			(32,712.79)				
	77,462.31			(77,462.31)				
	94,033.87		6,426.23	(87,607.64)				
	16,789.91			(16,789.91)				
Total Governmental Activities	4,955,785.65	238,338.17	2,603,974.71	(2,113,472.77)				

	Water Resource District	Weed Control	District Health Unit
Component Units:			
Water Resource District	184,668.10	168,962.00	(15,706.10)
Weed Control	147,559.21	57,162.97	(90,396.24)
District Health Unit	167,299.72	15,107.32	59,631.49
			(92,560.91)

Functions/Programs

Primary Government:

Governmental Activities:

- General Government
- Public Safety
- Highways and Public Improve.
- Health and Welfare
- Culture and Recreation
- Conser. and Economic Dvlpmnt.
- Other
- Interest on Long-Term Debt

Total Governmental Activities

Component Units:

- Water Resource District
- Weed Control
- District Health Unit

General Revenues:

Taxes:

Property taxes; levied for general purposes	529,855.57	57,685.39	116,895.31	104,838.21
Property taxes; levied for special purposes	1,518,392.22			
Homestead tax credit	10,534.19			
Telecommunications taxes	18,892.23			
Financial institution taxes	27,202.63			
Federal aid not restricted to specific program:				
Federal payments in lieu of taxes	75,873.00			
U.S. fish and wildlife	1,500.00			
Flood control	4,910.85			
State aid not restricted to specific program:				
State aid distribution	561,007.46			9,664.00
Earnings on investments and other revenue	125,689.39	2,017.51	11,662.93	1,137.24
Gain on trade-in of capital assets	337,000.00			

Total General Revenues 3,210,857.54 59,702.90 128,558.24 115,639.45

Change in Net Position 1,097,384.77 43,996.80 38,162.00 23,078.54

Net Position - January 1 3,752,312.78 270,285.62 175,043.53 193,657.12

Net Position - December 31 4,849,697.55 314,282.42 213,205.53 216,735.66

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The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Balance Sheet
Governmental Funds
December 31, 2014

Major Funds

	General	Highway Tax Distribution	Unorganized Road and Bridge	HB 1358 Road Project	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Investments	866,653.00	599,932.63	548,469.26	2,044,983.79	1,836,862.80	5,896,901.48
Accounts Receivable					11,507.73	11,507.73
Taxes Receivable	14,986.33		8,646.49		31,577.47	55,210.29
Total Assets	881,639.33	599,932.63	557,115.75	2,044,983.79	1,879,948.00	5,963,619.50
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	6,354.09		11,151.40		4,614.45	22,119.94
Salaries and Benefits Payable	7,256.19	28,592.86			2,947.19	38,796.24
Total Liabilities	13,610.28	28,592.86	11,151.40		7,561.64	60,916.18
Deferred Inflows of Resources:						
Unavailable Revenue	180,859.71		113,391.22		352,571.51	646,822.44
Total Liabilities and Deferred Inflows of Resources	194,469.99	28,592.86	124,542.62		360,133.15	707,738.62
Fund Balances:						
Restricted for:						
General Government					358,328.17	358,328.17
Public Safety					90,693.94	90,693.94
Highways and Public Improve.		571,339.77	432,573.13	2,044,983.79	560,163.06	3,609,059.75
Health and Welfare					61,904.30	61,904.30
Culture and Recreation					11,581.04	11,581.04
Emergency Purposes					334,566.88	334,566.88
Debt Service					31,768.52	31,768.52
Other Purposes					70,808.94	70,808.94
Unassigned	687,169.34					687,169.34
Total Fund Balances	687,169.34	571,339.77	432,573.13	2,044,983.79	1,519,814.85	5,255,880.88
Total Liabilities, Deferred Inflows of Resources and Fund Balances	881,639.33	599,932.63	557,115.75	2,044,983.79	1,879,948.00	5,963,619.50

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Balance Sheet
Governmental Funds
December 31, 2013

	Major Funds				
	General	Highway Tax Distribution	Unorganized Road and Bridge	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Investments	779,166.52	613,815.85	669,535.46	1,501,116.42	3,563,634.25
Accounts Receivable				1,729.00	1,729.00
Taxes Receivable	12,360.51		6,877.25	27,167.97	46,405.73
Total Assets	791,527.03	613,815.85	676,412.71	1,530,013.39	3,611,768.98
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	3,072.31		16,827.21	6,230.51	26,130.03
Salaries and Benefits Payable	3,078.39	28,485.59		1,914.40	33,478.38
Total Liabilities	6,150.70	28,485.59	16,827.21	8,144.91	59,608.41
Deferred Inflows of Resources:					
Unavailable Revenue	151,312.37		93,301.52	308,556.09	553,169.98
Total Liabilities and Deferred Inflows of Resources	157,463.07	28,485.59	110,128.73	316,701.00	612,778.39
Fund Balances:					
Restricted for:					
General Government				324,799.36	324,799.36
Public Safety				40,122.42	40,122.42
Highways and Public Improve.		585,330.26	566,283.98	432,518.58	1,584,132.82
Health and Welfare				122,090.65	122,090.65
Culture and Recreation				11,634.08	11,634.08
Emergency Purposes				233,699.00	233,699.00
Debt Service				7,859.05	7,859.05
Other Purposes				42,165.36	42,165.36
Unassigned	634,063.96			(1,576.11)	632,487.85
Total Fund Balances	634,063.96	585,330.26	566,283.98	1,213,312.39	2,998,990.59
Total Liabilities, Deferred Inflows of Resources and Fund Balances	791,527.03	613,815.85	676,412.71	1,530,013.39	3,611,768.98

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2014

Total Fund Balances for Governmental Funds 5,255,880.88

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

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

Cost of Capital Assets	5,076,474.00	
Less Accumulated Depreciation	(2,375,274.00)	
	<hr/>	
Net Capital Assets		2,701,200.00

Property taxes 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 unavailable revenue in the funds. 55,210.29

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2014 are:

Capital Leases Payable	(694,790.20)	
Interest Payable	(11,453.56)	
Compensated Absences Payable	(141,439.60)	
	<hr/>	
Total Long-Term Liabilities		(847,683.36)

Total Net Position of Governmental Activities 7,164,607.81

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2013

Total Fund Balances for Governmental Funds		2,998,990.59
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	4,844,345.00	
Less Accumulated Depreciation	(2,274,803.00)	
Net Capital Assets	<u>2,569,542.00</u>	2,569,542.00
Property taxes 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 unavailable revenue in the funds.		
		46,405.73
Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities -both current and long-term- are reported in the statement of net position. Balances at December 31, 2013 are:		
Capital Leases Payable	(617,893.16)	
Interest Payable	(9,935.99)	
Compensated Absences Payable	(137,411.62)	
Total Long-Term Liabilities	<u>(765,240.77)</u>	(765,240.77)
Total Net Position of Governmental Activities		<u>4,849,697.55</u> =====

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

Major Funds

	General	Highway Tax Distribution	Unorganized Road and Bridge	HB 1358 Road Project	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	629,803.67		354,299.60		1,231,276.99	2,215,380.26
Licenses, Permits and Fees	3,720.00					3,720.00
Intergovernmental	291,618.37	554,065.28	289,093.15	2,045,333.79	353,372.89	3,533,483.48
Charges for Services	150,581.79				72,759.40	223,341.19
Miscellaneous	25,805.46	85.00	12,711.07		76,386.79	114,988.32
Total Revenues	1,101,529.29	554,150.28	656,103.82	2,045,333.79	1,733,796.07	6,090,913.25
Expenditures:						
Current:						
General Government	848,489.54				439,563.70	1,288,053.24
Public Safety	336,139.27				117,779.71	453,918.98
Highways and Public Improve.	45,447.54	568,140.77	575,419.74	350.00	144,291.14	1,333,649.19
Health and Welfare					256,287.31	256,287.31
Culture and Recreation					41,544.98	41,544.98
Conser. and Economic Dvlpmnt.	84,739.68					84,739.68
Other	3,418.88				55,570.53	58,989.41
Capital Outlay	30,189.00		342,940.00			373,129.00
Debt Service:						
Principal			124,544.89		69,498.07	194,042.96
Interest			17,850.04		2,758.17	20,608.21
Total Expenditures	1,348,423.91	568,140.77	1,060,754.67	350.00	1,127,293.61	4,104,962.96
Excess (Deficiency) of Revenues Over Expenditures	(246,894.62)	(13,990.49)	(404,650.85)	2,044,983.79	606,502.46	1,985,950.29
Other Financing Sources (Uses):						
Transfers In	300,000.00				41,389.44	341,389.44
Transfers Out					(341,389.44)	(341,389.44)
Proceeds from Capital Lease			270,940.00			270,940.00
Total Other Financing Sources (Uses)	300,000.00		270,940.00		(300,000.00)	270,940.00
Net Change in Fund Balances	53,105.38	(13,990.49)	(133,710.85)	2,044,983.79	306,502.46	2,256,890.29
Fund Balance - January 1	634,063.96	585,330.26	566,283.98	-0-	1,213,312.39	2,998,990.59
Fund Balance - December 31	687,169.34	571,339.77	432,573.13	2,044,983.79	1,519,814.85	5,255,880.88

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	Major Funds				Total Governmental Funds
	General	Highway Tax Distribution	Unorganized Road and Bridge	Other Governmental Funds	
Revenues:					
Taxes	575,304.03		321,686.49	1,238,714.60	2,135,705.12
Licenses, Permits and Fees	2,300.00				2,300.00
Intergovernmental	262,651.70	945,613.88	1,383,566.95	660,805.97	3,252,638.50
Charges for Services	64,035.64			125,229.56	189,265.20
Miscellaneous	92,803.58		7,261.97	30,785.55	130,851.10
Total Revenues	997,094.95	945,613.88	1,712,515.41	2,055,535.68	5,710,759.92
Expenditures:					
Current:					
General Government	815,186.27			400,148.24	1,215,334.51
Public Safety	396,420.81			211,441.69	607,862.50
Highways and Public Improve.		697,014.37	1,119,486.94	517,500.97	2,334,002.28
Health and Welfare				252,608.06	252,608.06
Culture and Recreation				32,712.79	32,712.79
Conser. and Economic Dvlpmnt.	77,462.31				77,462.31
Other	51,741.31			42,292.56	94,033.87
Capital Outlay			300,180.00		300,180.00
Debt Service:					
Principal			58,337.94	88,920.51	147,258.45
Interest			12,165.22	3,933.65	16,098.87
Total Expenditures	1,340,810.70	697,014.37	1,490,170.10	1,549,558.47	5,077,553.64
Excess (Deficiency) of Revenues Over Expenditures	(343,715.75)	248,599.51	222,345.31	505,977.21	633,206.28
Other Financing Sources (Uses):					
Transfers In	269,973.40		5,000.00	262,656.50	537,629.90
Transfers Out				(537,629.90)	(537,629.90)
Proceeds from Capital Lease			240,270.00		240,270.00
Total Other Financing Sources (Uses)	269,973.40		245,270.00	(274,973.40)	240,270.00
Net Change in Fund Balances	(73,742.35)	248,599.51	467,615.31	231,003.81	873,476.28
Fund Balance - January 1	707,806.31	336,730.75	98,668.67	982,308.58	2,125,514.31
Fund Balance - December 31	634,063.96	585,330.26	566,283.98	1,213,312.39	2,998,990.59

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds 2,256,890.29

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

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

Current Year Capital Outlay	373,129.00	
Current Year Depreciation Expense	(332,221.00)	40,908.00

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

Debt Proceeds	(270,940.00)	
Repayment of Debt	194,042.96	(76,897.04)

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

Net Increase in Compensated Absences Payable	(4,027.98)	
Net Increase in Interest Payable	(1,517.57)	(5,545.55)

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.

Net Increase in Taxes Receivable		8,804.56
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In the statement of activities, only the gain on the trade-in of capital assets is reported, whereas in the governmental funds, the results of these transactions have no effect on financial resources. Thus, the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.

90,750.00

Change in Net Position of Governmental Activities		2,314,910.26
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The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds 873,476.28

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

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

Current Year Capital Outlay	300,180.00	
Current Year Depreciation Expense	(296,180.00)	4,000.00

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

Debt Proceeds	(240,270.00)	
Repayment of Debt	147,258.45	(93,011.55)

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

Net Increase in Compensated Absences Payable	(28,799.42)	
Net Increase in Interest Payable	(691.04)	(29,490.46)

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.

Net Increase in Taxes Receivable		5,410.50
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In the statement of activities, only the gain on the trade-in of capital assets is reported, whereas in the governmental funds, the results of these transactions have no effect on financial resources. Thus, the net effect of transactions involving capital assets (i.e., sales, trade-ins) is to increase net position.

337,000.00

Change in Net Position of Governmental Activities		1,097,384.77
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The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	Agency Funds
<u>Assets:</u>	
Cash and Investments	749,415.40
<u>Liabilities:</u>	
Due to Other Governments	749,415.40
<u>Net Position:</u>	
Net Position	0.00

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Agency Funds
<u>Assets:</u>	
Cash and Investments	632,175.43
<u>Liabilities:</u>	
Due to Other Governments	632,175.43
<u>Net Position:</u>	
Net Position	0.00

The accompanying notes are an integral part of these financial statements.

EMMONS COUNTY
Linton, North Dakota

Notes to the Financial Statements
December 31, 2014 and 2013

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Emmons County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial 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 are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Government 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 Emmons County.

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

Discretely Presented Component Units: The component units' columns in the basic financial statements include the financial data of the county's three component units. These units are reported in separate columns to emphasize that they are legally separate from the county.

Emmons County Water Resource District: The Emmons County Water Resource District's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the water resource district budget. The water resource district has the authority to issue its own debt.

Emmons County Weed Control: The Emmons County Weed Control's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the weed control budget. The weed control has the authority to issue its own debt.

Emmons County District Health Unit: The Emmons County District Health Unit's governing board is appointed by the county's governing board. The county's governing body has the authority to disapprove, amend, or approve the district health unit budget. The district health unit has the authority to issue its own debt.

The financial statements of each of the three discretely presented component units are presented in the basic financial statements. Additional information may be obtained from the Emmons County Auditor, 100 NW 4th Street, Linton, ND 58552.

B. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the primary government, Emmons County and its component units. 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 nonexchange 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 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, 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.

The county reports the following major governmental funds:

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

Highway Tax Distribution. This fund accounts for the highway tax distribution from the State of North Dakota to be used for the maintenance and repair of roads within the county.

Unorganized - Road and Bridge. This fund accounts for a special levy and state funding used for the maintenance and repair of township roads within the county.

HB 1358 Road Project. This fund accounts for state funding for the purpose of infrastructure repairs within the county.

The county reports the following fund type:

Agency Funds. These funds account for assets held by the county in a custodial capacity as an agent on behalf of others. The county's agency funds are used to account for various deposits 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. These 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. Nonexchange 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-reimbursements grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted components of net position available to finance the program. It is the county's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

Investments consist of certificates of deposit stated at cost.

E. Capital Assets

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

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

Buildings	40 to 100 years
Machinery and Vehicles	5 to 10 years

F. Compensated Absences

Vested or accumulation vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. The employees may carry forward a maximum of 200 hours of accrued annual leave past the employee anniversary date of employment.

Vested or accumulation sick leave is reported in the government-wide statement of net position. Compensation for unused sick leave will be granted to regular full-time and part-time employees working 20 hours or more per week. Sick leave is earned at the rate of one day per month (pro-rated for regular part-time employees). The maximum accrual for sick leave is 100 days. Employees who are terminating employment shall be paid 20 days of unused sick leave.

G. Long-Term Obligations

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

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

H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the county is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash such as inventories or prepaid expenses) or (b) legally or contractually required to be maintained intact (i.e., endowment funds).

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the city or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments (i.e., funds restricted by state statute, unspent bond proceeds, grants earned but not spent, debt covenants or taxes raised for a specific purpose).

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the county commission through the adoption of a resolution. The county commission also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The county reports positive unassigned fund balance only in the general fund. Negative fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the county's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the county's policy to use fund balance in the following order:

- * Committed
- * Assigned
- * Unassigned

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the county has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

I. Interfund Transactions

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

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

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

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 2 DEPOSITS AND INVESTMENTS

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

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

Authorized collateral includes bills, notes or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investments 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 any 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 other securities approved by the banking board.

At December 31, 2014 the county's carrying amount of deposits was \$6,644,105 and the bank balance was \$6,731,009. Of the bank balance, \$1,053,179 was covered by Federal Depository Insurance. The remaining balance of \$5,677,830 was collateralized with securities held by the pledging financial institution's agent in the government's name.

At December 31, 2013 the county's carrying amount of deposits was \$4,190,575 and the bank balance was \$4,293,066. Of the bank balance, \$1,052,914 was covered by Federal Depository Insurance. The remaining balance of \$3,240,152 was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

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

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

At December 31, 2014 the county held certificates of deposit in the amount of \$350,134, which are all considered deposits.

At December 31, 2013 the county held certificates of deposit in the amount of \$349,327, which are all considered deposits.

Concentration of Credit Risk

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

Note 3 ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due the county for services performed for cities, townships, etc. No allowance has been established for estimated uncollectible accounts receivable.

Note 4 TAXES RECEIVABLE

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

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

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

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

Note 5 CAPITAL ASSETS

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

Primary Government

	<u>2014</u>			<u>Balance December 31</u>
	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	1,236,000			1,236,000
Machinery & Vehicles	3,608,345	583,629	351,500	3,840,474
Total	4,844,345	583,629	351,500	5,076,474
<i>Less accumulated depreciation for:</i>				
Buildings	571,494	18,874		590,368
Machinery & Vehicles	1,703,309	313,347	231,750	1,784,906
Total	2,274,803	332,221	231,750	2,375,274
Governmental Activities				
Capital Assets, Net	2,569,542	251,408	119,750	2,701,200
	=====	=====	=====	=====

2013

	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Buildings	1,236,000			1,236,000
Machinery & Vehicles	3,463,870	654,130	509,655	3,608,345
Total	<u>4,699,870</u>	<u>654,130</u>	<u>509,655</u>	<u>4,844,345</u>
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Buildings	552,620	18,874		571,494
Machinery & Vehicles	1,918,708	277,306	492,705	1,703,309
Total	<u>2,471,328</u>	<u>296,180</u>	<u>492,705</u>	<u>2,274,803</u>
Governmental Activities				
Capital Assets, Net	<u>2,228,542</u>	<u>357,950</u>	<u>16,950</u>	<u>2,569,542</u>

Depreciation expense was charged to functions/programs of the county as follows for the years ended December 31:

	<u>2014</u>	<u>2013</u>
General Government	10,820	10,820
Public Safety	16,703	11,415
Highways and Public Improve.	297,791	267,038
Health and Welfare	6,907	6,907
Total Depreciation Expense	<u>332,221</u>	<u>296,180</u>

Discretely Presented Component Unit

Weed Control Board

The following is a summary of changes in capital assets for the Emmons County Weed Control, a discretely presented component unit of Emmons County, for the years ended December 31:

	<u>2014</u>			
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31</u>
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Machinery & Vehicles	88,460			88,460
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Machinery & Vehicles	41,476	9,396		50,872
Governmental Activities				
Capital Assets, Net	<u>46,984</u>	<u>(9,396)</u>	<u>-0-</u>	<u>37,588</u>

	<u>2013</u>			
	Balance January 1	Increases	Decreases	Balance December 31
Governmental Activities:				
<i>Capital assets</i>				
<i>being depreciated:</i>				
Machinery & Vehicles	79,033	35,260	25,833	88,460
<i>Less accumulated</i>				
<i>depreciation for:</i>				
Machinery & Vehicles	55,413	11,896	25,833	41,476
Governmental Activities				
Capital Assets, Net	23,620	23,364	-0-	46,984
	=====	=====	=====	=====

Depreciation expense was charged to functions/programs of the weed control as follows for the years ending December 31:

	<u>2014</u>	<u>2013</u>
Conservation and Economic Development	9,396	11,896
	=====	=====

Note 6 ACCOUNTS PAYABLE

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

Note 7 SALARIES AND BENEFITS PAYABLE

Salaries and benefits payable consist of the December payroll, which was paid after year end.

Note 8 INTEREST PAYABLE

Interest payable consists of interest on long-term liabilities accrued to December 31, 2014 and 2013.

Note 9 UNAVAILABLE REVENUE

Unavailable revenue on the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivable and prepaid property taxes.

Unavailable revenue on the government-wide financial statements consists of prepaid property taxes.

Note 10 CAPITAL LEASES PAYABLE

The county has entered into the following lease agreements.

Lease-purchase of Ford F350 pickup and Chevy Silverado pickup due in annual installments of \$13,381.75, which include interest at 2%, through March 25, 2016.	25,980.79
Lease-purchase of John Deere 772G motor grader due in annual installments of \$19,928.00, which include interest at 4.8%, through June 20, 2017.	54,363.57
Lease-purchase of (2) Caterpillar 140M2 motor graders due in annual installments of \$36,837.78, which include interest at 2.85%, through January 15, 2017.	104,500.99
Lease-purchase of Kenworth T800 semi truck due in annual installments of \$23,762.42, which include interest at 4.85%, through April 20, 2017.	44,279.05
Lease-purchase of (2) Caterpillar 140M2 motor graders due in annual installments of \$51,989.26, which include interest at 2.7%, through December 16, 2018.	194,725.80
Lease-purchase of John Deere 624K Wheel Loader due in annual installments of \$26,576.09, which include interest at 3.5%, through May 6, 2019.	119,800.00
Lease-purchase of Caterpillar 140M2 motor grader due in annual installments of \$32,536.82, which include interest at 2.5%, through November 1, 2019.	151,140.00
Total Capital Leases	<u>694,790.20</u> =====

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term). The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the minimum lease payments at December 31, 2014;

<u>Year Ending</u> <u>December 31</u>	<u>Payments</u>
2015	205,012.12
2016	205,012.12
2017	167,867.95
2018	111,102.17
2019	59,112.91
Total minimum lease payments	<u>748,107.27</u>
Less: amount representing interest	(53,317.07)
Present value of future minimum lease payments	<u>694,790.20</u> =====

Note 11 LONG-TERM DEBT

Changes in Long-Term Liabilities. During the years ended December 31, 2014 and 2013, the following changes occurred in liabilities reported in the long-term liabilities - Governmental Activities:

	<u>2014</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Capital Leases	617,893	270,940	194,043	694,790	182,675
Compensated Absences *	137,412	4,028		141,440	
Total	755,305	274,968	194,043	836,230	182,675

	<u>2013</u>			<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
	<u>Balance</u> <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>		
Capital Leases	524,882	240,270	147,259	617,893	194,043
Compensated Absences *	108,612	28,800		137,412	
Total	633,494	269,070	168,064	755,305	194,043

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

Note 12 TRANSFERS

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>December 31, 2014</u>		
Unorganized - Road and Bridge	41,389.44	
2009 Bridge Disaster		41,389.44
To close fund.		
General	300,000.00	
Oasis Extended		80,000.00
Comprehensive Health		220,000.00

To transfer amounts levied for health care to subsidize health care expenses paid out of general fund.

December 31, 2013

Unorganized - Road and Bridge	5,000.00	
County Park		5,000.00

To fund chip seal project.

General	269,973.40	
Oasis Extended		70,000.00
Comprehensive Health		199,973.40

To transfer amounts levied for health care to subsidize health care expenses paid out of general fund.

2009 Bridge Disaster	262,656.50	
2009 Flood Disaster		202,325.16
2010 Flood Disaster		60,331.34

To subsidize expenditures.

Note 13 DEFICIT FUND BALANCES

The following funds had deficit balances at December 31, 2013:

<u>Special Revenue Fund</u>	
County Jail	(1,576.11)

<u>Agency Funds</u>	
District Court Reimb.	(25.00)
State Grants	(53,943.90)

The county eliminated these deficits during 2014.

Note 14 RELATED ORGANIZATIONS

The county is also responsible for levying a property tax for the Emmons County Senior Citizens and Emmons County Historical Society. However, the county's accountability for these entities does not extend beyond levying the tax. In 2014 and 2013, the county remitted \$44,781.70 and \$19,467.72 to the Senior Citizens and \$8,879.28 and \$8,581.72 to the Historical Society, respectively.

Note 15 RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The county pays an annual premium to NDRIF for its general liability, automobile and public assets insurance coverage. The coverage by NDRIF is limited to losses of \$2,000,000 per occurrence for general liability and automobile; and \$3,437,007 for public assets.

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 a blanket fidelity bond coverage in the amount of \$1,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The county has worker's compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

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

Note 16 PENSION PLAN

North Dakota Public Employees Retirement System

The county contributes to the North Dakota Public Employees Retirement System (NDPERS), a cost-sharing multiple-employer defined pension plan administered by the State of North Dakota. NDPERS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, PO Box 1214, Bismarck, North Dakota 58507-7100.

Plan members are required to contribute 7% of their annual covered salary. The county is required to contribute 8.26% of the employees salary which consists of 7.12% for employee retirement and 1.14% for the retiree health benefits fund. The county has implemented a salary reduction agreement with plan members and is currently contributing the employees share. The contribution requirements of plan members and the county are established and may be amended by the state legislature. The county's contributions to NDPERS for the fiscal years ending December 31, 2014, 2013 and 2012 were \$98,347, \$85,983 and \$64,428, respectively, equal to the required contributions for the year.

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	665,051.60	665,051.60	629,803.67	(35,247.93)
Licenses, Permits and Fees	1,500.00	1,500.00	3,720.00	2,220.00
Intergovernmental	280,839.00	280,839.00	291,618.37	10,779.37
Charges for Services	165,200.00	165,200.00	150,581.79	(14,618.21)
Miscellaneous	13,600.00	13,600.00	25,805.46	12,205.46
Total Revenues	1,126,190.60	1,126,190.60	1,101,529.29	(24,661.31)
Expenditures:				
Current:				
General Government	999,964.98	999,964.98	848,489.54	151,475.44
Public Safety	382,904.60	382,904.60	336,139.27	46,765.33
Highways and Public Improve.	45,447.54	45,447.54	45,447.54	
Conser. and Economic Dvlpmnt.	91,684.96	91,684.96	84,739.68	6,945.28
Other			3,418.88	(3,418.88)
Capital Outlay			30,189.00	(30,189.00)
Total Expenditures	1,520,002.08	1,520,002.08	1,348,423.91	171,578.17
Excess (Deficiency) of Revenues Over Expenditures	(393,811.48)	(393,811.48)	(246,894.62)	146,916.86
Other Financing Sources:				
Transfers In	300,000.00	300,000.00	300,000.00	
Net Change in Fund Balances	(93,811.48)	(93,811.48)	53,105.38	146,916.86
Fund Balance - January 1	634,063.96	634,063.96	634,063.96	
Fund Balance - December 31	540,252.48	540,252.48	687,169.34	146,916.86

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	570,105.54	570,105.54	575,304.03	5,198.49
Licenses, Permits and Fees	1,480.00	1,480.00	2,300.00	820.00
Intergovernmental	265,295.00	265,295.00	262,651.70	(2,643.30)
Charges for Services	124,000.00	124,000.00	64,035.64	(59,964.36)
Miscellaneous	19,000.00	19,000.00	92,803.58	73,803.58
Total Revenues	979,880.54	979,880.54	997,094.95	17,214.41
Expenditures:				
Current:				
General Government	1,001,421.24	1,001,421.24	815,186.27	186,234.97
Public Safety	376,159.58	376,159.58	396,420.81	(20,261.23)
Highways and Public Improve.	40,955.22	40,955.22		40,955.22
Conser. and Economic Dvlpmnt.	90,059.84	90,059.84	77,462.31	12,597.53
Other			51,741.31	(51,741.31)
Total Expenditures	1,508,595.88	1,508,595.88	1,340,810.70	167,785.18
Excess (Deficiency) of Revenues Over Expenditures	(528,715.34)	(528,715.34)	(343,715.75)	184,999.59
Other Financing Sources:				
Transfers In	270,000.00	270,000.00	269,973.40	(26.60)
Net Change in Fund Balances	(258,715.34)	(258,715.34)	(73,742.35)	184,972.99
Fund Balance - January 1	707,806.31	707,806.31	707,806.31	
Fund Balance - December 31	449,090.97	449,090.97	634,063.96	184,972.99

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	552,505.00	552,505.00	554,065.28	1,560.28
Miscellaneous			85.00	85.00
Total Revenues	552,505.00	552,505.00	554,150.28	1,645.28
<u>Expenditures:</u>				
<u>Current:</u>				
Highways and Public Improve.	933,050.00	933,050.00	568,140.77	364,909.23
Net Change in Fund Balances	(380,545.00)	(380,545.00)	(13,990.49)	366,554.51
Fund Balance - January 1	585,330.26	585,330.26	585,330.26	
Fund Balance - December 31	204,785.26	204,785.26	571,339.77	366,554.51

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Highway Tax Distribution Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	501,173.00	501,173.00	945,613.88	444,440.88
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	780,000.00	780,000.00	697,014.37	82,985.63
Net Change in Fund Balances	(278,827.00)	(278,827.00)	248,599.51	527,426.51
Fund Balance - January 1	336,730.75	336,730.75	336,730.75	
Fund Balance - December 31	57,903.75	57,903.75	585,330.26	527,426.51

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Unorganized - Road and Bridge Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	366,978.66	366,978.66	354,299.60	(12,679.06)
Intergovernmental	275,765.00	275,765.00	289,093.15	13,328.15
Miscellaneous	21,700.00	21,700.00	12,711.07	(8,988.93)
Total Revenues	664,443.66	664,443.66	656,103.82	(8,339.84)
<u>Expenditures:</u>				
Current:				
Highways and Public Improve.	919,500.00	919,500.00	575,419.74	344,080.26
Capital Outlay	50,000.00	50,000.00	342,940.00	(292,940.00)
Debt Service:				
Principal Retirement	150,000.00	150,000.00	124,544.89	25,455.11
Interest	20,000.00	20,000.00	17,850.04	2,149.96
Total Expenditures	1,139,500.00	1,139,500.00	1,060,754.67	78,745.33
Excess (Deficiency) of Revenues Over Expenditures	(475,056.34)	(475,056.34)	(404,650.85)	70,405.49
<u>Other Financing Sources:</u>				
Proceeds from Capital Lease			270,940.00	270,940.00
Net Change in Fund Balances	(475,056.34)	(475,056.34)	(133,710.85)	341,345.49
Fund Balance - January 1	566,283.98	566,283.98	566,283.98	
Fund Balance - December 31	91,227.64	91,227.64	432,573.13	341,345.49

EMMONS COUNTY
Linton, North Dakota

Budgetary Comparison Schedule
Unorganized - Road and Bridge Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	372,397.02	372,397.02	321,686.49	(50,710.53)
Intergovernmental	207,596.39	207,596.39	1,383,566.95	1,175,970.56
Miscellaneous			7,261.97	7,261.97
Total Revenues	579,993.41	579,993.41	1,712,515.41	1,132,522.00
<u>Expenditures:</u>				
<u>Current:</u>				
Highways and Public Improve.	515,393.75	1,119,486.94	1,119,486.94	
Capital Outlay		56,624.32	300,180.00	(243,555.68)
<u>Debt Service:</u>				
Principal Retirement		58,337.94	58,337.94	
Interest		12,165.22	12,165.22	
Total Expenditures	515,393.75	1,246,614.42	1,490,170.10	(243,555.68)
Excess (Deficiency) of Revenues Over Expenditures	64,599.66	(666,621.01)	222,345.31	888,966.32
<u>Other Financing Sources:</u>				
Transfers In	5,000.00	50,000.00	5,000.00	(45,000.00)
Proceeds from Capital Lease			240,270.00	240,270.00
Total Other Financing Sources	5,000.00	50,000.00	245,270.00	195,270.00
Net Change in Fund Balances	69,599.66	(616,621.01)	467,615.31	1,084,236.32
Fund Balance - January 1	98,668.67	98,668.67	98,668.67	
Fund Balance - December 31	168,268.33	(517,952.34)	566,283.98	1,084,236.32

EMMONS COUNTY
Linton, North Dakota

Notes to the Budgetary Comparison Schedules
December 31, 2014 and 2013

Note 1 SUMMARY OF SIGNIFICANT BUDGET POLICIES

Annually, the board of county commissioners provides each office a department budget. The departments complete their budget and file it with the county auditor. Based upon the departmental budget requests and other financial information, the county auditor prepares the preliminary county budget. The budget is prepared for the general and special revenue funds on the modified accrual basis of accounting. The preliminary budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

The board of county commissioners holds a public hearing where any taxpayer may testify in favor or against any proposed expenditures or tax levies requested in the preliminary budget. After the budget hearing and on or before October 1, the board adopts the final budget. No expenditure shall be made or liability incurred in excess of the total appropriation by fund, except for transfers as authorized by the North Dakota Century Code Section 11-23-07. However, the board of county commissioners may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared. The budget amendments must be approved by the board and the approval must be noted in the proceedings of the board.

Note 2 LEGAL COMPLIANCE

The governing board approved the following amendments to the county's budget for the year ending December 31, 2013:

	Original Budget	Amendment	Amended Budget
<u>Appropriations</u>			
<u>Special Revenue Funds</u>			
Unorg. Rd. and Bridge	515,394	731,221	1,246,614
Farm to Market	154,000	41,605	195,605
Corps Grant	3,000	4,788	7,788
County Jail	109,445	19,880	129,326
Police Contract	15,000	1,522	16,522
Cattail Road Project		258,213	258,213

Excess of Actual Expenditures Over Budget

Expenditures exceeded budget in the following funds for the years ending December 31, 2014 and 2013:

	2014	2013
<u>Special Revenue Funds</u>		
* HB 1358 Road Project	350.00	
Unorg. Rd. and Bridge		243,555.68
County Road		5.57
Comprehensive Health	170.76	
Senior Citizens	20,781.70	467.72
County Loan		9.98
County Jail		3,715.16
* 2009 Bridge Disaster		19,159.17

* A budget was not prepared for this fund.

No remedial action is anticipated or required by the county regarding these excess expenditures.

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2014

	Balance 1-1-14	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-14
Major Governmental Funds						
General Fund	779,166.52	1,128,450.81	300,000.00		1,340,964.33	866,653.00
Highway Tax Distribution	613,815.85	554,150.28			568,033.50	599,932.63
Unorganized - Road and Bridge	669,535.46	674,424.28			795,490.48	548,469.26
HB 1358 Road Project		2,045,333.79			350.00	2,044,983.79
Total Major Governmental Funds	2,062,517.83	4,402,359.16	300,000.00		2,704,838.31	4,060,038.68
Non-Major Governmental Funds						
County Road and Bridge	269,502.09	96,182.26	41,389.44		826.49	406,247.30
Human Services	150,614.39	224,085.32			256,293.73	118,405.98
Emergency	257,286.49	108,525.59			5,617.20	360,194.88
Farm to Market Road	149,145.15	171,604.11			146,719.18	174,030.08
Social Security	122,613.15	293,787.72			275,383.19	141,017.68
Advertising	1,846.18	5,310.58			4,099.00	3,057.76
County Road	2,864.08	7,607.53			7,000.00	3,471.61
Auditorium	1,931.83	225.00				2,156.83
Corps Grant	4,532.57	7,008.75				11,541.32
State Aid Distribution	39,985.89	50,000.00			21,777.35	68,208.54
County Park	16,975.39	33,730.52			32,711.70	17,994.21
Oasis Extended	107,022.02	89,730.54		80,000.00	16,678.93	100,073.63
Emergency 911	29,853.78	45,970.74			51,896.55	23,927.97
Insurance Reserve	55,505.98	68,892.98			62,219.41	62,179.55
Comprehensive Health	110,451.00	242,166.23		220,000.00	200.76	132,416.47
County Historical Society	1,620.11	8,959.38			8,879.28	1,700.21
Senior Citizens	5,460.35	45,818.96			44,781.70	6,497.61
County Loan	23,941.40	59,972.90			43,195.23	40,719.07
County Jail	28,570.33	106,607.93			66,753.01	68,425.25
Technology	73,492.15	86,357.43			80,014.17	79,835.41
Abandoned Cemeteries	684.14	2,344.97			2,000.00	1,029.11
2009 Bridge Disaster	41,389.44			41,389.44		
Police Contract	5,828.51	8,733.82			830.00	13,732.33
Total Non-Major Governmental Funds	1,501,116.42	1,763,623.26	41,389.44	341,389.44	1,127,876.88	1,836,862.80
Total Governmental Funds	3,563,634.25	6,165,982.42	341,389.44	341,389.44	3,832,715.19	5,896,901.48
Agency Funds						
Tax Deposits	319.48	17,602.11			15,284.44	2,637.15
Hazardous Chemicals	3,195.03	1,012.50			24.32	4,183.21
Extension Fund	2,886.70	215.80			760.90	2,341.60
District Court Reimb.	(25.00)	25.00				
Domestic Violence Victims Act	75.00	315.00			355.00	35.00
State General	5,555.50	23,938.82			22,970.11	6,524.21

(continued)

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2014
(continued)

	Balance 1-1-14	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-14
<u>Agency Funds (cont.)</u>						
District Court Costs	25.00				25.00	
Reimbursable Accounts	52,363.60	35,162.82			82,697.91	4,828.51
Document Preservation	11,950.80	11,340.90			4,792.02	18,499.68
State Grants	(53,943.90)	106,785.48			52,841.58	
Hospital	27,777.69	117,249.96			112,406.79	32,620.86
Total Cities	78,033.86	439,815.66			441,152.40	76,697.12
Total City Park Districts	6,018.75	32,801.67			32,983.59	5,836.83
Total School Districts	400,900.53	1,795,764.30			1,712,269.58	484,395.25
Total Townships	1,293.48	11,050.57			10,394.25	1,949.80
State Game and Fish	2,881.00	27,194.00			22,506.00	7,569.00
Total Rural Fire Districts	27,969.54	126,219.17			122,726.06	31,462.65
Weed Control	15,597.08	89,635.85			86,998.29	18,234.64
Water Resource District	11,065.10	59,326.95			58,687.13	11,704.92
District Health Unit	19,670.87	109,040.25			107,401.15	21,309.97
Ambulance	9,984.37	54,688.56			52,854.60	11,818.33
Victim Witness Fee	7,369.95	1,600.00			4,189.48	4,780.47
SO 24/7 Program	1,211.00	2,925.00			2,149.80	1,986.20
Total Agency Funds	632,175.43	3,063,710.37			2,946,470.40	749,415.40
Total Primary Government	4,195,809.68	9,229,692.79	341,389.44	341,389.44	6,779,185.59	6,646,316.88
<u>Discretely Presented</u>						
<u>Component Units</u>						
Weed Control	164,617.36	153,614.16			152,032.19	166,199.33
Water Resource District	313,242.92	68,732.37			23,942.45	358,032.84
District Health Unit	214,888.27	199,705.75			167,906.66	246,687.36
Total Discretely Presented Component Units	692,748.55	422,052.28			343,881.30	770,919.53
Total Reporting Entity	4,888,558.23	9,651,745.07	341,389.44	341,389.44	7,123,066.89	7,417,236.41

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2013

	Balance 1-1-13	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-13
Major Governmental Funds						
General Fund	718,002.13	1,136,046.81	269,973.40		1,344,855.82	779,166.52
Highway Tax Distribution	357,708.75	945,613.88			689,506.78	613,815.85
Unorganized - Road and Bridge	112,260.20	1,798,939.68	5,000.00		1,246,664.42	669,535.46
Total Major Governmental Funds	1,187,971.08	3,880,600.37	274,973.40		3,281,027.02	2,062,517.83
Non-Major Governmental Funds						
County Road and Bridge	237,409.63	89,011.93			56,919.47	269,502.09
Human Services	128,001.21	275,216.34			252,603.16	150,614.39
Emergency	116,707.52	143,550.44			2,971.47	257,286.49
Farm to Market Road	147,447.23	197,302.77			195,604.85	149,145.15
Social Security	53,459.16	317,175.61			248,021.62	122,613.15
Advertising	2,447.73	2,825.68			3,427.23	1,846.18
County Road	1,079.72	7,889.93			6,105.57	2,864.08
Auditorium	1,416.83	515.00				1,931.83
Corps Grant	8,720.07	3,600.00			7,787.50	4,532.57
State Aid Distribution	23,733.13	50,000.00			33,747.24	39,985.89
County Park	12,540.65	33,519.81		5,000.00	24,085.07	16,975.39
Oasis Extended	71,682.72	121,304.47		70,000.00	15,965.17	107,022.02
Emergency 911	37,349.17	46,772.97			54,268.36	29,853.78
Insurance Reserve	26,085.09	88,523.71			59,102.82	55,505.98
Comprehensive Health	58,921.16	251,529.84		199,973.40	26.60	110,451.00
County Historical Society	30.64	10,171.19			8,581.72	1,620.11
Senior Citizens	38.99	24,889.08			19,467.72	5,460.35
County Loan	5,705.77	76,245.57			58,009.94	23,941.40
County Jail	24,616.17	133,289.78			129,335.62	28,570.33
Technology	36,897.17	110,461.91			73,866.93	73,492.15
Abandoned Cemeteries	591.42	2,542.09			2,449.37	684.14
2009 Bridge Disaster	(385,345.99)	183,238.10	262,656.50		19,159.17	41,389.44
2009 Flood Disaster	202,325.16			202,325.16		
2010 Flood Disaster	60,331.34			60,331.34		
Police Contract	8,804.13	13,546.78			16,522.40	5,828.51
Cattail Road Project	106,141.09	152,071.80			258,212.89	
Total Non-Major Governmental Funds	987,136.91	2,335,194.80	262,656.50	537,629.90	1,546,241.89	1,501,116.42
Total Governmental Funds	2,175,107.99	6,215,795.17	537,629.90	537,629.90	4,827,268.91	3,563,634.25
Agency Funds						
Penalty and Interest	17,581.11	2,269.36			19,850.47	
Tax Deposits	2,373.44	14,048.84			16,102.80	319.48
Hazardous Chemicals	2,470.03	725.00				3,195.03
Extension Fund	4,167.32	1,366.00			2,646.62	2,886.70

(continued)

EMMONS COUNTY
Linton, North Dakota

Schedule of Fund Activity
Arising from Cash Transactions
For the Year Ended December 31, 2013
(continued)

	Balance 1-1-13	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-13
<u>Agency Funds (cont.)</u>						
District Court Reimb.	(183.20)	183.20			25.00	(25.00)
Domestic Violence Victims Act	70.00	425.00			420.00	75.00
State General	77.94	25,956.18			20,478.62	5,555.50
District Court Costs		25.00				25.00
Reimbursable Accounts	4,706.17	111,378.47			63,721.04	52,363.60
Document Preservation	10,642.84	6,588.72			5,280.76	11,950.80
State Grants	(21,765.91)	22,063.98			54,241.97	(53,943.90)
Hospital	377.49	127,077.02			99,676.82	27,777.69
Total Cities	4,574.06	494,781.78			421,321.98	78,033.86
Total City Park Districts	93.50	36,699.90			30,774.65	6,018.75
Total School Districts	8,591.72	2,610,457.67			2,218,148.86	400,900.53
Total Townships		40,054.34			38,760.86	1,293.48
State Game and Fish	5,829.00	19,624.00			22,572.00	2,881.00
Total Rural Fire Districts	453.52	137,258.32			109,742.30	27,969.54
Weed Control	15,082.85	117,058.72			116,544.49	15,597.08
Water Resource District	211.06	68,500.68			57,646.64	11,065.10
District Health Unit	362.23	124,053.46			104,744.82	19,670.87
Ambulance	155.89	61,993.15			52,164.67	9,984.37
Victim Witness Fee	8,215.99	1,625.00			2,471.04	7,369.95
SO 24/7 Program	1,051.00	2,509.00			2,349.00	1,211.00
Prepaid Taxes	1,170,804.72				1,170,804.72	
Total Agency Funds	1,235,942.77	4,026,722.79			4,630,490.13	632,175.43
Total Primary Government	3,411,050.76	10,242,517.96	537,629.90	537,629.90	9,457,759.04	4,195,809.68
<u>Discretely Presented</u>						
<u>Component Units</u>						
Weed Control	149,908.48	185,632.09			170,923.21	164,617.36
Water Resource District	269,292.19	228,618.83			184,668.10	313,242.92
District Health Unit	191,916.12	190,271.87			167,299.72	214,888.27
Total Discretely Presented Component Units	611,116.79	604,522.79			522,891.03	692,748.55
Total Reporting Entity	4,022,167.55	10,847,040.75	537,629.90	537,629.90	9,980,650.07	4,888,558.23

Rath & Mehner

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Emmons County
Linton, 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 aggregate discretely presented component units each major fund and the aggregate remaining fund information of Emmons County, Linton, North Dakota, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements, and have issued our report thereon dated April 24, 2015 .

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the county's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

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 county's internal control or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the county's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rath and Mehrer

Rath and Mehrer, P.C.

Bismarck, North Dakota

April 24, 2015

EMMONS COUNTY
Linton, North Dakota

Schedule of Findings and Responses
For the Years Ended December 31, 2014 and 2013

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of Auditor's Report Issued:

Governmental Activities	Unmodified
Discretely Presented Component Units	Unmodified
Major Governmental Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:

* Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
* Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance Material to financial statements noted?	_____ Yes	_____ <u>X</u> No

SECTION II - FINANCIAL STATEMENT FINDINGS:

No matters were reported