

**GOLDEN VALLEY COUNTY
BEACH, NORTH DAKOTA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2015**

**JAMES J. WOSEPKA, PC
CERTIFIED PUBLIC ACCOUNTANT
BEACH, NORTH DAKOTA**

**GOLDEN VALLEY COUNTY
BEACH, NORTH DAKOTA
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**COUNTY OF GOLDEN VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

As the County Commissioner's of the County of Golden Valley, North Dakota, we offer readers of Golden Valley County's discussion and analysis an overall review of the County's financial activities for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to help enhance their understanding of the County's financial performance. The County prepares annual budgets for the general and special revenue funds and amends them when needed.

THE FINANCIAL STATEMENTS:

- Golden Valley County's assets exceeded its liabilities as of December 31, 2015 by \$10,635,930 (net position) Of this amount, \$1,858,034 (unrestricted net assets), may be used to meet the government's ongoing obligations to its citizens and its creditors.
- As of December 31, 2015, Golden Valley County's governmental funds reported combined ending fund balances of \$8,034,448. Of this amount \$1,494,783 is in the general fund, and is available for spending at the government's discretion. The balance of \$6,539,665 is in special revenue funds and is to be used for the designated purposes of each fund.
- Golden Valley County's total net decrease in fund balances for the Governmental Funds was \$1,704,776.
- Long-term debt increased by \$122,715. \$46,155 increase was for term debt and \$76,560 increase was for compensated absences.
- There was \$176,464 of Capital Assets purchased during 2015 and a total depreciation expense of \$325,792.
- Golden Valley County's total cash balance on December 31, 2015 was \$6,797,201.

NET ASSETS COMPARISON

	2014	2015
<u>ASSETS</u>		
CASH & OTHER ASSETS	11,989,883	9,115,985
CAPITAL ASSETS	<u>2,936,849</u>	<u>2,787,521</u>
TOTAL ASSETS	14,926,732	11,903,506
<u>LIABILITIES</u>		
CURRENT LIABILITIES	191,588	1,073,151
LONG TERM LIABILITIES	<u>71,710</u>	<u>194,425</u>
TOTAL LIABILITIES	263,298	1,267,576
<u>DEFERRED INFLOWS OF RESOURCES</u>		
UNEARNED REVENUE FROM STATE GOV'T	<u>1,992,223</u>	<u>0</u>
	1,992,223	0
<u>NET POSITION</u>		
NET INVESTMENT IN CAPITAL ASSETS	2,936,849	2,741,366
RESTRICTED	606,950	6,036,530
UNRESTRICTED	<u>9,127,412</u>	<u>1,858,034</u>
TOTAL NET POSITION	12,671,211	10,635,930

GOVERNMENTAL FUND COMPARISONS

	2014	2015
<u>REVENUES</u>		
CHARGE FOR SERVICES	485,373	448,291
OPERATING GRANTS	115,249	151,390
PROPERTY TAXES	661,194	478,428
FEDERAL/STATE REVENUE	5,872,280	9,897,352
INVESTMENT EARNINGS	22,384	42,368
LICENSES & PERMITS	2,875	3,875
MISCELLANEOUS	<u>77,973</u>	<u>196,194</u>
TOTAL REVENUE	7,237,328	11,217,898
<u>EXPENDITURES</u>		
GENERAL GOVERNMENT	997,625	972,639
PUBLIC SAFETY	624,690	558,865
PUBLIC WORKS	1,802,502	10,818,881
PUBLIC HEALTH	0	4,800
SOCIAL & ECONOMIC SERVICES	382,079	434,547
CULTURE & RECREATION	79,736	115,609
CONSERVATION & NATURAL RESOURCES	266,982	249,932
DEBT SERVICE		
INTEREST	35,838	0
UNALLOCATED COST	20,854	42,440
MISCELLANEOUS	<u>8,874</u>	<u>55,466</u>
TOTAL EXPENDITURES	4,219,180	13,253,179
CHANGES IN NET POSITION:	3,018,148	(2,035,281)

USING THIS AUDIT REPORT:

This audit report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Golden Valley County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions. More detailed information for certain funds, reported as “Major Funds” include (Governmental Funds): General (which is Golden Valley County’s primary operating fund), Highway Tax, Road Reserve, and Road & Bridge.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire County. Net position is the difference between the assets and the liabilities. Over time, increases or decreases shown in the County’s net position is one indicator of whether its financial health is improving or deteriorating. Another factor that is beneficial to all of Golden Valley County is the oil and gas revenues derived herein.

OVERVIEW OF THE FINANCIAL STATEMENTS:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities are designed to provide readers with a broad overview of Golden Valley County’s finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of Golden Valley County that are primarily supported by various revenues such as taxes, non-tax revenues such as oil and gas revenue, grants, intergovernmental revenues, charges for services, fines and forfeiture (referred to as “governmental activities”). These two statements report the County’s net position and changes in them. The County’s net position, (the difference between assets and liabilities), is one way to measure the financial status of the County. By watching the increases and decreases in the County’s net position, the reader will note the County’s improvement or deterioration. The Statement of Net Position and the Statement of Activities distinguishes between the following activities:

- **Governmental Activities** – Most of the County’s basic services are reported here, including general administration public safety, public works and health. Property taxes, state and federal grants and oil and gas revenues finance most of these activities.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Golden Valley County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-side financial statements, governmental funds focus on near term inflows and outflows of spend able resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations.

Notes To The Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-20 of this report.

Required Supplementary Information – This information precedes the basic financial statements or is included in the basic financial statements and accompanying notes, therefor no other information is presented in the section for required supplementary information.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions concerning this report or need additional information, contact the Auditor's Office at the Golden Valley County Courthouse.

GOLDEN VALLEY COUNTY

COUNTY OFFICIALS

County Commissioner	Dale Maus
County Commissioner	Harley Steffen
County Commissioner	Troy Tescher
County Auditor	Tamra Sperry
County Treasurer	Gene Skoglund
County Sheriff	Scot Steele
County Recorder/Clerk of Court	Patty Thompson
States Attorney	Christina Wenko



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INDEPENDENT AUDITOR'S REPORT

To the County Commissioners
Golden Valley County
Beach, North Dakota 58621

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County, Beach, North Dakota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Golden Valley County, Beach, North Dakota, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i - iv and 21 - 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Golden Valley County, Beach, North Dakota's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 August 1, 2016, on our consideration of Golden Valley County, Beach, North Dakota'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 Golden Valley County, Beach, North Dakota's internal control over financial reporting and compliance.

August 1, 2016
Beach, North Dakota

James J. Wosepka, PC
By *James J. Wosepka*
CPA

**GOLDEN VALLEY COUNTY
STATEMENT OF NET POSITION
December 31, 2015**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,797,201
Taxes/assessments receivable	8,386
Accounts receivable	147,873
Due from other governments	429,936
Inventories	1,732,589
Capital assets not being depreciated	
Land	23,435
Capital assets being depreciated (net of accumulated depreciation)	2,764,086
Total Assets	11,903,506
LIABILITIES	
Accounts payable and other current liabilities	1,073,151
Noncurrent liabilities:	
Due within one year	10,566
Due in more than one year	183,859
Total Liabilities	1,267,576
NET POSITION	
Net investment in capital assets	2,741,366
Restricted for:	
Debt Service	37,601
Special Revenue	4,266,340
Inventory	1,732,589
Unrestricted	1,858,034
Total Net Position	\$ 10,635,930

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services, Fines, Forfeitures, etc.	Grants and Contributions	
Primary government:				Primary Governmental Activities
Governmental activities:				
General government	\$ 972,639	\$ 52,041	\$ -	\$ (920,598)
Public safety	558,865	110,780	151,390	(296,695)
Public works	10,818,881	179,035	-	(10,639,846)
Public health	4,800	-	-	(4,800)
Social and economic services	434,547	-	-	(434,547)
Culture and recreation	115,609	-	-	(115,609)
Conservation of Natural Resources	249,932	106,435	-	(143,497)
Interest on long-term debt	-	-	-	-
Miscellaneous	55,466	-	-	(55,466)
Unallocated costs	42,440	-	-	(42,440)
Total governmental activities	13,253,179	448,291	151,390	(12,653,498)
Total primary government	\$ 13,253,179	\$ 448,291	\$ 151,390	(12,653,498)
General revenues:				
Property taxes				478,428
Licenses and permits				3,875
Unrestricted Federal/State shared revenues				9,897,352
Unrestricted investment earnings				42,368
Miscellaneous				196,194
Total general revenues and transfers				10,618,217
Change in net position				(2,035,281)
Total net position - January 1, 2015				12,671,211
Total net position - December 31, 2015				\$ 10,635,930

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

Description	Major Funds					Total Governmental Funds
	General	Road Reserve	Highway Tax	Road & Bridge	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 1,344,748	\$ 2,979,017	\$ 598,128	\$ 7,754	\$ 1,867,554	\$ 6,797,201
Tax/assessment receivable	2,051	-	-	1,385	4,950	8,386
Accounts receivable	147,873	-	-	-	-	147,873
Due from other funds	2,162	100,000	-	-	-	102,162
Due from other governments	-	-	-	429,936	-	429,936
Inventories	-	-	1,684,071	-	48,518	1,732,589
Total Assets	\$ 1,496,834	\$ 3,079,017	\$ 2,282,199	\$ 439,075	\$ 1,921,022	\$ 9,218,147
LIABILITIES						
Accounts payable	-	-	-	805,173	-	\$ 1,073,151
Due to other funds	-	-	-	100,000	2,162	102,162
Total Liabilities	-	-	-	905,173	2,162	1,175,313
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	2,051	-	-	1,385	4,950	8,386
Total Deferred Inflows of Resources	2,051	-	-	1,385	4,950	8,386
FUND BALANCES						
Non-spendable	-	-	1,684,071	-	48,518	1,732,589
Restricted	-	-	-	-	37,601	37,601
Committed	-	-	-	(467,483)	-	(467,483)
Assigned	-	3,079,017	330,150	-	1,827,791	5,236,958
Unassigned	1,494,783	-	-	-	-	1,494,783
Total fund balances	1,494,783	3,079,017	2,014,221	(467,483)	1,913,910	8,034,448
Total liabilities, deferred inflows of resources and fund balances	\$ 1,496,834	\$ 3,079,017	\$ 2,282,199	\$ 439,075	\$ 1,921,022	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,787,521
Certain property tax collections are not available to pay current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	8,386
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(194,425)
Total Net Position - Governmental Funds	\$ 10,635,930

GOLDEN VALLEY COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED DECEMBER 31, 2015

Description	Major Funds					Total Governmental Funds
	General	Road Reserve	Highway Tax	Road & Bridge	Other Governmental Funds	
REVENUES						
Taxes/assessments	\$ 65,112	\$ -	\$ -	\$ 123,874	\$ 347,904	\$ 536,890
Licenses and permits	3,875	-	-	-	-	3,875
Intergovernmental revenues	1,082,676	2,270,663	262,178	5,912,796	520,429	10,048,742
Charges for services	162,821	-	-	-	285,470	448,291
Miscellaneous	146,427	-	3,659	-	46,108	196,194
Investment and royalty earnings	42,351	-	-	-	17	42,368
Total Revenues	1,503,262	2,270,663	265,837	6,036,670	1,199,928	11,276,360
EXPENDITURES						
Current:						
General government	873,952	-	-	-	89,780	963,732
Public safety	504,271	-	-	-	71,175	575,446
Public works	440,130	352,982	477,342	8,559,484	784,160	10,614,098
Public health	4,800	-	-	-	-	4,800
Social and economic services	-	-	-	-	434,547	434,547
Culture and recreation	33,010	-	-	-	81,378	114,388
Conservation of natural resources	36,000	-	-	-	182,659	218,659
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	55,466	55,466
Miscellaneous	-	-	-	-	-	-
Total Expenditures	1,892,163	352,982	477,342	8,559,484	1,699,165	12,981,136
Excess of revenues (under) expenditures	(388,901)	1,917,681	(211,505)	(2,522,814)	(499,237)	(1,704,776)
OTHER FINANCING SOURCES (USES):						
Transfers in	3,610	657,482	1,700,000	4,000	1,410,909	3,776,001
Transfers out	(875,476)	(2,548,000)	-	-	(352,525)	(3,776,001)
Total other financing sources (uses)	(871,866)	(1,890,518)	1,700,000	4,000	1,058,384	-
Net change in fund balances	(1,260,767)	27,163	1,488,495	(2,518,814)	559,147	(1,704,776)
Fund balances - January 1, 2015	2,755,550	3,051,854	525,726	2,051,331	1,354,763	9,739,224
Fund balances - December 31, 2015	\$ 1,494,783	\$ 3,079,017	\$ 2,014,221	\$ (467,483)	\$ 1,913,910	\$ 8,034,448

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - total governmental funds (page 8)	<u>\$ (1,704,776)</u>
Amounts reported for governmental activities in the statement of activities (page 5) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets purchased	176,464
Depreciation expense	<u>(325,792)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable property taxes	<u>(58,462)</u>
Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position	
Loan proceeds	<u>(46,155)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Accrued compensated absences	<u>(76,560)</u>
Change in Net Position in Governmental Activities	<u><u>\$ (2,035,281)</u></u>

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015**

	Agency Funds
Description	Agency Composite
ASSETS	
Cash and cash equivalents	\$ 955,141
Total Assets	\$ 955,141
LIABILITIES	
Warrants payable	\$ 271,118
Due to other governments	684,023
Total Liabilities	\$ 955,141

See accompanying notes to financial statements.

**GOLDEN VALLEY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. Summary of Significant Accounting Policies

The accounting policies of Golden Valley County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The County is governed by an elected three-member Board of County Commissioners and is considered a legally independent separate governmental organization able to sue or be sued, buy, sell, or lease property, approve or modify their budget, set its own taxes or rates, and issue bonded debt.

The primary government ("County") is financially accountable for a component unit if it appoints a voting majority of the unit's governing body and if it has the ability to impose its' will on the component unit or if there is an affirmative potential financial benefit or burden. The County has no component units.

School districts and other independent taxing units are reflected only in the combined balance sheet as agency funds since the County is responsible, by law, for the collection of taxes and/or the maintenance of cash funds for these entities.

Basic Financial Statements

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the County as a whole, excluding fiduciary activities. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported in the financial statements. All activities are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The Government-wide Statement of Net Position reports all financial and capital resources of the County, excluding fiduciary funds. It is displayed in a format of assets less liabilities equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of

1. Summary of Significant Accounting Policies – cont.

those assets. Restricted net position is those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position, not otherwise classified as restricted, is shown as unrestricted. Generally, the County would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the County are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use, or directly benefit from goods, services, or privileges provided by a particular function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income, and other revenues, not identifiable with particular functions or programs, are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The County reports the following major governmental funds:

General Fund – This fund reports the primary fund of the County. This fund is used to account for all financial resources not reported in other funds.

Road Reserve - Board sets aside for future road projects. Revenue is from BLM mineral payments and moneys transferred.

Highway Tax – This fund is used to provide funds for road projects.

Road & Bridge – This fund is used for major road projects.

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Summary of Significant Accounting Policies – cont.

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees, and permits, intergovernmental revenues (including motor vehicle license fees), charges for services, fines, forfeits, penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as an other financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the County's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, curbs, etc.) are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are defined by the County as assets with an initial cost of more than \$5,000 with a useful life of one year or more.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

1. **Summary of Significant Accounting Policies – cont.**

Capital Assets – cont.

Property, plant, and equipment of the primary government as well as the component units are depreciated using the straight line method over the following estimated useful lives:

	<u>Assets</u>	<u>Years</u>
Buildings		25 - 50
Vehicles		10 - 15
Equipment other than vehicles		10 - 20

No provision is being made to capitalize interest on debt to finance construction of assets.

Taxes and Assessments

An allowance for uncollectible accounts was not maintained for real and personal property taxes receivable. The direct write-off method is used for these accounts.

Inventory

Inventory is recorded at cost.

Compensated Absences

The County's policy on vacation days is that an employee earns vacation days during each 12 month period beginning with the anniversary date of employment. Employees are allowed to accrue and carry forward into the next year a maximum of 240 hours or 30 days of vacation. Upon termination of employment, employees will be paid for vacation benefits that have accrued through the last day of work up to a limit of 240 hours or 30 days.

Sick leave is also accrued with a maximum of 45 days, 15 of which may be paid upon termination.

As of December 31, 2015, accrued vacation and sick leave approximated \$148,270. The amount applicable to the General Fund was \$58,965 and to the Special Revenue Funds was \$89,305.

Encumbrances

Encumbrance accounting is used for the General Fund and Special Revenue Funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet.

Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions

1. **Summary of Significant Accounting Policies – cont.**

Net Position – cont.

imposed by creditors, grantors, laws, or regulations of other governments. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Transactions

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Balances – Governmental Funds

As of December 31, 2015, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the County Commission. The County Commission is the highest level of decision making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the County Commission.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the

1. Summary of Significant Accounting Policies – cont.
Fund Balances – Governmental Funds – cont.

County's adopted policy, only the County Commission may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County Commission has provided otherwise in its commitment or assignment actions.

	General	Road Reserve	Highway Tax	Road & Bridge	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Inventory	\$ -	\$ -	\$ 1,684,071	\$ -	\$ 48,518	\$ 1,732,589
Restricted for:						
Debt Service	-	-	-	-	37,601	37,601
Public Works	-	-	-	-	642,920	642,920
Committed to:						
Public Works	-	-	-	(467,483)	210,564	(256,919)
Conservation	-	-	-	-	128,907	128,907
General Government	-	-	-	-	28,065	28,065
Public Safety	-	-	-	-	116,561	116,561
Culture & Recreation	-	-	-	-	7,196	7,196
Social & Economic	-	-	-	-	112,615	112,615
Assigned for:						
General Government	-	-	-	-	9,638	9,638
Public Safety	-	-	-	-	9,901	9,901
Public Works	-	3,079,017	330,150	-	12,981	3,422,148
Social & Economic	-	-	-	-	45,308	45,308
Capital Outlay	-	-	-	-	503,135	503,135
Unassigned:	<u>1,494,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,783</u>
Total Fund Balance:	<u>\$ 1,494,783</u>	<u>\$ 3,079,017</u>	<u>\$ 2,014,221</u>	<u>\$ (467,483)</u>	<u>\$ 1,913,910</u>	<u>\$ 8,034,448</u>

2. **Cash and Cash Equivalents**

The County maintains a cash pool for all funds under the control of the County Treasurer.

Cash includes cash and cash equivalents of checking and savings deposits.

The composition of cash and cash equivalents on December 31, 2015 was as follows:

<u>Cash</u>	
Cash in Banks	
Demand and Savings Deposits	\$ <u>7,752,342</u>
Total	\$ <u><u>7,752,342</u></u>

Deposits - At year-end, the carrying amount of the County's deposits was \$7,752,342 and the bank balance was \$7,538,165. These deposits include demand and savings deposits. Of the bank balance, \$957,241 was covered by Federal depository insurance, the balance \$6,580,924 was covered by pledged securities.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party.

North Dakota statutes require that the County obtain pledged securities for the uninsured portion of the deposits equal to 110% of such deposits. The amount of collateral held for County deposits at December 31, 2015 exceeded the amount required by State statutes.

State statutes authorize political subdivisions to invest in: 1) Bonds, treasury bills, and notes or other securities that are a direct obligation of, or an 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 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 or the state; 4) Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the Federal Deposit Insurance Corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the Commissioner of Financial Institutions; 5) State and local securities; 6) Commercial paper issued by a United States corporation rated in the highest category by at least two nationally recognized rating agencies and matures in two hundred seventy days or less.

3. **Taxes Receivable**

Taxes receivable consists of delinquent uncollected taxes at December 31.

Property tax revenue is recognized in compliance with the National Council on Government Accounting (NCGA) Interpretation 3, "Revenue Recognition-Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. Available means then due, or past due and receivable within

3. **Taxes Receivable – cont.**

the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Since no material taxes are collected within the time period, taxes receivable are recorded as deferred revenue.

Property taxes attach as an enforceable lien on property on January 1. A 5% reduction is allowed if paid by February 15th. Penalty and interest are added March 1st, unless the first half of the taxes has been paid. Additional penalties are added October 15th if not paid.

4. **Unavailable Revenues**

Unavailable revenue consists 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.

5. **Risk Management**

The County participates in the North Dakota Insurance Reserve Fund, North Dakota Fire and Tornado Fund, and the North Dakota Worker's Compensation Bureau to control their risk of loss. There have been no settled claims that exceeded the insurance coverage in any of the past three fiscal years.

6. **Pension Plan**

The County has a pension plan available to all employees whose gross wages are at least \$5,000. The County matches up to 3% of the employee's contribution. The County's contribution to the plan for the year ended December 31, 2014 was \$16,820 and December 31, 2015 was \$34,576.

7. Capital Assets

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 23,435	\$ -	\$ -	\$ 23,435
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>23,435</u>	<u>-</u>	<u>-</u>	<u>23,435</u>
Capital assets being depreciated				
Buildings	2,146,051	-	-	2,146,051
Machinery and equipment	2,507,402	213,223	89,915	2,630,710
Improvements other than buildings	23,550	-	-	23,550
Total capital assets being depreciated	<u>4,677,003</u>	<u>213,223</u>	<u>89,915</u>	<u>4,800,311</u>
Less accumulated depreciation for:				
Buildings	(375,966)	(51,122)	-	(427,088)
Machinery and equipment	(1,380,263)	(273,492)	53,156	(1,600,599)
Improvements other than buildings	(7,360)	(1,178)	-	(8,538)
Total accumulated depreciation	<u>(1,763,589)</u>	<u>(325,792)</u>	<u>53,156</u>	<u>(2,036,225)</u>
Net capital assets being depreciated	<u>2,913,414</u>			<u>2,764,086</u>
Governmental activities capital assets net	<u>\$ 2,936,849</u>			<u>\$ 2,787,521</u>
Depreciation expense:				
Public Works	\$ 217,272			
Public Safety	41,108			
Conservation	24,972			
Unallocated	42,440			
	<u>\$ 325,792</u>			

8. Long Term Debt

The County had entered into a lease agreement to finance the acquisition of a Bobcat on November 23, 2015. Payments are \$13,289 per year to November 2019.

The following is a summary of the capital leases and other contractual liability transactions of Golden Valley County for the fiscal year ended December 31, 2015.

	<u>Balance 1/1/2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/2015</u>
Bobcat	\$ -	\$ 59,445	\$ (13,290)	\$ 46,155

Payment is from the Special County Road Fund. No interest was expensed during 2015.

8. Long Term Debt – cont.

Required future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 10,566	\$ 2,723	\$ 13,289
2017	11,189	2,100	13,289
2018	11,850	1,440	13,290
2019	12,550	739	13,289
	<u>\$ 46,155</u>	<u>\$ 7,002</u>	<u>\$ 53,157</u>

The following is a summary of the total Compensated Absences for the fiscal year ended December 31, 2015:

<u>Compensated Absences</u>			
<u>12/31/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2015</u>
\$ 71,710	\$ 76,560	-	\$ 148,270

9. Transfers

The following is a schedule of operating transfers for 2015:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 3,610	\$ 875,476
Road Reserve	657,482	2,548,000
Special County Road	875,220	220
Social Services	260,153	305
BLM	-	30,000
County Poor	-	260,000
Road & Bridge	4,000	-
911	11,000	-
Wireless 911	-	11,000
County Agent	34,536	-
Highway Tax	1,700,000	-
Library CD	-	47,000
Library	47,000	-
Unorganized	183,000	4,000

10. Subsequent Events

Subsequent events have been evaluated through the date of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**GOLDEN VALLEY COUNTY
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL	FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(UNFAVORABLE)</u>
Taxes	\$ 79,000	\$ 79,000	\$ 65,112	\$ (13,888)
Licenses, permits, fees	2,400	2,400	3,875	1,475
Intergovernmental revenue	1,576,300	1,576,300	1,082,676	(493,624)
Charges for services	354,223	354,223	162,821	(191,402)
Miscellaneous revenue	16,000	16,000	146,427	130,427
Investment earnings	35,000	35,000	42,351	7,351
TOTAL REVENUES	<u>2,062,923</u>	<u>2,062,923</u>	<u>1,503,262</u>	<u>(559,661)</u>
 EXPENDITURES:				
Current:				
General government	1,113,188	1,113,288	873,952	239,336
Public safety	602,158	602,448	504,271	98,177
Public works	31,418	1,283,168	440,130	843,038
Health and welfare	4,800	4,800	4,800	-
Culture & recreation	36,100	36,100	33,010	3,090
Conservation	42,457	42,457	36,000	6,457
TOTAL EXPENDITURES	<u>1,830,121</u>	<u>3,082,261</u>	<u>1,892,163</u>	<u>1,190,098</u>
Excess of Revenues Over/(Under) Expenditures	<u>232,802</u>	<u>(1,019,338)</u>	<u>(388,901)</u>	<u>630,437</u>
 OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	3,610	3,610
Operating Transfers - Out	-	-	(875,476)	(875,476)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(871,866)</u>	<u>(871,866)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ 232,802</u>	<u>\$ (1,019,338)</u>	<u>(1,260,767)</u>	<u>\$ (241,429)</u>
Fund balances - January 1, 2015			<u>2,755,550</u>	
Fund balances - December 31, 2015			<u>\$ 1,494,783</u>	

**GOLDEN VALLEY COUNTY
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 ROAD RESERVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	-	-	2,270,663	2,270,663
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	-	2,270,663	2,270,663
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	845,000	2,614,755	352,982	2,261,773
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	845,000	2,614,755	352,982	2,261,773
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over/(Under) Expenditures	(845,000)	(2,614,755)	1,917,681	4,532,436
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	657,482	657,482
Operating Transfers - Out	-	-	(2,548,000)	(2,548,000)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	-	-	(1,890,518)	(1,890,518)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	\$ (845,000)	\$ (2,614,755)	27,163	\$ 2,641,918
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - January 1, 2015			3,051,854	
Fund balance - December 31, 2015			\$ 3,079,017	

**GOLDEN VALLEY COUNTY
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 HIGHWAY TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	262,178	262,178
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	3,659	3,659
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	-	265,837	265,837
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	512,250	1,372,250	477,342	894,908
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	512,250	1,372,250	477,342	894,908
Excess of Revenues Over/(Under) Expenditures	<u>(512,250)</u>	<u>(1,372,250)</u>	<u>(211,505)</u>	<u>1,160,745</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	1,700,000	1,700,000
Operating Transfers - Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	-	-	1,700,000	1,700,000
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (512,250)</u>	<u>\$ (1,372,250)</u>	1,488,495	<u>\$ 2,860,745</u>
Fund balance - January 1, 2015			<u>525,726</u>	
Fund balance - December 31, 2015			<u>\$ 2,014,221</u>	

**GOLDEN VALLEY COUNTY
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 ROAD & BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL <u>BUDGET</u>	FINAL <u>BUDGET</u>	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 136,128	\$ 136,128	\$ 123,874	\$ (12,254)
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	5,611	5,611	5,912,796	5,907,185
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	141,739	141,739	6,036,670	5,894,931
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	4,648,600	7,148,600	8,559,484	(1,410,884)
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	4,648,600	7,148,600	8,559,484	(1,410,884)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over/(Under) Expenditures	(4,506,861)	(7,006,861)	(2,522,814)	4,484,047
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	4,000	4,000	4,000	-
Operating Transfers - Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING USES	4,000	4,000	4,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	\$ (4,502,861)	\$ (7,002,861)	(2,518,814)	\$ 4,484,047
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - January 1, 2015			2,051,331	
			<hr/>	
Fund balance - December 31, 2015			\$ (467,483)	
			<hr/>	

**GOLDEN VALLEY COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015**

Budgets/Variances

The County adopted an annual budget for the General, Special Revenue, and Debt Services Funds on the cash basis of accounting.

Each officer must prepare a departmental budget. The County Auditor then prepares an annual budget. The final budget must be adopted on or before October 1. The budget may be amended during the year, except no amendment changing the taxes levied can be made after October 10. A notice of meeting to act on the County budget must be published in, at least, one issue of the official county newspaper.

Budgets lapse at year-end.

The County amended the budgets as follows:

	Original Budget	Change	Final Budget
General	\$ 1,830,121	\$ 1,252,140	\$ 3,082,261
Highway Tax	512,250	860,000	1,372,250
Road Reserve	845,000	1,769,755	2,614,755
County Poor	233,500	27,929	261,429
Social Services	451,544	27,929	479,473
Unorganized	78,796	75,569	154,365
Homeland Grant	14,000	21,171	35,171
24/7	4,000	4,000	8,000

The Road Reserve Fund, Roads & Bridge Fund, and the Library CD Fund budgets were overspent.

SUPPLEMENTARY INFORMATION

**GOLDEN VALLEY COUNTY
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL <u>BUDGET</u>	FINAL <u>BUDGET</u>	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ 364,586	\$ 364,586	\$ 347,774	\$ (16,812)
Licenses, permits, fees	-	-	-	-
Intergovernmental revenue	107,153	107,153	515,665	408,512
Charges for services	166,000	166,000	133,601	(32,399)
Investment earnings	5	5	17	12
Miscellaneous revenue	<u>3,600</u>	<u>3,600</u>	<u>46,108</u>	<u>42,508</u>
TOTAL REVENUES	<u>641,344</u>	<u>641,344</u>	<u>1,043,165</u>	<u>401,821</u>
EXPENDITURES:				
Current:				
General government	105,268	105,268	89,780	15,488
Public safety	73,309	98,480	71,175	27,305
Public works	1,057,198	1,132,767	632,291	500,476
Social and economic	696,011	751,869	434,547	317,322
Culture and recreation	84,692	84,692	81,378	3,314
Conservation	201,745	201,745	182,659	19,086
Capital outlay	576,458	576,458	55,466	520,992
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>2,794,681</u>	<u>2,951,279</u>	<u>1,547,296</u>	<u>1,403,983</u>
Excess of Revenues Over/(Under) Expenditures	<u>(2,153,337)</u>	<u>(2,309,935)</u>	<u>(504,131)</u>	<u>1,805,804</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	875,000	875,000	1,410,909	535,909
Operating Transfers - Out	<u>(36,000)</u>	<u>(36,000)</u>	<u>(352,525)</u>	<u>(316,525)</u>
TOTAL OTHER FINANCING USES	<u>839,000</u>	<u>839,000</u>	<u>1,058,384</u>	<u>219,384</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>\$ (1,314,337)</u>	<u>\$ (1,470,935)</u>	554,253	<u>\$ 2,025,188</u>
Fund balance - January 1, 2015			<u>1,322,056</u>	
Fund balance - December 31, 2015			<u>\$ 1,876,309</u>	

**GOLDEN VALLEY COUNTY
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
Taxes	\$ -	\$ -	\$ 130	\$ 130
Intergovernmental revenue	-	-	4,764	4,764
TOTAL REVENUES	-	-	4,894	4,894
EXPENDITURES:				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
Excess of Revenues Over/(Under) Expenditures	-	-	4,894	4,894
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	-	-	-	-
TOTAL OTHER FINANCING USES	-	-	-	-
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	\$ -	\$ -	4,894	\$ 4,894
Fund balance - January 1, 2015			32,707	
Fund balance - December 31, 2015			\$ 37,601	

GOLDEN VALLEY COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015
SOCIAL SERVICES

REVENUES:	
Intergovernmental:	
Administrative reimbursement	\$ 73,732
Reimburse from other County	118,101
Miscellaneous	<u>12,418</u>
TOTAL REVENUES	<u>204,251</u>
EXPENDITURES:	
<u>Administrative Costs</u>	
Salaries	268,066
Social Security tax & benefits expense	49,544
Travel	20,704
Operating expenses	47,230
Other	<u>906</u>
Total Administrative Costs	<u>386,450</u>
<u>Assistance Costs</u>	
Program costs	<u>34,376</u>
<u>Capital Outlay</u>	
	<u>-</u>
TOTAL EXPENDITURES	<u>420,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(216,575)</u>
OTHER FINANCIAL SOURCES (USES)	
Operating Transfers - In	260,153
Operating Transfers - Out	<u>-</u>
TOTAL OTHER SOURCES	<u>260,153</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>43,578</u>
Beginning Balance - January 1	<u>8,007</u>
Ending Balance - December 31	<u><u>\$ 51,585</u></u>

SEE NOTE ON NEXT PAGE

**GOLDEN VALLEY COUNTY
NOTE TO SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

SOCIAL SERVICES

The Social Services Form 119 that is submitted on a monthly basis is in agreement with 2015 financial reporting of the County on a cash basis.



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James J. Wosepka, PC - Certified Public Accountant

Licensed in North Dakota and Montana

INDEPENDENT AUDITOR'S 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

Board of County Commissioners
Golden Valley County
Beach, 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, each major fund, and the aggregate remaining fund information of Golden Valley County, Beach, North Dakota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Golden Valley County, Beach North Dakota's basic financial statements, and have issued our report thereon dated August 1, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James J. Wosepka, PC

By *James J. Wosepka*
CRA

Beach, North Dakota
August 1, 2016

**GOLDEN VALLEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Federal Assistance</u>	<u>Description</u>	<u>Expenditures</u>	
DIRECT ASSISTANCE			
US Dept. of Agriculture			
10.666	(Major Program) Schools and Road - Grants to Counties	\$ 1,327,031	
TOTAL DIRECT ASSISTANCE		<u>\$ 1,327,031</u>	\$ 1,327,031
 State Administered Assistance			
North Dakota Division of Emergency Services			
Federal Emergency Management Agency Civil Defense			
97.042	Emergency Management Performance Grants	9,249	
97.067	Homeland Security Grant Program	<u>33,009</u>	
		42,258	42,258
North Dakota Department of Transportation			
Federal Highway Administration			
20.205	(Major Program) Highway Planning and Construction		
	Project BRO-0017 (014)	332,029	
	Project SC-FHC 1700 (001)	<u>1,646,397</u>	
		1,978,426	1,978,426
North Dakota Department of Human Services			
Federal Department of Health and Human Services			
93.994	Maternal and Child Health Services Block Grant	285	
93.658	Foster Care - Title IV-E	18,278	
93.558	Temporary Assistance for Needy Families	26,761	
93.596	Child Care Mandatory and Matching Funds of the		
	Child Care and Development Fund	2,228	
93.659	Adoption Assistance - Title IV-E	313	
93.556	Promoting Safe and Stable Families	601	
93.645	Child Welfare Services State Grants	375	
93.667	Block Grant	<u>654</u>	
	Total Federal Department of Health and Human Services	49,495	49,495
	Total State Administered Assistance	<u>\$ 2,070,179</u>	
	Total Federal Assistance		<u>\$ 3,397,210</u>

**GOLDEN VALLEY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015**

1. Purpose of the schedule

The Schedule of Expenditures of Federal Awards (schedule) is a supplementary schedule to the financial statements and is presented for purposes of additional analysis. The schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Summary of significant accounting policies

A. Basis of presentation

Federal financial assistance

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, cooperative agreements, loans, loan guarantees, property (including donated surplus property), interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursements for services rendered to individuals. Accordingly, nonmonetary federal assistance may be included in federal financial assistance and therefore, may be reported on the schedule. Golden Valley County received no nonmonetary federal assistance during 2015. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of federal domestic assistance

Uniform Guidance requires the schedule to show the total expenditures for each of the federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs which have not been assigned a CFDA number are indicated with an "N/A".

B. Major programs

The Uniform Guidance established the levels of expenditures to be used in defining major federal financial assistance programs. The dollar threshold to distinguish type A and type B programs was \$750,000.

GOLDEN VALLEY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
DECEMBER 31, 2015

C. Reporting entity

The schedule includes all federal financial assistance programs administered by the County.

D. Basis of accounting

Federal financial assistance expenditures included in the schedule is reported using the same basis of accounting as disclosed in Note 1 of the basic financial statements.

E. Matching costs

The schedule does not include matching expenditures.

F. Indirect Cost Rate

Golden Valley County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Funds to sub-recipient

The County passed through \$283,228 to the Schools and other entities from the Schools and Roads – Grants to Counties – CFDA 10.666.

4. Carryover funds

Schools and Roads – Grants to Counties – CFDA 10.666

Carryover funds from December 31, 2014	\$ 1,926,821
Funds received during 2015	<u>2,097,982</u>
Funds available	\$ 4,024,803
Funds expended 2015	<u>(1,327,031)</u>
Carryover funds as of December 31, 2015	<u><u>\$ 2,697,772</u></u>

5. Direct payment to contractors

The State of North Dakota Department of Transportation made direct payments to contractors of \$1,978,426 from the Federal Highway Administration – CFDA 20.205 – Highway Planning and Construction award.

**GOLDEN VALLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

A. SUMMARY OF AUDIT RESULTS

1. The Auditor's Report expresses an unmodified opinion on the financial statements for Golden Valley County.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Golden Valley County were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The Auditor's Report on compliance for the major federal award programs for Golden Valley County expresses an unmodified opinion on all major federal programs.
6. Our audit showed no findings relative to the major federal award program required to be reported in accordance with the Uniform Guidance – 2 CFR 200.516(a) for Golden Valley County.
7. The programs tested as a major program included: The Schools and Roads-Grants to Counties from the US Department of Agriculture 10.666 and the Highway Planning and Construction award from the Federal Highway Administration 20.205.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Golden Valley County was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Three Special Revenue Funds' budgets were overspent.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

D. COUNTY'S RESPONSE

N/A



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the County Commissioners
Golden Valley County
Beach, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Golden Valley County, Beach, North Dakota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Golden Valley County, Beach, North Dakota's major federal programs for the year ended December 31, 2015. Golden Valley County, Beach, North Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Golden Valley County, Beach, North Dakota's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Golden Valley County, Beach, North Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Golden Valley County, Beach, North Dakota's compliance.

Opinion on Each Major Federal Program

In our opinion, Golden Valley County, Beach, North Dakota, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of Golden Valley County, Beach, North Dakota, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Golden Valley County, Beach, North Dakota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Golden Valley County, Beach, North Dakota's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Beach, North Dakota
August 1, 2016

James J. Wosepka, PC
By *James J. Wosepka*
CPA