



LaMoure County

LaMoure, North Dakota

Audit Report

For the Year Ended December 31, 2015

ROBERT R. PETERSON
STATE AUDITOR

Office of the State Auditor
Division of Local Government

LAMOURE COUNTY
LaMoure, North Dakota

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For the Year Ended December 31, 2015

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LAMOURE COUNTY
LaMoure, North Dakota

COUNTY OFFICIALS

At December 31, 2015

Victor Weigal

Commissioner - Chairman

Lee Miller

Commissioner - Vice Chairman

Bruce Klein

Commissioner

Robert Flath

Commissioner

Keith Heidinger

Commissioner

Marlene White

Auditor

Cindy Worrel

Treasurer

Robert Fernandes

Sheriff

Laurie Good

Recorder

Tonya Duffy

State's Attorney

Karin Boom

Clerk of Court

Marlene White

Superintendent of Schools

STATE AUDITOR

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



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, 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.

LAMOURE COUNTY

Independent Auditor's Report - Continued

Emphasis of a Matter

As discussed in Note 21 to the financial statements, LaMoure County adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that *budgetary comparison information, pension schedules, and notes to the required supplementary information* on pages 26-33 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 LaMoure County's basic financial statements. The *schedule of fund activity arising from cash transactions* is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *schedule of fund activity arising from cash transactions* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of fund activity arising from cash transactions* is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 on our consideration of LaMoure County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 LaMoure County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
December 2, 2016

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF NET POSITION
December 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS:		
Cash and Investments	\$ 5,241,777	\$ 30,757
Intergovernmental Receivable	218,242	-
Road Receivables	44,809	-
Taxes Receivable	54,078	274
Capital Assets (not being depreciated):		
Land	33,600	-
Construction in Progress	3,191,604	-
Capital Assets (being depreciated):		
Vehicles	82,518	-
Equipment	1,452,141	-
Buildings	256,136	-
Infrastructure	11,103,627	-
Total Capital Assets	<u>\$ 16,119,626</u>	<u>\$ -</u>
Total Assets	<u>\$ 21,678,532</u>	<u>\$ 31,031</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	<u>\$ 228,254</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,906,786</u>	<u>\$ 31,031</u>
LIABILITIES:		
Accounts Payable	\$ 22,128	\$ -
Salaries Payable	11,652	-
Grant Received in Advance	352,747	-
Retainage Payable	158,339	-
Interest Payable	500	-
Long-Term Liabilities:		
Due Within One Year:		
Bonds Payable	60,000	-
Compensated Absences Payable	36,612	-
Due After One Year:		
Bonds Payable	60,000	-
Compensated Absences Payable	54,917	-
Net Pension Liability	<u>1,111,282</u>	<u>-</u>
Total Liabilities	<u>\$ 1,868,177</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension	<u>\$ 129,879</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,998,056</u>	<u>\$ -</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 16,119,626	\$ -
Restricted for:		
Debt Service	73,865	-
Highways	1,358,862	-
Health and Welfare	81,574	-
Culture and Recreation	67,560	-
Conservation of Natural Resources	127,237	-
Emergencies	232,981	-
Special Purposes	976,904	-
Unrestricted	<u>870,121</u>	<u>31,031</u>
Total Net Position	<u>\$ 19,908,730</u>	<u>\$ 31,031</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Water Resource District
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	\$ 1,728,196	\$ 52,138	\$ 441,510	\$ -	\$ (1,234,548)	
Public Safety	679,411	107,922	61,630	-	(509,859)	
Highways	1,989,209	527,631	3,626,956	270,396	2,435,774	
Flood Repair	18,899	-	18,899	-	-	
Health and Welfare	756,383	2,722	65,722	-	(687,939)	
Culture and Recreation	79,172	28,039	-	-	(51,133)	
Conservation of Natural Resources	170,096	-	-	-	(170,096)	
Interest Expense on Long-Term Debt	4,655	-	-	-	(4,655)	
Total Primary Government	\$ 5,426,021	\$ 718,452	\$ 4,214,717	\$ 270,396	\$ (222,456)	
<u>Component Unit:</u>						
Water Resource District	\$ 9,643	\$ -	\$ -	\$ -		\$ (9,643)
<u>General Revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 657,499	\$ -
Property taxes; levied for special purposes					2,346,498	14,308
Property taxes; levied for debt service					64,023	-
State aid & grants not restricted to specific programs					637,358	-
Interest Revenue					33,763	14
Miscellaneous Revenue					88,041	35
Total General Revenues					\$ 3,827,182	\$ 14,357
Change in Net Position					\$ 3,604,726	\$ 4,714
Net Position - January 1					\$ 17,718,208	\$ 26,317
Prior Period Adjustment					(1,414,204)	-
Net Position - January 1 as restated					\$ 16,304,004	\$ 26,317
Net Position - December 31					\$ 19,908,730	\$ 31,031

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

LAMOURE COUNTY
LaMoure, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	General	County Road and Bridge	Farm to Market Road	FEMA	State Aid Distribution	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 924,194	\$ 400,994	\$ 1,363,895	\$ 352,747	\$ 674,862	\$ 1,525,085	\$ 5,241,777
Intergovernmental Receivable	8,079	74,827	-	-	135,336	-	218,242
Road Receivables	-	44,809	-	-	-	-	44,809
Taxes Receivable	12,176	2,561	9,611	-	-	29,730	54,078
Due From Other Funds	43,560	-	-	-	-	-	43,560
Total Assets	\$ 988,009	\$ 523,191	\$ 1,373,506	\$ 352,747	\$ 810,198	\$ 1,554,815	\$ 5,602,466
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ 4,959	\$ -	\$ -	\$ 17,169	\$ 22,128
Salaries Payable	4,565	6,731	-	-	-	356	11,652
Grants Received in Advance	-	-	-	352,747	-	-	352,747
Due to Other Funds	-	-	-	-	-	43,560	43,560
Total Liabilities	\$ 4,565	\$ 6,731	\$ 4,959	\$ 352,747	\$ -	\$ 61,085	\$ 430,087
Deferred Inflows of Resources:							
Taxes Receivable	\$ 12,176	\$ 2,561	\$ 9,611	\$ -	\$ -	\$ 29,730	\$ 54,078
Road Receivables	-	44,809	-	-	-	-	44,809
Total Deferred Inflows of Resources	\$ 12,176	\$ 47,370	\$ 9,611	\$ -	\$ -	\$ 29,730	\$ 98,887
Total Liabilities and Deferred Inflows of Resources	\$ 16,741	\$ 54,101	\$ 14,570	\$ 352,747	\$ -	\$ 90,815	\$ 528,974
Fund Balances:							
Restricted for:							
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,132	\$ 193,132
Public Safety	-	-	-	-	-	97,860	97,860
Highways	-	469,090	1,358,936	-	-	41,504	1,869,530
Health and Welfare	-	-	-	-	-	257,939	257,939
Culture and Recreation	-	-	-	-	-	66,851	66,851
Conservation of Natural Resources	-	-	-	-	-	162,261	162,261
Emergency	-	-	-	-	-	232,822	232,822
General Government & Other	-	-	-	-	810,198	458,386	1,268,584
Unassigned	971,268	-	-	-	-	(46,755)	924,513
Total Fund Balances	\$ 971,268	\$ 469,090	\$ 1,358,936	\$ -	\$ 810,198	\$ 1,464,000	\$ 5,073,492
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 988,009	\$ 523,191	\$ 1,373,506	\$ 352,747	\$ 810,198	\$ 1,554,815	\$ 5,602,466

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

LAMOURE COUNTY
LaMoure, North Dakota

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

Total *Fund Balances* for Governmental Funds \$ 5,073,492

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	\$ 19,468,523	
Less Accumulated Depreciation	<u>(3,348,897)</u>	16,119,626

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 54,078

Road receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 44,809

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

Deferred Outflows Related to Pensions	\$ 228,254	
Deferred Inflows Related to Pensions	<u>(129,879)</u>	98,375

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net position. Balances at December 31, 2015 are:

Bonds Payable	\$ (120,000)	
Interest Payable	(500)	
Retainage Payable	(158,339)	
Compensated Absences	(91,529)	
Net Pension Liability	<u>(1,111,282)</u>	<u>(1,481,650)</u>

Total Net Position of Governmental Activities \$ 19,908,730

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	General	County Road and Bridge	Farm to Market Road	FEMA	State Aid Distribution	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>							
Taxes	\$ 655,451	\$ 133,645	\$ 502,157	\$ -	\$ -	\$ 1,766,961	\$ 3,058,214
Intergovernmental	113,116	704,332	3,194,903	18,899	609,524	481,697	5,122,471
Charges for Services	93,561	531,482	-	-	-	95,170	720,213
Licenses, Permits and Fees	2,090	-	-	-	-	-	2,090
Interest Income	33,763	-	-	-	-	-	33,763
Miscellaneous	19,064	5,606	-	-	-	63,371	88,041
Total Revenues	\$ 917,045	\$ 1,375,065	\$ 3,697,060	\$ 18,899	\$ 609,524	\$ 2,407,199	\$ 9,024,792
<u>Expenditures:</u>							
Current:							
General Government	\$ 804,529	\$ -	\$ -	\$ -	\$ -	\$ 1,011,958	\$ 1,816,487
Public Safety	331,896	-	-	-	-	370,757	702,653
Highways	-	1,449,722	3,607,523	-	-	118,358	5,175,603
Flood Repair	-	-	-	18,899	-	-	18,899
Health and Welfare	-	-	-	-	-	770,677	770,677
Culture and Recreation	-	-	-	-	-	75,140	75,140
Conser. of Natural Resources	-	-	-	-	-	191,993	191,993
Debt Service:							
Principal	-	-	-	-	-	60,000	60,000
Interest & Service Charges	-	-	-	-	-	4,905	4,905
Total Expenditures	\$1,136,425	\$ 1,449,722	\$ 3,607,523	\$ 18,899	\$ -	\$ 2,603,788	\$ 8,816,357
Excess (Deficiency) of Revenues Over Expenditures	\$ (219,380)	\$ (74,657)	\$ 89,537	\$ -	\$ 609,524	\$ (196,589)	\$ 208,435
<u>Other Financing Sources (Uses):</u>							
Transfers In	\$ 627,108	\$ -	\$ -	\$ -	\$ -	\$ 495,597	\$ 1,122,705
Transfers Out	(58,000)	(30,376)	-	-	(643,427)	(390,902)	(1,122,705)
Total Other Financing Sources and Uses	\$ 569,108	\$ (30,376)	\$ -	\$ -	\$ (643,427)	\$ 104,695	\$ -
Net Change in Fund Balances	\$ 349,728	\$ (105,033)	\$ 89,537	\$ -	\$ (33,903)	\$ (91,894)	\$ 208,435
Fund Balance - January 1	\$ 621,540	\$ 574,123	\$ 1,269,399	\$ -	\$ 844,101	\$ 1,555,894	\$ 4,865,057
Fund Balance - December 31	\$ 971,268	\$ 469,090	\$ 1,358,936	\$ -	\$ 810,198	\$ 1,464,000	\$ 5,073,492

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

LAMOURE COUNTY
LaMoure, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Net Change in *Fund Balances* - Total Governmental Funds \$ 208,435

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

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

Current Year Capital Outlay	\$ 3,595,331	
Current Year Capital Contribution	270,396	
Current Year Depreciation	<u>(507,073)</u>	3,358,654

The net result of miscellaneous transactions involving capital assets was a net decrease to capital assets. (2,637)

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

Bond Repayment		60,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Increase in Compensated Absences	\$ (7,734)	
Decrease in Interest Payable	250	
Increase in Retainage Payable	<u>(140,481)</u>	(147,965)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Increase in Taxes Receivable	\$ 9,806	
Decrease in Road Accounts Receivable	<u>(3,851)</u>	5,955

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

Increase in Net Pension Liability	\$ (67,380)	
Increase in Deferred Outflows of Resources Related to Pensions	143,358	
Decrease in Deferred Inflows of Resources Related to Pensions	<u>46,306</u>	<u>122,284</u>

Change in Net Position of Governmental Activities		<u>\$ 3,604,726</u>
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The notes to the financial statements are an integral part of this statement.

LAMOURE COUNTY
LaMoure, North Dakota

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

ASSETS

Cash and Cash Equivalents	<u>\$ 2,183,245</u>
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LIABILITIES

Due to Other Governments	<u>\$ 2,183,245</u>
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The notes to the financial statements are an integral part of this statement.

LAMOURE COUNTY
LaMoure, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LaMoure County, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units except that capital asset balances and activity are not reported in the government wide financial statements due to a lack of capital asset records. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of LaMoure 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 Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of LaMoure 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 LaMoure County.

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

COMPONENT UNIT

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

Discretely Presented Component Unit: The component unit columns in the government-wide financial statements include the financial data of the county's component unit. The component unit is reported in separate columns to emphasize that they are legally separate from the county.

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

B. Basis of Presentation

Government-wide statements: The statement of Net Position and the statement of activities display information about the primary government, LaMoure County and its component unit, LaMoure County Water Resource District. 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 a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, 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.

County Road and Bridge Fund. This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. The major source of revenue is restricted State/Federal grants/reimbursements and a restricted tax levy.

Farm-to-Market Road Fund. This fund accounts for repair and improvement of highways and bridges that are legally restricted from taxes levied. The major source of revenue is a restricted tax levy and State/Federal grants/reimbursements.

FEMA Fund. This fund accounts for all revenue and expenditures relating to federally declared disaster areas. The major source of revenue is restricted Federal grants/reimbursements.

State Aid Distribution Fund. This fund accounts for state aid revenue sharing accumulated and normally distributed (transferred) each year to other funds.

Additionally, 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 fund is 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. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Cash, Cash Equivalents and Investments

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

E. Capital Assets

Capital assets per policy for the government are defined as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Per policy, major outlays for capital assets and improvements will be capitalized as projects are constructed. Capital assets per policy will be depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land	Indefinite
Buildings	50
Equipment	5 - 10
Vehicles	5
Infrastructure	50

F. Compensated Absences

Full time employees, except for social service employees, earn vacation benefits depending on tenure with the County as follows:

Length of Service	Days Per Year
0 through 5 years	8 days
6 through 10 years	10 days
11 through 15 years	12 days
16 years and over	14 days

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Employees, except social service employees, can carry over a maximum of 20 days of vacation at December 31, of each year.

Social service employees earn vacation benefits from one to two days per month depending on tenure with the county. Social service employees can carry over a maximum of 30 days at April 30, of each year.

Upon termination of employment, employees will be paid for vacation benefits that have accrued to a maximum of 30 days for social service employees and 20 days for other employees, based on their current rate of pay. Vested or accumulated vacation leave is reported in the general long-term debt account group. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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. Pension

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

I. Fund Balances / Net Position

GASB Statement No. 54 established new fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

Fund Balance Spending Policy:

It is the policy of LaMoure County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the Board to spend unrestricted resources of funds in the following order: committed, assigned and then unassigned.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (county road and bridge, farm to market road, FEMA, and state aid distribution) are disclosed in more detail in Note 1C.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

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

LaMoure County has restricted and unassigned fund balances at December 31, 2015.

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

Restricted fund balances are shown by primary function on the balance sheet for debt service, public safety, highways, health & welfare, culture & recreation, conservation of natural resources, emergencies, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted & Committed Fund Balances:

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

Net Position:

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

Net investment in capital assets is reported for capital assets less accumulated depreciation, and less any related debt to purchase/finance the construction of those capital assets. These assets are not available for future spending.

Restrictions of net position shown in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements. Restrictions of net position in the statement of net position is shown by primary function, and are restricted for debt service, highways, health & welfare, culture & recreation, conservation of natural resources, emergencies, and other special purposes (health insurance, insurance reserve, veteran's service officer, and social security).

Unrestricted net position is primarily unrestricted amounts related to the general fund, as well as amounts shown for negative funds (sheriff's grants and state reimbursements). The unrestricted net position is available to meet the district's ongoing obligations.

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

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

At year ended December 31, 2015, the county's carrying amount of deposits was \$7,564,287, and the bank balances totaled \$7,484,864. Of the bank balances, \$2,121,660 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2015, the Water Resource District's carrying amount of deposits was \$30,757, and the bank balances totaled \$31,842, all of which were covered by Federal Depository Insurance.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Credit Risk:

The county and its component unit may invest idle funds as authorized in North Dakota Statutes, as follows:

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

As of December 31, 2015, the county had certificates of deposit totaling \$4,435,553.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

The taxes receivable represents the past three years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable.

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

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

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the 5% discount on the property taxes.

NOTE 4: ROAD RECEIVABLES

Road receivable consists of amounts due to the road department for work done for townships, cities, schools and individuals.

NOTE 5: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of reimbursements due for expenses in the operation of various welfare, sheriff, and emergency management programs. These amounts consist of a mix of State and Federal dollars.

NOTE 6: DEFERRED OUTFLOWS OF RESOURCES

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 7: CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2015 for the primary government:

Governmental Activities:	Jan. 1 Restated	Increases	Decreases	Transfers	Dec. 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 33,600	\$ -	\$ -	\$ -	\$ 33,600
Construction in Progress	5,912,017	3,314,942	-	(6,035,355)	3,191,604
Total Capital Asset not being depreciated	\$ 5,945,617	\$ 3,314,942	\$ -	\$ (6,035,355)	\$ 3,225,204
<i>Capital assets, being depreciated:</i>					
Vehicles	\$ 273,963	\$ 48,268	\$ 21,382	\$ -	\$ 300,849
Equipment	3,151,958	502,516	68,173	-	3,586,301
Buildings	731,794	-	-	-	731,794
Infrastructure	5,589,021	-	-	6,035,355	11,624,376
Total Capital Assets, Being Depreciated	\$ 9,746,736	\$ 550,784	\$ 89,555	\$ 6,035,355	\$ 16,243,320
<i>Less accumulated depreciation for:</i>					
Vehicles	\$ 206,801	\$ 32,912	\$ 21,382	\$ -	\$ 218,331
Equipment	1,967,327	232,370	65,537	-	2,134,160
Buildings	466,356	9,302	-	-	475,658
Infrastructure	288,261	232,488	-	-	520,749
Total Accumulated Depreciation	\$ 2,928,745	\$ 507,072	\$ 86,919	\$ -	\$ 3,348,898
Total Capital Assets Being Depreciated, Net	\$ 6,817,991	\$ 43,712	\$ 2,636	\$ 6,035,355	\$ 12,894,422
Governmental Activities - Capital Assets, Net	\$ 12,763,608	\$ 3,358,654	\$ 2,636	\$ -	\$ 16,119,626

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

Governmental Activities:	Amounts
General Government	13,409
Public Safety	21,229
Highways	\$ 459,206
Health and Welfare	1,542
Culture and Recreation	4,031
Conservation of Natural Resources	7,655
Total Depreciation Expense - Governmental Activities	\$ 507,072

NOTE 8: ACCOUNTS PAYABLE

Accounts payable consists of a liability account reflecting amounts on open accounts owing to private persons or organizations for goods and services received prior to December 31.

NOTE 9: SALARIES PAYABLE

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

NOTE 10: DUE TO/ FROM OTHER FUNDS

The due to/due from other funds totaling \$43,560 represents the amounts of negative cash in several funds borrowed from the general fund in 2015.

NOTE 11: GRANTS RECEIVED IN ADVANCE

Grants received in advance consist of funds received in the FEMA fund where the eligibility requirements have not been met at December 31, 2015.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 12: RETAINAGES PAYABLE

Retainages payable consists of a liability account reflecting amounts owing to contractors on open contracts at December 31, 2015 by the County.

NOTE 13: DEFERRED INFLOWS OF RESOURCES

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

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

NOTE 14: INTEREST PAYABLE

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

NOTE 15: LONG-TERM LIABILITIES

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

Governmental Activities:

Governmental Activities	Balance Jan 1	Increases	Decreases	Balance Dec 31	Due Within One Year
G.O. Bonds Payable	\$ 180,000	\$ -	\$ 60,000	\$ 120,000	\$ 60,000
Compensated Absences *	83,795	7,734	-	91,529	36,612
Net Pension Liability *	1,043,902	67,380	-	1,111,282	-
Total	\$ 1,307,697	\$ 75,114	\$ 60,000	\$ 1,322,811	\$ 96,612

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

Outstanding debt (excluding compensated absences payable and net pension liability) at December 31, 2015 for the primary government governmental activities consists of the following issues:

General Obligation Bonds:

\$400,000 Limited Tax Bonds of 2012 with annual payments of \$60,000 through 2017; with interest at 2.50%.

\$120,000

The annual requirements to amortize the outstanding debt, excluding compensated absences and net pension liability, are as follows for the year ended December 31, 2015:

Year Ending December 31	G.O. Bonds Payable	
	Principal	Interest
2016	\$ 60,000	\$ 2,250
2017	60,000	750
Total	\$ 120,000	\$ 3,000

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Operating Lease – Copier:

LaMoure County is engaged in two operating leases for copiers. Total lease payments were \$2,884 during the year ended December 31, 2015. The remaining lease payments are all due in 2016 totaling \$1,544.

NOTE 16: RISK MANAGEMENT

LaMoure 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 (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. LaMoure County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$1,000,000 per occurrence for general liability and for automobile, and \$3,026,718 for public assets (mobile equipment and portable property).

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

LaMoure County has worker's compensation with the North Dakota Workforce Safety and Insurance. The county provides health insurance benefits for the county employees through Blue Cross/Blue Shield of North Dakota, and pays 100% of the health insurance premium for single persons; 82.5% for singles with dependents, and 70% for family plans.

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

NOTE 17: TRANSFERS

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

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 627,108	\$ 58,000
County Road & Bridge	-	30,376
State Aid Distribution	-	643,427
Non-Major Funds		
Social Service Fund	356,910	-
County Agent	16,319	-
OASIS/Health Insurance	-	33,992
Health Insurance	33,992	-
Human Services	-	356,910
Culvert Purchase & Resale	30,376	-
Health Department	58,000	-
Total Transfers	\$ 1,122,705	\$ 1,122,705

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

NOTE 18: PENSION PLAN**General Information about the NDPERS Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

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

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

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

Pension Benefits

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

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

Death and Disability Benefits

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

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Refunds of Member Account Balance

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

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

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

Member and Employer Contributions

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

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

At December 31, 2015, LaMoure County reported a liability of \$1,111,282 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015, the Employer's proportion was .163428 percent, which was an increase of .021229 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Employer recognized pension expense of \$130,647. At December 31, 2015, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 32,240	\$ -
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	7,410
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	130,479	23,459
Changes of Assumptions	-	99,010
District Contributions Subsequent to the Measurement Date	65,535	-
Total	\$ 228,254	\$ 129,879

\$65,535 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

2016	\$ (5,376)
2017	(5,376)
2018	(5,376)
2019	43,099
2020	5,837

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

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

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County’s Proportionate Share of the Net Pension Liability	\$ 1,704,096	\$ 1,111,282	\$ 626,254

Pension Plan Fiduciary Net Position

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

NOTE 19: DEFERRED INFLOWS OF RESOURCES

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

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

NOTE 20: COMMITMENTS/RETAINAGE

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

Project	Original Contract	Change Orders	Total Contract	Total Completed	Retainage	Remaining Balance
CNOA-2303(066)-Highway 66	\$ 682,904	\$ -	\$ 682,904	\$ 640,077	\$ -	\$ 42,827
CNOA-2335(057)-Highway 61	1,946,039	43,489	1,989,528	1,822,376	-	167,152
SC-2335(056)-Highway 61 N. County Highway 61 Overlay	2,430,647	-	2,430,647	2,234,523	-	196,124
CNOB-CNOA-2325(056)	155,500	-	155,500	94,747	-	60,753
CNOB-23335(058)	1,660,910	45,706	1,706,616	1,415,392	85,714	376,938
CER-2308(056)	1,452,492	-	1,452,492	1,326,311	72,625	198,806
Totals	793,336	-	793,336	673,803	-	119,533
	\$ 9,121,828	\$ 89,195	\$ 9,211,023	\$ 8,207,229	\$ 158,339	\$ 1,162,133

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 21: PRIOR PERIOD ADJUSTMENTS**Change in Accounting Principle – GASB 68 & 71 - Pensions:**

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

Capital Asset Errors:

Additionally, beginning net position was restated to correct several capital asset errors related to construction in progress, and vehicles cost and accumulated depreciation.

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

Primary Government:

Net Position	Amounts
Beginning Net Positon, as previously reported	\$ 17,718,208
Adjustments to restate the January 1, 2015 Net Position:	
Capital Assets	(294,013)
Accumulated Depreciation	15,000
Net Pension Liability	(1,043,902)
Pension Deferred Inflows of Resources	(176,185)
Pension Deferred Outflows of Resources	84,896
Net Position January 1, as restated	\$ 16,304,004

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 702,270	\$ 702,270	\$ 655,451	\$ (46,819)
Intergovernmental	64,300	64,300	113,116	48,816
Charges for Services	95,300	95,300	93,561	(1,739)
Licenses, Permits and Fees	1,700	1,700	2,090	390
Interest Income	32,000	32,000	33,763	1,763
Miscellaneous	2,300	2,300	19,064	16,764
Total Revenues	<u>\$ 897,870</u>	<u>\$ 897,870</u>	<u>\$ 917,045</u>	<u>\$ 19,175</u>
<u>Expenditures:</u>				
Current:				
General Government	\$ 1,018,273	\$ 1,018,273	\$ 804,529	\$ 213,744
Public Safety	352,977	352,977	331,896	21,081
Total Expenditures	<u>\$ 1,371,250</u>	<u>\$ 1,371,250</u>	<u>\$ 1,136,425</u>	<u>\$ 234,825</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (473,380)</u>	<u>\$ (473,380)</u>	<u>\$ (219,380)</u>	<u>\$ 254,000</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 627,108	\$ 627,108
Transfers Out	-	-	(58,000)	(58,000)
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,108</u>	<u>\$ 569,108</u>
Net Change in Fund Balance	<u>\$ (473,380)</u>	<u>\$ (473,380)</u>	<u>\$ 349,728</u>	<u>\$ 823,108</u>
Fund Balance - January 1	<u>\$ 621,540</u>	<u>\$ 621,540</u>	<u>\$ 621,540</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 148,160</u>	<u>\$ 148,160</u>	<u>\$ 971,268</u>	<u>\$ 823,108</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 137,100	\$ 137,100	\$ 133,645	\$ (3,455)
Intergovernmental	792,400	792,400	704,332	(88,068)
Charges for Services	409,000	409,000	531,482	122,482
Miscellaneous	6,500	6,500	5,606	(894)
Total Revenues	<u>\$ 1,345,000</u>	<u>\$ 1,345,000</u>	<u>\$ 1,375,065</u>	<u>\$ 30,065</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 1,713,246</u>	<u>\$ 1,713,246</u>	<u>\$ 1,449,722</u>	<u>\$ 263,524</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (368,246)</u>	<u>\$ (368,246)</u>	<u>\$ (74,657)</u>	<u>\$ 293,589</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Assets	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)
Transfers Out	-	-	(30,376)	(30,376)
Total Other Financing Sources and Uses	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ (30,376)</u>	<u>\$ (170,376)</u>
Net Change in Fund Balances	<u>\$ (228,246)</u>	<u>\$ (228,246)</u>	<u>\$ (105,033)</u>	<u>\$ 123,213</u>
Fund Balance - January 1	<u>\$ 574,123</u>	<u>\$ 574,123</u>	<u>\$ 574,123</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 345,877</u></u>	<u><u>\$ 345,877</u></u>	<u><u>\$ 469,090</u></u>	<u><u>\$ 123,213</u></u>

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 484,000	\$ 484,000	\$ 502,157	\$ 18,157
Intergovernmental	637,639	637,639	3,194,903	2,557,264
Total Revenues	<u>\$ 1,121,639</u>	<u>\$ 1,121,639</u>	<u>\$ 3,697,060</u>	<u>\$ 2,575,421</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 3,607,523</u>	<u>\$ (2,507,523)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 21,639</u>	<u>\$ 21,639</u>	<u>\$ 89,537</u>	<u>\$ 67,898</u>
Fund Balance - January 1	<u>\$ 1,269,399</u>	<u>\$ 1,269,399</u>	<u>\$ 1,269,399</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 1,291,038</u>	<u>\$ 1,291,038</u>	<u>\$ 1,358,936</u>	<u>\$ 67,898</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 18,899	\$ 18,899
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ 120,000	\$ 120,000	\$ 18,899	\$ 101,101
Excess (Deficiency) of Revenues Over Expenditures	\$ (120,000)	\$ (120,000)	\$ -	\$ 120,000
Fund Balance - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balance - December 31	\$ (120,000)	\$ (120,000)	\$ -	\$ 120,000

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
STATE AID DISTRIBUTION
For the Year Ended December 31, 2015

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 609,524	\$ 109,524
<u>Expenditures:</u>				
<u>Current:</u>				
General Government	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 500,000	\$ 500,000	\$ 609,524	\$ 109,524
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (500,000)	\$ (500,000)	\$ (643,427)	\$ (143,427)
Net Change in Fund Balances	\$ -	\$ -	\$ (33,903)	\$ (33,903)
Fund Balance - January 1	\$ 844,101	\$ 844,101	\$ 844,101	\$ -
Fund Balance - December 31	\$ 844,101	\$ 844,101	\$ 810,198	\$ (33,903)

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

LAMOURE COUNTY
LaMoure, North Dakota

PENSION SCHEDULES
For the Year Ended December 31, 2015

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

	2015	2014
District's proportion of the net pension liability (asset)	0.163428%	0.142199%
District's proportionate share of the net pension liability (asset)	\$ 1,111,282	\$ 1,043,902
District's covered-employee payroll	\$ 1,455,944	\$ 1,197,858
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.33%	87.15%
Plan fiduciary net position as a percentage of the total pension liability	77.15%	77.70%

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

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

	2015	2014
Statutorily required contribution	\$ 103,663	\$ 85,287
Contributions in relation to the statutorily required contribution	\$ (103,663)	\$ (85,287)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 1,455,944	\$ 1,197,858
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

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

LAMOURE COUNTY
LaMoure, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

NOTE 2: PENSIONS - CHANGES OF ASSUMPTIONS

North Dakota Public Employees Retirement System

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

LAMOURE COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 3: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2015, LaMoure County had the following fund expenditures in excess of budgeted amounts:

	Budget	Spent	Over Budget
<u>Major Fund</u>			
Farm to Market Road	\$ 1,100,000	\$ 3,607,523	\$ (2,507,523)
<u>Nonmajor Funds</u>			
Social Welfare	404,000	428,359	(24,359)
County Agent	82,791	83,501	(710)
Correctional Center	-	67,657	(67,657)
Technology Fund	53,884	58,520	(4,636)
Comp. Health Insurance	273,844	307,235	(33,391)
Ambulance	112,618	239,163	(126,545)
Camp Fund	2,000	18,040	(16,040)
24/7 Sobriety Program	-	755	(755)
LaMoure County Health Dept	307,719	328,380	(20,661)
Grants (State & Federal)	50,000	272,496	(222,496)
Culvert Purchase & Resale	50,000	72,994	(22,994)

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

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-15
Primary Government:							
Major Funds:							
General Fund	\$ 615,881.46	\$ 922,254.87	\$ 627,108.17	\$ -	\$ 58,000.00	\$ 1,139,490.26	\$ 967,754.24
County Road and Bridge	489,285.87	1,406,326.46	-	-	30,376.23	1,464,242.54	400,993.56
Farm to Market Road	1,282,534.09	3,697,059.55	-	-	-	3,615,699.02	1,363,894.62
FEMA	349,575.58	22,069.92	-	-	-	18,898.92	352,746.58
State Aid Distribution	643,427.43	674,861.21	-	-	643,427.43	-	674,861.21
Total Major Funds	\$ 3,380,704.43	\$ 6,722,572.01	\$ 627,108.17	\$ -	\$ 731,803.66	\$ 6,238,330.74	\$ 3,760,250.21
Nonmajor Funds:							
Social Welfare	\$ -	\$ 71,448.32	\$ 356,910.24	\$ -	\$ -	\$ 428,358.56	\$ -
Veterans Service Officer	5,526.09	9,426.46	-	-	-	8,779.98	6,172.57
County Agent	-	67,181.81	16,319.26	-	-	83,501.07	-
Weed Control	95,426.52	129,806.62	-	-	-	104,478.76	120,754.38
County Memorial Park	4,883.92	102,603.84	-	-	-	57,099.05	50,388.71
Correctional Center	55,726.61	18,467.09	-	-	-	67,657.33	6,536.37
Oasis Health Insurance	141,763.14	70,008.11	-	-	33,991.09	-	177,780.16
Oasis and Social Security	28,259.91	314,060.86	-	-	-	301,304.87	41,015.90
Technology Fund	24,589.32	53,816.23	-	-	-	58,519.61	19,885.94
Advertising Fund	1.43	-	-	-	-	-	1.43
Special Assessments on Co. Property	194.22	-	-	-	-	-	194.22
County Loan Fund	193,959.00	63,883.45	-	-	-	64,905.00	192,937.45
Insurance Reserve	120,161.09	83,228.76	-	-	-	72,402.53	130,987.32
Comp. Health Insurance	-	273,243.84	33,991.09	-	-	307,234.93	-
Ambulance	34,935.83	205,058.70	-	-	-	239,162.57	831.96
Emergency Fund	232,820.92	0.91	-	-	-	-	232,821.83
Camp Fund	5,948.43	22,382.00	-	-	-	18,040.47	10,289.96
JR Backway Fund	38,676.35	-	-	-	-	-	38,676.35
Document Preservation Fund	22,082.78	7,672.50	-	-	-	-	29,755.28
Human Services	261,381.29	351,988.43	-	-	356,910.24	-	256,459.48
Wireless E911	88,303.63	58,431.09	-	-	-	66,182.93	80,551.79
24/7 Sobriety Program	1,272.80	962.00	-	-	-	755.00	1,479.80
LaMoure County Health Dept	25,933.29	258,776.32	58,000.00	-	-	328,380.02	14,329.59
District Court	5.00	-	-	-	-	-	5.00
Grants (State & Federal)	57,044.94	265,482.08	-	-	-	272,495.91	50,031.11
County Extension	6,705.23	3,730.00	-	-	-	3,781.26	6,653.97
4-H Building	3,679.87	1,650.00	-	-	-	232.10	5,097.77
Special Project/Vehicle	-	2.33	-	-	-	-	2.33
Hazardous Chemical	9,481.46	1,487.50	-	-	-	1,028.97	9,939.99
Equipment Purchase	-	-	-	-	-	43,560.00	(43,560.00)
Culvert Purchase & Resale	12,325.42	30,292.56	30,376.23	-	-	72,994.21	-
Bridge Replacement	43,307.90	-	-	-	-	1,803.69	41,504.21
Total Nonmajor Funds	\$ 1,514,396.39	\$ 2,465,091.81	\$ 495,596.82	\$ -	\$ 390,901.33	\$ 2,602,658.82	\$ 1,481,524.87
Total Governmental Funds	\$ 4,895,100.82	\$ 9,187,663.82	\$ 1,122,704.99	\$ -	\$ 1,122,704.99	\$ 8,840,989.56	\$ 5,241,775.08
Agency Funds:							
Historical Society (Museum)	\$ (9,767.84)	\$ 23,162.89	\$ -	\$ -	\$ -	\$ 13,395.05	\$ -
Senior Citizens	253.31	89,035.30	-	-	-	89,043.16	245.45
Airport Authority	0.02	-	-	-	-	-	0.02
County Airport-2 mill	18,822.16	61,953.39	-	-	-	80,268.89	506.66
Criminal Court Administrative Fund	355.00	-	-	-	-	-	355.00
Civil Filing Fees	-	805.00	-	-	-	735.00	70.00
State Fines & Forfeits	8,706.72	-	-	-	-	-	8,706.72
State Revenue	126.32	33,695.25	-	-	-	33,703.57	118.00
Garrison Diversion	114.50	39,008.79	-	-	-	39,013.55	109.74
Court Trust	540.50	-	-	-	-	-	540.50
Restitutions	356.15	-	-	-	-	-	356.15
Estimate Tax	-	1,408.68	-	-	-	1,394.19	14.49
Game and Fish Licenses	17,564.60	33,863.00	-	-	-	38,857.00	12,570.60
Soil Conservation District	126.35	33,765.47	-	-	-	33,773.85	117.97
Jud Rural Fire	-	13,364.30	-	-	-	13,121.68	242.62

Continued on next page.....

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfers In	Other Financing Sources	Transfers Out	Disbursements	Balance 12-31-15
CONTINUED							
<u>Agency Funds:</u>							
Gackle Fire District	\$ 0.30	\$ 969.93	\$ -	\$ -	\$ -	\$ 967.01	\$ 3.22
Water Resource Fund	67.26	14,322.02	-	-	-	14,331.50	57.78
Library	210.36	55,461.35	-	-	-	55,476.47	195.24
CDLF Loan Fund	8,521.38	-	-	-	-	-	8,521.38
Tax Refunding Orders	-	1,650.34	-	-	-	1,650.34	-
Payroll Deduction	6,066.23	714.09	-	-	-	714.09	6,066.23
Christmas Fund	-	11,477.15	-	-	-	11,477.15	-
Undistributed Taxes	1,418,967.41	2,061,738.99	-	-	-	1,418,967.41	2,061,738.99
Total Cities	6,515.20	642,194.71	-	-	-	641,079.23	7,630.68
Total Parks	-	1,254.63	-	-	-	1,254.63	-
Total Schools	73,353.70	2,783,834.74	-	-	-	2,784,023.87	73,164.57
Total Townships	2,121.74	1,027,931.95	-	-	-	1,028,141.12	1,912.57
Total Agency Funds	\$ 1,553,021.37	\$ 6,931,611.97	\$ -	\$ -	\$ -	\$ 6,301,388.76	\$ 2,183,244.58
Total Primary Government	\$ 6,448,122.19	\$ 16,119,275.79	\$ 1,122,704.99	\$ -	\$ 1,122,704.99	\$ 15,142,378.32	\$ 7,425,019.66
<u>Discretely Presented Component Unit:</u>							
Water Resource District	\$ 28,018.81	\$ 14,380.02	\$ -	\$ -	\$ -	\$ 11,641.59	\$ 30,757.24
Total Reporting Entity	\$ 6,476,141.00	\$ 16,133,655.81	\$ 1,122,704.99	\$ -	\$ 1,122,704.99	\$ 15,154,019.91	\$ 7,455,776.90

STATE AUDITOR

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



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

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

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

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated December 2, 2016. As described in our report, we issued an adverse opinion on the aggregate discretely presented component unit based on a different financial reporting framework being followed by one of the component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LaMoure County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LaMoure County's internal control. Accordingly, we do not express an opinion on the effectiveness of LaMoure County's internal control.

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

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

LAMOURE COUNTY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Compliance and Other Matters

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

Purpose of this Report

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
December 2, 2016

LAMOURE COUNTY
LaMoure, North Dakota

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

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued?

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

Internal Control Over Financial Reporting:

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

Section II – Financial Statement Findings

No matters were reported.

STATE AUDITOR

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



Local Government Division:
FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252 Fax: (701) 239-7251

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

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, for the year ended December 31, 2015 which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 2, 2016. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter dated November 3, 2016, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

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

As part of obtaining reasonable assurance about whether LaMoure County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on LaMoure County's compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

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

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated December 2, 2016.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

OTHER AUDIT FINDINGS OR ISSUES

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

The following presents our informal recommendation:

LACK OF TIME SHEETS – SHERIFF'S DEPARTMENT

During the test of payroll expenditures, it was found that the sheriff's department was unable to provide timecards for the 3 employees being tested. They were able to provide a schedule of time that the employee was supposed to work but no time card was provided. Without being able to see some type of time keeping system for the Sheriff's Department, it is impossible to know whether or not the employee's hours are being accurately recorded.

The most important guidance relating to internal control is contained in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework includes discussions about the importance of adequate control activities. The review of timecards by department heads to ensure that County reports an accurate amount in payroll is an integral internal control activity over financial statement reporting.

We recommend the Sheriff's Department start using Timecards to track employee hours. At the end of each period the timecard should then be signed by both the employee and the Sheriff.

OVERSPENT FUNDS

A review of client documentation indicated that LaMoure County had overspent several funds for 2015 consisting of the following: Farm to Market Road (\$2,507,523), Social Welfare (\$24,359), County Agent (\$710), Correctional Center (\$67,657), Technology Fund (\$4,636), Comprehensive Health Insurance (\$33,391), Ambulance (\$126,545), Camp Fund (\$16,040), 24/7 Sobriety Fund (\$755), LaMoure County Health Dept. (\$20,661), Grants (\$222,496), and Culvert Purchase & Resale (\$22,994).

NDCC section 11-23-06 states "...No county expenditure may be made or liability incurred, nor may a bill be paid for any purpose, in excess of the appropriation, except as provided in section 11-23-07."

We recommend LaMoure County carefully budget and amend the budget for any unforeseen expenditures in excess of budgeted amounts to comply with NDCC section 11-23-06.

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

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
December 2, 2016

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Division of Local Government Audit

Office of the State Auditor
600 East Boulevard Avenue – Department 117
Bismarck, ND 58505-0060

(701) 328-2220