



Ramsey County
Devils Lake, North Dakota

Audit Report

For the Year Ended December 31, 2016

JOSHUA C. GALLION
STATE AUDITOR

Office of the State Auditor
Division of Local Government

RAMSEY COUNTY
Devils Lake, North Dakota

TABLE OF CONTENTS
For the Year Ended December 31, 2016

	<u>Page(s)</u>
County Officials	1
Independent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	9
Statement of Net Position - Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12
Statement of Fiduciary Assets and Liabilities - Agency Funds	13
Notes to the Financial Statements	14 - 31
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	32 - 38
Pension Schedules	39 - 40
Notes to Required Supplementary Information	41 - 42

RAMSEY COUNTY
Table of Contents - Continued

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity	43 - 44
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	45 - 46
Schedule of Findings and Questioned Costs	47
Management's Letter	48 - 50

RAMSEY COUNTY
Devils Lake, North Dakota

COUNTY OFFICIALS

December 31, 2016

Mark E Olson	Commissioner - Chairperson
Adam Leiphon	Commissioner - Vice Chairman
Jeff Frith	Commissioner
Lucas Watfield	Commissioner
Ed Brown	Commissioner
Elizabeth Fischer	County Auditor
Lisa Diseth	County Treasurer
Lisa Diseth	Superintendent of Schools Designee
Kari Landsem	Clerk of Court
Katie Nadeau	County Recorder
Steven Nelson	Sheriff
Lonnie Olson	State's Attorney
Kristen Nelson	Emergency Manager/Risk Manager

STATE AUDITOR

JOSHUA C. GALLION
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
Ramsey County
Devils Lake, 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 Ramsey County, Devils Lake, North Dakota, as of and for the year ended December 31, 2016, 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 of 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 Ramsey County, Devils Lake, North Dakota, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flow thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information, pension schedules, and the notes to the required supplementary information* on pages 32-42 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.

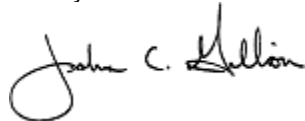
Other Information

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

The *schedule of fund activity* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of fund activity* is fairly stated, in all material respects, in relation to the 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 May 17, 2017 on our consideration of Ramsey 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 Ramsey County's internal control over financial reporting and compliance.



Joshua C. Gallion
State Auditor

Fargo, North Dakota
May 17, 2017

RAMSEY COUNTY
Devils Lake, North Dakota
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash and Cash Equivalents	\$ 8,356,185	\$ 54,949
Intergovernmental Receivable	295,746	3,965
Road Accounts Receivable	43,335	-
Taxes Receivable	86,027	220
Other Receivable	-	1,572
Capital Assets (not being depreciated):		
Land	30,716	-
Intangible Asset	152,176	-
Construction in Progress	174,581	-
Capital Assets (being depreciated):		
Buildings	2,524,428	-
Equipment and Vehicles	2,196,160	-
Infrastructure	33,544,229	-
Total Capital Assets	<u>\$ 38,622,290</u>	<u>\$ -</u>
Total Assets	<u>\$ 47,403,583</u>	<u>\$ 60,706</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 865,821	\$ 6,391
Total Assets and Deferred Outflows of Resources	<u>48,269,404</u>	<u>\$ 67,097</u>
LIABILITIES		
Accounts Payable	\$ 95,363	\$ -
Salaries and Benefits Payable	281,748	-
Retainage Payable	57,411	-
Grants Received in Advance	1,140,215	-
Interest Payable	6,839	-
Incurred, but not reported claims	58,335	-
Long-Term Liabilities:		
Due Within One Year:		
Loans Payable	79,237	-
Bonds Payable	50,000	-
Compensated Absences Payable	87,071	-
Due After One Year:		
Loans Payable	325,047	-
Bonds Payable	780,000	-
Compensated Absences Payable	161,702	-
Net Pension Liability	<u>2,986,956</u>	<u>16,822</u>
Total Liabilities	<u>\$ 6,109,924</u>	<u>\$ 16,822</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 294,306	\$ 1,926
Total Liabilities and Deferred Inflows of Resources	<u>\$ 6,404,230</u>	<u>\$ 18,748</u>
NET POSITION		
Net Investment in Capital Assets	\$ 37,388,006	\$ -
Restricted for:		
Debt Service	16,554	-
Capital Projects	39,102	-
Highways and Bridges	4,093,704	-
Flood Repair & Mitigation	7,469	-
Conservation of Natural Resources	58,067	48,349
Emergencies	105,629	-
Unrestricted	<u>156,643</u>	<u>-</u>
Total Net Position	<u>\$ 41,865,174</u>	<u>\$ 48,349</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource District
<u>Primary Government:</u>						
General Government	\$ 1,800,449	\$ 101,965	\$ 14,516	\$ 20,257	\$ (1,663,711)	
Public Safety	1,953,532	36,271	28,321	-	(1,888,940)	
Highways and Bridges	4,450,998	319,109	1,074,916	-	(3,056,973)	
Flood Repair & Mitigation	331,454	-	338,477	-	7,023	
Health and Welfare	2,255,137	-	1,193,024	-	(1,062,113)	
Conservation of Natural Resources	223,996	45,961	-	-	(178,035)	
Interest on Long-Term Debt	36,152	-	-	-	(36,152)	
Total Primary Government	\$ 11,051,718	\$ 503,306	\$ 2,649,254	\$ 20,257	\$ (7,878,901)	
<u>Component Unit:</u>						
Water Resource District	\$ 217,109	\$ -	\$ -	\$ -		\$ (217,109)
<u>General revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 1,945,282	\$ 742
Property taxes; levied for special purposes					2,872,606	3,233
Property taxes; levied for debt service					88,297	-
Grants & contributions not restricted to specific programs					774,399	21,967
Unrestricted investment earnings					28,711	458
Miscellaneous Revenue					201,055	3,657
Total General Revenues					\$ 5,910,350	\$ 30,057
Change in Net Position					\$ (1,968,551)	\$ (187,052)
Net Position - January 1					\$ 43,834,965	\$ 234,952
Prior Period Adjustments					(1,240)	449
Net Position - January 1, as restated					\$ 43,833,725	\$ 235,401
Net Position - December 31					\$ 41,865,174	\$ 48,349

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

RAMSEY COUNTY
Devis Lake, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2016

	General	Bituminous Surfacing	County Road	Highway Tax Distribution	Social Services	Human Services	FEMA Flood	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$ 902,528	\$ 1,566,742	\$ 815,178	\$ 1,063,731	\$ 548,405	\$ 167,345	\$ 1,140,215	\$ 1,208,118	\$ 7,412,262
Intergovernmental Receivable	121,088	15,396	3,591	98,311	9,874	22,658	7,469	17,359	295,746
Road Accounts Receivable	-	-	43,335	-	-	-	-	-	43,335
Taxes Receivable	29,858	8,636	1,477	-	-	17,272	-	28,784	86,027
Total Assets	\$ 1,053,474	\$ 1,590,774	\$ 863,581	\$ 1,162,042	\$ 558,279	\$ 207,275	\$ 1,147,684	\$ 1,254,261	\$ 7,837,370
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ 8,420	\$ 5,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,678	\$ 95,363
Salaries Payable	106,103	-	10,064	40,732	111,357	-	-	13,492	281,748
Grants Received in Advance	-	-	-	-	-	-	1,140,215	-	1,140,215
Total Liabilities	\$ 114,523	\$ 5,265	\$ 10,064	\$ 40,732	\$ 111,357	\$ -	\$ 1,140,215	\$ 95,170	\$ 1,517,326
Deferred Inflows of Resources:									
Road Receivable	\$ -	\$ -	\$ 43,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,335
Taxes Receivable	29,858	8,636	1,477	-	-	17,272	-	28,784	86,027
Total Deferred Inflows of Resources	\$ 29,858	\$ 8,636	\$ 44,812	\$ -	\$ -	\$ 17,272	\$ -	\$ 28,784	\$ 129,362
Total Liabilities and Deferred Inflows of Resources	\$ 144,381	\$ 13,901	\$ 54,876	\$ 40,732	\$ 111,357	\$ 17,272	\$ 1,140,215	\$ 123,954	\$ 1,646,688
Fund Balances:									
Restricted:									
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,390	\$ 21,390
Capital Projects	-	-	-	-	-	-	-	39,102	39,102
Highways and Bridges	-	1,576,873	808,705	1,121,310	-	-	-	792,067	4,298,955
Health and Welfare	-	-	-	-	446,922	190,003	-	87,197	724,122
Flood Repair & Mitigation	-	-	-	-	-	-	7,469	-	7,469
Public Safety	-	-	-	-	-	-	-	24,081	24,081
Conservation of Natural Resources	-	-	-	-	-	-	-	81,618	81,618
Emergency	-	-	-	-	-	-	-	144,252	144,252
General Government and Other	-	-	-	-	-	-	-	1	1
Unassigned:	909,093	-	-	-	-	-	-	(59,401)	849,692
Total Fund Balances	\$ 909,093	\$ 1,576,873	\$ 808,705	\$ 1,121,310	\$ 446,922	\$ 190,003	\$ 7,469	\$ 1,130,307	\$ 6,190,682
Total Liabilities and Fund Balances	\$ 1,053,474	\$ 1,590,774	\$ 863,581	\$ 1,162,042	\$ 558,279	\$ 207,275	\$ 1,147,684	\$ 1,254,261	\$ 7,837,370

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

RAMSEY COUNTY
Devils Lake, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2016

Total <i>Fund Balances</i> of Governmental Funds		\$ 6,190,682
--	--	--------------

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

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

Cost of Capital Assets	\$ 44,974,025		
Less Accumulated Depreciation	<u>(6,351,735)</u>		38,622,290

An internal service fund is used by the county to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position is:

885,588

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

Property Taxes Receivable	\$ 86,027		
Road Department Accounts Receivable	<u>43,335</u>		129,362

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	\$ 865,821		
Deferred Inflows Related to Pensions	<u>(294,306)</u>		571,515

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, 2016 are:

Bonds Payable	\$ (830,000)		
Loans Payable	(404,284)		
Interest Payable	(6,839)		
Net Pension Liability	(2,986,956)		
Retainage Payable	(57,411)		
Compensated Absences Payable	<u>(248,773)</u>		<u>(4,534,263)</u>

Net Position of Governmental Activities		<u>\$ 41,865,174</u>
---	--	----------------------

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

RAMSEY COUNTY
Devis Lake, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	Bituminous Surfacing	County Road	Highway Tax Distribution	Social Services	Human Services	FEMA Flood	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 1,930,697	\$ 495,118	\$ 79,666	\$ -	\$ -	\$ 990,504	\$ -	\$ 1,400,864	\$ 4,896,849
Intergovernmental	417,015	90,029	20,986	1,056,937	1,114,582	132,689	338,477	252,937	3,423,652
Charges for Services	127,453	-	288,894	-	-	-	-	45,961	462,308
Licenses, Permits and Fees	10,784	-	-	-	-	-	-	-	10,784
Interest Income	28,711	-	-	-	-	-	-	-	28,711
Miscellaneous	108,046	-	91,197	-	-	-	-	1,812	201,055
Total Revenues	\$ 2,622,706	\$ 585,147	\$ 480,743	\$ 1,056,937	\$ 1,114,582	\$ 1,123,193	\$ 338,477	\$ 1,701,574	\$ 9,023,359
Expenditures:									
Current:									
General Government	\$ 2,216,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,870	\$ 2,219,093
Public Safety	902,776	-	-	-	-	-	-	1,030,831	1,933,607
Highways and Bridges	-	33,063	507,370	2,342,326	-	-	-	340,215	3,222,974
Flood Repair & Mitigation	-	-	-	-	-	-	331,008	-	331,008
Health and Welfare	18,835	-	-	-	2,083,013	11,899	-	94,802	2,208,549
Conserv. of Natural Resources	-	-	-	-	-	-	-	221,958	221,958
Debt Service:									
Principal	-	-	-	-	-	-	-	52,005	52,005
Interest and Fiscal Charges	-	-	-	-	-	-	-	30,821	30,821
Total Expenditures	\$ 3,137,834	\$ 33,063	\$ 507,370	\$ 2,342,326	\$ 2,083,013	\$ 11,899	\$ 331,008	\$ 1,773,502	\$ 10,220,015
Excess (Deficiency) of Revenues Over Expenditures	\$ (515,128)	\$ 552,084	\$ (26,627)	\$ (1,285,389)	\$ (968,431)	\$ 1,111,294	\$ 7,469	\$ (71,928)	\$ (1,196,656)
Other Financing Sources (Uses):									
Transfers In	\$ 551,529	\$ -	\$ -	\$ -	\$ 1,443,803	\$ -	\$ -	\$ 365,943	\$ 2,361,275
Loan proceeds	400,000	-	-	-	-	-	-	-	400,000
Transfers Out	(365,943)	-	-	-	-	(1,436,403)	-	(558,929)	(2,361,275)
Total Other Financing Sources and Uses	\$ 585,586	\$ -	\$ -	\$ -	\$ 1,443,803	\$ (1,436,403)	\$ -	\$ (192,986)	\$ 400,000
Net Change in Fund Balances	\$ 70,458	\$ 552,084	\$ (26,627)	\$ (1,285,389)	\$ 475,372	\$ (325,109)	\$ 7,469	\$ (264,914)	\$ (796,656)
Fund Balances - January 1	\$ 838,635	\$ 1,024,789	\$ 835,332	\$ 2,406,699	\$ (28,450)	\$ 515,112	\$ -	\$ 1,395,221	\$ 6,987,338
Fund Balances - December 31	\$ 909,093	\$ 1,576,873	\$ 808,705	\$ 1,121,310	\$ 446,922	\$ 190,003	\$ 7,469	\$ 1,130,307	\$ 6,190,682

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

RAMSEY COUNTY
Devils Lake, 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, 2016

Net Change in *Fund Balances* - Total Governmental Funds \$ (796,656)

Amounts reported for governmental activities in the statement of activities are 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 depreciation exceeded capital contributions and capital outlay in the current year.

Current Year Capital Outlay	\$ 847,499	
Current Year Capital Contribution	20,257	
Current Year Depreciation Expense	<u>(1,593,839)</u>	(726,083)

In the Statement of Activities, the loss or gain on sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Loss on Disposals of Capital Assets		(5,580)
-------------------------------------	--	---------

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 by which debt issuance exceeded debt repayment.

Loan Proceeds	\$ (400,000)	
Repayment of Debt - Bonds	50,000	
Repayment of Debt - Loans	<u>2,005</u>	(347,995)

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

Net Change in Compensated Absences	\$ 13,209	
Net Change in Retainage Payable	(5,605)	
Net Change in Interest Payable	<u>(5,331)</u>	2,273

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.

Net Change in Net Pension Liability	\$ (785,987)	
Net Change in Deferred Outflows of Resources	676,426	
Net Change in Deferred Inflows of Resources	<u>(39,384)</u>	(148,945)

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. This consists of the following:

Net Change in Taxes Receivable	\$ 9,336	
Net Change in Road Accounts Receivable	<u>30,215</u>	39,551

An internal service fund is used by the county's management to charge the cost of health insurance to individual functions. The net operating loss of certain activities of internal service funds is reported with governmental activities.

14,884

Change in Net Position of Governmental Activities		<u>\$ (1,968,551)</u>
---	--	-----------------------

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF NET POSITION
PROPRIETARY FUND - HEALTH INSURANCE
December 31, 2016

	<u>Governmental Activities Internal Service Fund</u>
<u>Assets:</u>	
Cash and Cash Equivalents	<u>\$ 943,923</u>
<u>Liabilities:</u>	
Current Liabilities:	
Incurred But Not Reported Claims	<u>\$ 58,335</u>
<u>Net Position:</u>	
Restricted	<u>\$ 885,588</u>
Total Net Position	<u>\$ 885,588</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - HEALTH INSURANCE
For the Year Ended December 31, 2016

	<u>Governmental Activities Internal Service Fund</u>
<u>Operating Revenues:</u>	
Contributions to Self-Insurance	<u>\$ 1,011,435</u>
<u>Operating Expenses:</u>	
Health Insurance Claims	<u>\$ 996,551</u>
Operating Income	<u>\$ 14,884</u>
Net Position - January 1	<u>\$ 870,704</u>
Net Position - December 31	<u><u>\$ 885,588</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - HEALTH INSURANCE
For the Year Ended December 31, 2016

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from User Charges	\$ 1,011,435
Payments for Health Insurance Claims	<u>(968,809)</u>
Net Cash Provided by Operating Activities	<u>\$ 42,626</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 42,626</u>
Cash and Cash Equivalents - January 1	<u>\$ 901,297</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 943,923</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	\$ 14,884
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>	
Increase (Decrease) in IBNR Claims Payable	<u>27,742</u>
Net Cash Provided by Operating Activities	<u><u>\$ 42,626</u></u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2016

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and Cash Equivalents	<u>\$ 3,404,346</u>
<u>Liabilities:</u>	
Due to Other Governments	<u>\$ 3,404,346</u>

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

RAMSEY COUNTY
 Devils Lake, North Dakota
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ramsey County, Devils Lake, North Dakota, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the county's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of Ramsey County. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county such that exclusion would cause the county's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Ramsey 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 Ramsey County.

Based on these criteria, there is one component unit to be included within Ramsey County as a reporting entity.

COMPONENT UNIT

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

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

Ramsey County Water Resource District - The County's governing board appoints a voting majority of the members of the Ramsey County Water Resource District Board. The county has the authority to approve or modify the Water Resource District operational and capital budgets. The county also must approve the tax levy established by the Water Resource District.

Component Unit Financial Statements: The financial statements of the discretely presented component unit are presented in the County's basic financial statements. Complete financial statements of the individual component unit can be obtained from the Secretary-Treasurer, Ramsey County Water Resource District, 524 4th Avenue, Devils Lake, North Dakota, 58301.

Related Organizations - The County is accountable for the following legally separate entities due to appointing a voting majority to their governing boards. Although the county is not financially accountable for these entities, as defined by GASB Statement 61, the county provided operating grants to them as follows:

Industrial Development	\$	47,500
County Fair		48,000
County Park		15,000
Historical Society		12,413
County Airport		106,681
Senior Citizens		68,610

B. Basis of Presentation

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

Bituminous Surfacing Fund. This fund accounts for repair and improvement of the farm to market blacktop road that are legally restricted from taxes and state sources. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

County Road Fund. This fund accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. The major primary sources of revenues are a restricted tax levy and restricted Federal and State grants/reimbursements.

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

Social Services Fund. This fund accounts for the costs of providing social service benefits and programs to needy residents of the county. The major primary source of revenue is restricted Federal and State grants/reimbursements.

Human Services Fund. This fund accounts for all financial resources related to health and welfare, except those required to be accounted for in another fund. The major sources of revenues are a restricted tax levy and State/Federal grants/reimbursements.

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

The County reports the following fund types:

Internal Service Fund. This fund accounts for medical insurance and workers' compensation insurance and unemployment claims provided to other departments on a cost-reimbursement basis.

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

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

Government-wide, proprietary and fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

D. Cash, Cash Equivalents and Investments

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

The investments consist of certificates of deposit stated at cost.

E. Capital Assets

PRIMARY GOVERNMENT:

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. In January of 2008 the County Commission approved an increase from \$2,000 to \$5,000 for the minimum capitalization value reporting threshold for the year ended December 31, 2008 and thereafter. 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

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

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

Assets	Years
Land	--
Intangible Assets	--
Buildings	40
Vehicles	3 – 5
Office Equipment	3 – 5
Machinery & Equipment	5 – 15
Infrastructure	40

F. Compensated Absences

Vacation leave is earned by county employees at the rate of one to two days per month depending on years of service. Up to 22 days of vacation leave may be carried over at each year-end. Sick leave benefits are earned by full-time employees at the rate of one day per month regardless of the years of service. Up to 960 hours (120 working days) of sick leave may be accumulated and carried over at each year-end. Employees are paid for 1/6 of their accumulated sick leave upon termination of employment. Each forty-eight hours of sick leave over 960 hours at year-end may be converted into eight hours of vacation. Vested or accumulated vacation and sick leave is reported in government-wide statement of net position.

G. Long-Term Obligations

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

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

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 Ramsey 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.

Minimum Fund Balance Policy:

The Ramsey County budget committee established a 10-15% general fund carryover balance target to help with financial stability. The 10-15% fund balance range is a part of the budget recommendation adopted by the county each fiscal year. This level provides sufficient unassigned resources to avoid short-term cash flow borrowing for the district. Unassigned general fund balance of \$909,093 at December 31, 2016 represented 29% of annual 2016 expenditures.

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (bituminous surfacing, county road, highway tax distribution, social services, human services, and FEMA flood) are disclosed in more detail in Note 1B.

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 business manager.	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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Ramsey County only has restricted and unassigned fund balances at December 31, 2016.

Restricted Fund Balances – consist of the following items at December 31, 2016:

Restricted fund balances are shown by primary function on the balance sheet for public safety, highways & bridges, flood repair, health & welfare, culture & recreation, conservation of 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 any related debt used to finance the purchase or construction of those capital assets. These assets are not available for future spending.

Restrictions of net position shown in the net position statement are due to restricted tax levies and restricted Federal & State grants/reimbursements. Restrictions of net position are also shown by primary function and are restricted for highways and bridges, public safety, flood repair and mitigation, health & welfare, conservation of resources, emergencies, and other 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 applicable negative funds. The unrestricted net position is available to meet the district's ongoing obligations.

J. Interfund Transactions

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

All other inter-fund transactions, except reimbursements, are reported as transfers.

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

NOTE 2: DEPOSITS

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. 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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, county 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, 2016, the county's carrying amount of deposits was \$11,550,874 and the bank balances were \$11,630,614. Of the county bank balances, \$3,500,000 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. The water resource district's carrying amount of deposits and bank balances were \$54,949 and \$104,827, respectively, all of which were covered under Federal Depository Insurance.

Credit Risk:

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

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

As of December 31, 2016, the county had \$2,000,000 in certificates of deposits.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

The taxes receivable represents the past two years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable because any defaults will be covered by enforcement of the liens.

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

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

Most property owners choose to pay property taxes on or before February 15 and receive the 5% discount on the property taxes.

NOTE 4: ROAD ACCOUNTS RECEIVABLE

Road accounts receivable consist of amounts due for road work for townships, cities and private citizens.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 5: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of the 2011 flood fund, state aid and highway tax distribution.

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016 for the primary government:

	Restated Balance January 1	Increases	Decreases	Transfers	Balance December 31
Governmental Activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 22,216	\$ 8,500	\$ -	\$ -	\$ 30,716
Intangibles	152,176	-	-	-	152,176
Construction in Progress	-	194,838	-	(20,257)	174,581
Total Capital Assest not being depreciated	\$ 174,392	\$ 203,338	\$ -	\$ (20,257)	\$ 357,473
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 3,657,526	\$ 522,450	\$ -	\$ -	\$ 4,179,976
Equipment	3,574,018	141,968	9,300	-	3,706,686
Infrastructure	36,709,632	-	-	20,257	36,729,889
Total Capital Assets, Being Depreciated	\$ 43,941,176	\$ 664,418	\$ 9,300	\$ 20,257	\$ 44,616,551
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 1,574,451	\$ 81,097	\$ -	\$ -	\$ 1,655,548
Equipment	1,225,159	289,087	3,720	-	1,510,526
Infrastructure	1,962,005	1,223,655	-	-	3,185,660
Total Accumulated Depreciation	\$ 4,761,615	\$ 1,593,839	\$ 3,720	\$ -	\$ 6,351,734
Total Capital Assets Being Depreciated, Net	\$ 39,179,561	\$ (929,421)	\$ 5,580	\$ 20,257	\$ 38,264,817
Governmental Activities - Capital Assets, Net	\$ 39,353,953	\$ (726,083)	\$ 5,580	\$ -	\$ 38,622,290

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

Governmental Activities:	Amounts
General Government	\$ 85,757
Public Safety	29,706
Highways and Bridges	1,457,228
Health and Welfare	21,148
Total Depreciation Expense - Governmental Activities	\$ 1,593,839

Intangible assets represent right of ways that aren't depreciated.

NOTE 7: 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 8: SALARIES AND BENEFITS PAYABLE

Salaries and benefits payable consist of December salaries that are paid in January of the following year.

NOTE 9: GRANTS RECEIVED IN ADVANCE

Grants received in advance consist of funds received in the FEMA fund where the eligibility requirements have not all been met at December 31, 2016. Asset recognition criteria have been met, but revenue recognition criteria have not been met.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 10: 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 and differences between employer contributions and proportionate share of contributions, and for contributions made to the plan for the period of July 1, 2016 through December 31, 2016.

NOTE 11: INTEREST PAYABLE

Interest payable consists of interest amounts accrued on loans and leases payable at December 31, 2016, but not paid until after year-end.

NOTE 12: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities - During the year ended December 31, 2016; the following changes occurred in governmental activities long-term liabilities for Ramsey County:

Governmental Activities	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
Loans Payable	\$ 6,289	\$ 400,000	\$ 2,005	\$ 404,284	\$ 79,237
Bonds Payable	880,000	-	50,000	830,000	50,000
Compensated Absences *	261,982	-	13,209	248,773	87,071
Net Pension Liability *	2,200,969	785,987	-	2,986,956	-
Total	\$ 3,349,240	\$ 1,185,987	\$ 65,214	\$ 4,470,013	\$ 216,308

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

Outstanding debt (excluding compensated absences and leases payable) at December 31, 2016 for the primary government governmental activities consists of the following issues:

Loans Payable:

\$400,000 Loan Payable to Horizon Financial Bank for the construction of the new Lake Region Search and Rescue Building in annual principal installments of \$77,141 to \$82,889 through 2021; with interest at 1.8% \$ 400,000

\$11,800 Loan Payable to Ramsey National Bank for the Sakakawea project due in annual principal installments of \$1,757 to \$2,189 through 2018; with interest at 4.5%. 4,284

Total Loans Payable \$ 404,284

Bonds Payable:

\$1,070,000 Bond Payable, due in annual installments of \$45,000 to \$75,000 through 2030; with interest at 1.10% to 4.25%. \$ 830,000

The annual requirements to amortize the outstanding long-term liabilities, excluding compensated absences and net pension liability are as follows:

Year Ending December 31	Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2017	\$ 79,237	\$ 7,432	\$ 50,000	\$ 29,413
2018	80,759	5,910	50,000	28,150
2019	79,984	4,397	50,000	26,750
2020	81,415	2,966	55,000	25,156
2021	82,889	1,492	55,000	23,369
2022-2026	-	-	295,000	86,675
2027-2031	-	-	275,000	24,037
Total	\$ 404,284	\$ 22,197	\$ 830,000	\$ 243,550

RAMSEY COUNTYNotes to the Financial Statements – Continued

NOTE 13: RETAINAGE PAYABLE

Retainages payable consists of a percentage portion of the agreed upon contract price of a construction project deliberately withheld until the work is substantially complete to assure that contractor or subcontractor will satisfy its obligations in completing construction projects.

NOTE 14: 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 earnings on pension plan investments, changes in assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions.

Deferred inflows of resources in the fund financial statements consist of amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met consisting of taxes receivable and road receivable. Under the modified accrual basis of accounting, such amounts are measurable but not available. Deferred inflows reported on the balance sheet consist of offsets to road receivables and taxes receivable.

NOTE 15: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The County pays an annual premium to NDRIF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRIF for automobile and general liability is limited to losses of two million dollars per occurrence for both the County and the Water Resource District. Public Assets (mobile equipment and portable property) coverage is limited to \$2,666,507 for the County and \$15,800 for the Water Resource District.

Ramsey County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Ramsey County pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides Ramsey County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees, while the Water Resource District carries \$53,000 coverage. The State Bonding Fund does not currently charge any premium for this coverage.

Ramsey County and water resource district have workers compensation with the Workforce, Safety and Insurance. The water resource district purchases commercial insurance for employee health and accident insurance.

The county has retained risk for employee health and accident up to a maximum of \$20,000 per individual. They have purchased a stop loss policy for amounts in excess of \$20,000. A liability for incurred but not reported claims has been made and included in the government-wide statements.

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

IBNR Payable: Claims, which have been incurred at year-end but not reported, have been recorded as a claim reserve payable in the amount of \$58,355. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 16: JOINT VENTURESLake Region Law Enforcement Center

Pursuant to an inter-local agreement authorized by state statutes, the county joined the City of Devils Lake to establish and operate the Lake Region Law Enforcement Center. Each government appoints two members of the board of directors for the joint venture. The operating and capital budgets are funded by contributions from each government and from other governments that use the center along with charges for services to governmental units that use the center. The county's share of assets, liabilities and fund equity is 50%.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2016, which is the most current audited information.

	Lake Region Law Enforcement
Total Assets	\$ 3,246,002
Total Liabilities	131,740
Total Net Position	\$ 3,114,262
Total Revenues	\$ 3,420,219
Total Expenses	3,777,910
Change in Net Position	\$ (357,691)

Complete financial statements can be obtained by writing: Lake Region Law Enforcement Center, Devils Lake, ND 58301.

Lake Region District Health Unit

Under authorization of state statutes, Ramsey County joined Benson County, Pierce County, and Eddy County to establish and operate the Lake Region District Health Unit. Each government appoints two members of the directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity is 25%.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2015, which is the most current audited information.

	Lake Region District Health
Total Assets & Def. Outflows	\$ 1,370,857
Total Liabilities & Def. Inflows	757,636
Total Net Position	\$ 613,221
Total Revenues	\$ 1,937,000
Total Expenses	1,653,840
Change in Net Position	\$ 283,160

Complete financial statements can be obtained by writing: Lake Region District Health Unit, Courthouse, Devils Lake, ND 58301.

Devils Lake Basin Joint Water Resource District:

Under authorization of state statutes, the Ramsey County Water Resource District joined Benson County, Cavalier County, Nelson County, Pierce County, Rolette County, Towner County, and Walsh County to establish and operate a joint exercise of powers agreement for water management districts located within the Devils Lake basin. Known as the Devils Lake Basin Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. One member of the directors for the joint venture is appointed by each government. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined due to lack of provisions being made for this in the joint powers agreement.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

The following is summary financial information for the joint venture as of December 31, 2007, which is the most current audited information.

	Devils Lake Basin Joint WRD
Total Assets & Def. Outflows	\$ 828,235
Total Liabilities & Def. Inflows	20,051
Total Net Position	\$ 808,184
Total Revenues	\$ 848,156
Total Expenses	918,404
Change in Net Position	\$ (70,248)

NOTE 17: TRANSFERS

The following is a listing of transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2016:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 551,529	\$ 365,943
Social Service Fund	1,443,803	-
Human Service Fund	-	1,436,403
Nonmajor Special Revenue Funds:		
Emergency Poor	-	7,400
Comprehensive Health Insurance	-	261,834
County Loan Fund	-	76,330
OASIS and Social Security	-	193,822
Advertising	-	18,146
Cemetery	-	1,397
Correctional Center	326,502	-
Emergency Management	39,441	-
Total Transfers	\$ 2,361,275	\$ 2,361,275

Transfers are used to 1) move unrestricted general fund revenues to finance various programs, and 2) move revenues from certain human service funds to the social service fund to finance costs of those 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. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

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). For members hired after January 1, 2016 the Rule of 85 will be replaced with a rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2016, Ramsey County reported a liability of \$2,986,956, and Ramsey County Water Resource District reported \$16,822 for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the County's proportion was .306481 percent, which was a decrease of .017199 percent from its proportion measured as of June 30, 2015. The Water Resource District's proportion was .001726 percent, which is a decrease of .000164 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the County recognized pension expense of \$371,832, and the Water Resource District recognized pension expense of \$2,111. At December 31, 2016, each Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Ramsey County	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 44,870	\$ 27,657
Changes of Assumptions	275,359	148,392
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	118,257
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	416,724	-
District Contributions Subsequent to the Measurement Date	128,868	-
Total	\$ 865,821	\$ 294,306

Ramsey County Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 253	\$ 156
Changes of Assumptions	1,551	836
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,347	934
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	281	-
District Contributions Subsequent to the Measurement Date	1,959	-
Total	\$ 6,391	\$ 1,926

\$128,868 and \$1,959, for the County and the Water Resource District, respectively, reported as deferred outflows of resources related to pensions resulting from County and Water Resource District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

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

	County	WRD
2017	\$ 101,071	\$ 569
2018	101,071	569
2019	191,978	1,081
2020	123,086	693
2021	43,698	246

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary Increases	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 set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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%	1.52%
International Fixed Income	5%	.45%
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, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Sensitivity of the Employer'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	\$ 4,236,940	\$ 2,986,956	\$ 1,933,780
WRD's Proportionate Share of the Net Pension Liability	\$ 23,861	\$ 16,822	\$ 10,890

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

NOTE 19: IBNR PAYABLE/SELF INSURANCE

The IBNR (incurred but not reported) claims are an estimate of health insurance claims, for which the County is liable, incurred prior to December 31, but not processed and paid until the following year.

The county is self-insured for a comprehensive group health insurance plan. The County records estimated liabilities for such claims filed or estimated to be filed for incidents related to the health insurance internal service fund. Premiums are collected from County departments and employees, and claims are paid in the related health insurance internal service fund.

The liability had a beginning balance at January 1, 2016 of \$30,593, and an ending balance of \$58,335 at December 31, 2016. The net change in the payable totaling an increase of \$27,742 was reported as health insurance claims operating expense in the health insurance internal service fund operating statement.

NOTE 20: CONSTRUCTION COMMITMENTS

Ramsey County had open construction commitments as of December 31, 2016 as follows:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
CNOB-CNOC-3606(055) Ramsey County #9 TLO	\$ 827,278	\$ 786,243	\$ 20,682	\$ 61,717
SC-CNOC-3618(058) Ramsey County #8 from RC3 to RC4	587,861	579,509	11,590	19,942
CNOC-3618(057) Ramsey County #8 Webster	1,205,915	251,389	25,139	979,665
Total Construction in Progress	\$ 2,621,054	\$ 1,617,141	\$ 57,411	\$ 1,061,324

Retainages payable totaling \$57,411 on the projects in progress was reported in the statement of net position.

NOTE 21: TAX ABATEMENTS

Ramsey County negotiates property tax abatement agreements on an individual basis with certain individuals and various commercial entities/businesses. The County has the following types of tax abatement agreements with various individuals and commercial entities at December 31, 2016.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Ramsey County will state individually the parties whom received a benefit of the reduction in taxes of 20% or greater when compared to the total reduction of taxes for all tax abatement programs.

New and Expanding Business:

Businesses that are primarily industrial, commercial, retail or service are eligible for property tax incentives for new and expanding businesses if they meet state requirements (NDCC 40.57.1) and the guidelines stated below. The following criteria are only guidelines.

General criteria — In evaluation applications for property tax exemption, the Rugby Job Development Authority Board of Directors will consider the following factors:

- Economic impact through increased construction activity, equipment purchases, additional product purchases, additional work activity, immediate and projected increases in property values, and impact on future tax collections
- Number of jobs created and employee benefits (types of jobs — professional, managerial, technical, skilled, unskilled with emphasis on full-time positions)
- Diversification of economic base
- Growth potential of company and industry and potential spin-off benefits
- Impact on city services: Can the company be accommodated within existing service levels, or will additional capacity be needed? Is the company locating where better use of existing services will take place or further the development plans of the City?
- Utilization of local resources: Will the company be an exporter from our region? Will it provide support services to existing companies? Use of raw materials and services developed in the area

Exemption Criteria:

Amount of exemption is per the following schedule: Year 1 — 100%, Year 2 — 100%, Year 3 — 75%, Year 4 — 50%, Year 5 — 25%.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$19,379

Public Charity Exemption:

Public Charities are eligible for property tax incentives if they meet state requirements (NDCC 57-02-08(8)) and the guidelines stated below. The following criteria are only guidelines.

All buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to section 23-16-01 under the control of religious or charitable institutions, used wholly or in part for public charity, together with the land actually occupied by such institutions not leased or otherwise used with a view to profit. The exemption provided by this subsection includes any dormitory, dwelling, or residential-type structure, together with necessary land on which such structure is located, owned by a religious or charitable organization recognized as tax exempt under section 501(c)(3) of the United States Internal Revenue Code which is occupied by members of said organization who are subject to a religious vow of poverty and devote and donate substantially all of their time to the religious or charitable activities of the owner.

Exemption criteria:

Property exempt if the qualified facility is used wholly or in part for public charity, together with the land occupied by such institutions not leased or otherwise used with a view to profit.

2016 Reduction in Taxes – Other Entities:

Total program reduction in taxes – \$39,987

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Single Family Residence:

Single Family property owners are eligible for property tax incentives for the specified property that meet state requirements (NDCC 57-02-08(35)).

General Criteria -- Up to one hundred fifty thousand dollars of the true and full value of all new single-family and condominium and townhouse residential property, exclusive of the land on which it is situated, is exempt from taxation for the first two taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time if all the following conditions are met:

- a. The governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits, has approved the exemption of the property by resolution. A resolution adopted under this subsection may be rescinded or amended at any time. The governing body of the city or county may limit or impose conditions upon exemptions under this subsection, including limitations on the time during which an exemption is allowed.
- b. Special assessments and taxes on the property upon which the residence is situated are not delinquent.

2016 Reduction in Taxes – Other Entities:
Total Program Reduction in taxes – \$1,113

NOTE 22: PRIOR PERIOD ADJUSTMENTS

Net position as of January 1, 2016, has been restated as follows for prior period capital asset errors for a vehicle that was not properly disposed of on the capital asset listing.

The effect of the prior period adjustments to beginning net position for the capital asset errors for the county is as follows:

Governmental Activities - County	Amounts
Beginning Net Position, as previously reported	\$ 43,834,965
Adjustments to restate the January 1, 2016 Net Position:	
Capital Assets - Cost - Equipment/Vehicles/Furniture	(6,200)
Capital Assets - Depreciation - Equipment/Vehicles/Furniture	4,960
Net Position January 1, as restated	\$ 43,833,725

The effect of the prior period adjustments to beginning net position for the prior period error for the Water Resource Districts as follows:

Governmental Activities - WRD	Amounts
Beginning Net Position, as previously reported	\$ 234,952
Adjustments to restate the January 1, 2016 Net Position:	
Net Position Adjustment	449
Net Position January 1, as restated	\$ 235,401

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,961,296	\$ 1,930,697	\$ 1,930,697	\$ -
Intergovernmental	848,267	415,601	417,015	1,414
Charges for Services	121,360	127,453	127,453	-
Licenses, Permits and Fees	9,300	10,784	10,784	-
Interest Income	26,500	28,711	28,711	-
Miscellaneous	211,971	108,046	108,046	-
Total Revenues	<u>\$ 3,178,694</u>	<u>\$ 2,621,292</u>	<u>\$ 2,622,706</u>	<u>\$ 1,414</u>
<u>Expenditures:</u>				
Current:				
General Government	\$ 2,578,425	\$ 2,578,425	\$ 2,216,223	\$ 362,202
Public Safety	943,348	943,348	902,776	40,572
Health and Welfare	18,900	18,900	18,835	65
Total Expenditures	<u>\$ 3,540,673</u>	<u>\$ 3,540,673</u>	<u>\$ 3,137,834</u>	<u>\$ 402,839</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (361,979)</u>	<u>\$ (919,381)</u>	<u>\$ (515,128)</u>	<u>\$ 404,253</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ 551,529	\$ 551,529	\$ 551,529	\$ -
Loan Proceeds	400,000	400,000	400,000	-
Transfers Out	-	-	(365,943)	(365,943)
Net Change in Fund Balances	<u>\$ 589,550</u>	<u>\$ 32,148</u>	<u>\$ 70,458</u>	<u>\$ 38,310</u>
Fund Balance - January 1	<u>\$ 838,635</u>	<u>\$ 838,635</u>	<u>\$ 838,635</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 1,428,185</u>	<u>\$ 870,783</u>	<u>\$ 909,093</u>	<u>\$ 38,310</u>

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
BITUMINOUS SURFACING FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 504,303	\$ 495,118	\$ 495,118	\$ -
Intergovernmental	97,177	97,177	90,029	(7,148)
Total Revenues	\$ 601,480	\$ 592,295	\$ 585,147	\$ (7,148)
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 600,000	\$ 600,000	\$ 33,063	\$ 566,937
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,480	\$ (7,705)	\$ 552,084	\$ 559,789
Fund Balance - January 1	\$ 1,024,789	\$ 1,024,789	\$ 1,024,789	\$ -
Fund Balance - December 31	\$ 1,026,269	\$ 1,017,084	\$ 1,576,873	\$ 559,789

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
COUNTY ROAD FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 86,236	\$ 79,666	\$ 79,666	\$ -
Intergovernmental	22,653	22,653	20,986	(1,667)
Charges for Services	290,352	288,894	288,894	-
Miscellaneous	12,000	91,197	91,197	-
Total Revenues	\$ 411,241	\$ 482,410	\$ 480,743	\$ (1,667)
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 712,603	\$ 712,603	\$ 507,370	\$ 205,233
Excess (Deficiency) of Revenues Over Expenditures	\$ (301,362)	\$ (230,193)	\$ (26,627)	\$ 203,566
Fund Balance - January 1	\$ 835,332	\$ 835,332	\$ 835,332	-
Fund Balance - December 31	\$ 533,970	\$ 605,139	\$ 808,705	\$ 203,566

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY TAX DISTRIBUTION FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 3,672,128	\$ 1,806,282	\$ 1,056,937	\$ (749,345)
<u>Expenditures:</u>				
Current:				
Highways and Bridges	\$ 3,796,279	\$ 3,796,279	\$ 2,342,326	\$ 1,453,953
Excess (Deficiency) of Revenues Over Expenditures	\$ (124,151)	\$ (1,989,997)	\$ (1,285,389)	\$ 704,608
Fund Balance - January 1	\$ 2,406,699	\$ 2,406,699	\$ 2,406,699	\$ -
Fund Balance - December 31	\$ 2,282,548	\$ 416,702	\$ 1,121,310	\$ 704,608

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 1,308,762	\$ 1,144,728	\$ 1,114,582	\$ (30,146)
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 2,349,979	\$ 2,338,325	\$ 2,083,013	\$ 255,312
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,041,217)	\$ (1,193,597)	\$ (968,431)	\$ 225,166
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 1,443,803	\$ 1,443,803
Net Change in Fund Balances	\$ (1,041,217)	\$ (1,193,597)	\$ 475,372	\$ 1,668,969
Fund Balance - January 1	\$ (28,450)	\$ (28,450)	\$ (28,450)	\$ -
Fund Balance - December 31	\$ (1,069,667)	\$ (1,222,047)	\$ 446,922	\$ 1,668,969

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICE FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 1,008,607	\$ 990,504	\$ 990,504	\$ (18,103)
Intergovernmental	132,709	143,209	132,689	(10,520)
Total Revenues	\$ 1,141,316	\$ 1,133,713	\$ 1,123,193	\$ (28,623)
<u>Expenditures:</u>				
Current:				
Health and Welfare	\$ 450	\$ 11,899	\$ 11,899	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,140,866	\$ 1,121,814	\$ 1,111,294	\$ (28,623)
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (1,436,403)	\$ 1,436,403
Net Change in Fund Balances	\$ 1,140,866	\$ 1,121,814	\$ (325,109)	\$ 1,407,780
Fund Balance - January 1	\$ 515,112	\$ 515,112	\$ 515,112	\$ -
Fund Balance - December 31	\$ 1,655,978	\$ 1,636,926	\$ 190,003	\$ 1,407,780

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

RAMSEY COUNTY
Devils Lake, North Dakota

BUDGETARY COMPARISON SCHEDULE
FEMA FLOOD FUND
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 338,477	\$ 338,477
<u>Expenditures:</u>				
Current:				
Flood Repair & Mitigation	\$ 810,000	\$ 810,000	\$ 331,008	\$ 478,992
Excess (Deficiency) of Revenues Over Expenditures	\$ (810,000)	\$ (810,000)	\$ 7,469	\$ 817,469
Fund Balance - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balance - December 31	\$ (810,000)	\$ (810,000)	\$ 7,469	\$ 817,469

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

RAMSEY COUNTY
Devils Lake, North Dakota

PENSION SCHEDULES
For the Year Ended December 31, 2016

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

Ramsey County	2016	2015	2014
District's proportion of the net pension liability (asset)	0.306481%	0.323680%	0.322807%
District's proportionate share of the net pension liability (asset)	\$ 2,986,956	\$ 2,200,969	\$ 2,048,925
District's covered-employee payroll	\$ 3,088,608	\$ 2,883,596	\$ 2,719,249
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	70.46%	77.15%	77.70%

Ramsey County Water Resource District	2016	2015	2014
District's proportion of the net pension liability (asset)	0.001726%	0.001890%	0.001822%
District's proportionate share of the net pension liability (asset)	\$ 16,822	\$ 12,852	\$ 11,565
District's covered-employee payroll	\$ 17,392	\$ 16,836	\$ 15,355
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.72%	76.34%	75.32%
Plan fiduciary net position as a percentage of the total pension liability	70.46%	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***

Ramsey County	2016	2015	2014
Statutorily required contribution	\$ 219,909	\$ 205,312	\$ 193,611
Contributions in relation to the statutorily required contribution	\$ (219,909)	\$ (205,312)	\$ (193,611)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,088,608	\$ 2,883,596	\$ 2,719,249
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%

RAMSEY COUNTY

Notes to the Required Supplementary Information - Continued

Ramsey County Water Resource District	2016	2015	2014
Statutorily required contribution	\$ 1,238	\$ 1,199	\$ 1,093
Contributions in relation to the statutorily required contribution	\$ (1,238)	\$ (1,199)	\$ (1,093)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,392	\$ 16,836	\$ 15,355
Contributions as a percentage of covered-employee payroll	7.12%	7.12%	7.12%

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

RAMSEY COUNTY
Devils Lake, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

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: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The board of county commissioners amended the county budget for 2016 as follows:

	REVENUES		
	Original Budget	Amendment	Amended Budget
<u>Major Funds:</u>			
General Fund	\$ 4,130,223	\$ (557,402)	\$ 3,572,821
Bituminous Surfacing	601,480	(9,185)	592,295
County Road	411,239	71,171	482,410
Highway Tax	3,672,128	(1,865,846)	1,806,282
Social Services	1,308,762	(164,034)	1,144,728
Human Services	1,141,316	(7,603)	1,133,713

TABLE CONTINUED ON NEXT PAGE....

RAMSEY COUNTY

Notes to the Required Supplementary Information – Continued

	REVENUES		
	Original Budget	Amendment	Amended Budget
<u>Non-Major Funds:</u>			
Health Insurance	\$ 910,000	\$ 101,435	\$ 1,011,435
Housing Grant	50,000	(32,020)	17,980
Document Preservation	16,000	(1,693)	14,307
Entry Team Grant	1,000	(1,000)	-
Predisaster Mitigation	5,000	(5,000)	-
County Bridge	108,889	(6,570)	102,319
County Road Program	504,303	(9,051)	495,252
CAN Grant Fund	13,000	(8,675)	4,325
Job/Industrial Development	47,544	(934)	46,610
Emergency Fund	14,101	(260)	13,841
Veteran's Service Officer	27,897	(1,175)	26,722
Bond 1231	88,978	(1,820)	87,158
Emergency Management	39,441	(4,661)	34,780
Hazardous Chemicals	2,000	(363)	1,637
County Agent	137,116	(2,724)	134,392
Weed Control	67,067	3,980	71,047
Correction Center	582,987	(9,272)	573,715
Sakakawea Specials	2,336	1	2,337
Specials on County Property	1,725	(1)	1,724

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
<u>Major Funds</u>			
Social Services	\$ 2,349,979	\$ (11,654)	\$ 2,338,325
Human Services	450	11,449	11,899
<u>Non-Major Funds</u>			
Parent Aide	61,216	205	61,421
Extension Services	128,599	40	128,639
Correctional Center - LEC	796,000	102,871	898,871

NOTE 3: EXPENDITURES OVER BUDGET

Expenditures exceeded budget in the following funds.

Spec. Rev. Funds	Actual Expend.	Budget	Amount Oversepnt
Grants	\$ 17,980	\$ -	\$ 17,980
Health Tracks Grant	3,000	-	3,000
County Loans	76,330	-	76,330
Cemetery Maintenance	1,398	-	1,398
Social Security	193,822	-	193,822
Advertising	18,146	-	18,146

No remedial action is anticipated or required regarding the overspent funds.

NOTE 4: PENSIONS - CHANGES OF ASSUMPTIONS

Amounts reported in 2016 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.

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
PRIMARY GOVERNMENT
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Debt Proceeds	Transfers Out	Disbursements	Balance 12-31-16
Major Funds:							
General Fund	\$ 822,468.56	\$ 2,621,291.57	\$ 551,529.07	\$ 400,000.00	\$ 365,943.00	\$ 3,126,818.11	\$ 902,528.09
Major Governmental Funds:							
County Road Fund	\$ 839,598.08	\$ 482,410.34	\$ -	\$ -	\$ -	\$ 506,830.04	\$ 815,178.38
Highway Tax Distribution	1,637,478.36	1,806,282.18	-	-	-	2,380,029.31	1,063,731.23
Social Service Fund	49,740.77	1,144,728.46	1,443,802.73	-	-	2,089,867.08	548,404.88
Human Service Fund	481,934.66	1,133,713.05	-	-	1,436,403.15	11,899.04	167,345.52
FEMA	1,298,226.67	172,996.34	-	-	-	331,008.25	1,140,214.76
Bituminous Surfacing - Blacktop	1,014,991.79	592,294.35	-	-	-	40,544.64	1,566,741.50
Total Major Special Revenue Funds	\$ 5,321,970.33	\$ 5,332,424.72	\$ 1,443,802.73	\$ -	\$ 1,436,403.15	\$ 5,360,178.36	\$ 5,301,616.27
Total Major Funds	\$ 6,144,438.89	\$ 7,953,716.29	\$ 1,995,331.80	\$ 400,000.00	\$ 1,802,346.15	\$ 8,486,996.47	\$ 6,204,144.36
Non-Major Special Revenue Funds:							
Comprehensive Health Insurance	\$ 261,832.94	\$ 0.97	\$ -	\$ -	\$ 261,833.91	\$ -	\$ -
US MARSHALL Funds/Grants	75.00	17,980.00	-	-	-	17,980.00	75.00
Housing Reh & Citizens Ret	11,340.56	-	-	-	-	-	11,340.56
Document Preservation	30,661.50	14,306.10	-	-	-	2,000.09	42,967.51
Entry Team Grant	64.07	-	-	-	-	-	64.07
County Bridge	368,645.98	102,318.93	-	-	-	31,813.84	439,151.07
County Road Program	162,474.39	495,251.95	-	-	-	308,401.44	349,324.90
Social Service Projects	48,688.89	71,116.50	-	-	-	61,182.95	58,622.44
Foster Care Recruitment Grant Fund	5,547.54	4,324.76	-	-	-	3,949.76	5,922.54
Health Track Grants	-	3,000.00	-	-	-	2,999.89	0.11
Emergency Poor	3,522.21	5,444.51	-	-	7,399.58	-	1,567.14
Emergency Fund	128,054.73	13,841.37	-	-	-	-	141,896.10
Veteran's Service Officer	13,943.89	26,737.33	-	-	-	26,935.51	13,745.71
County Loan Fund	76,329.67	0.15	-	-	76,329.82	-	-
Bond - 1231	4,092.86	87,157.57	-	-	-	80,972.50	10,277.93
Oasis and Social Security	193,821.04	0.73	-	-	193,821.77	-	-
Advertising	18,146.06	-	-	-	18,146.06	-	-
Emergency Management	12,736.90	34,780.05	39,441.00	-	-	68,024.29	18,933.66
Hazardous Chemicals	8,764.73	1,637.50	-	-	-	1,050.00	9,352.23
County Agent - Extension	9,535.43	134,392.28	-	-	-	128,635.35	15,292.36
Weed Control	43,724.01	71,046.68	-	-	-	91,083.40	23,687.29
Cemetery	1,397.51	-	-	-	1,397.51	-	-
Spl. Assessments on Co. Property	11,298.35	1,737.37	-	-	-	2,434.94	10,600.78
Correctional Center - LEC	(1,346.41)	573,715.65	326,502.00	-	-	895,661.80	3,209.44
CDBG - NCPC	1.00	961.00	-	-	-	961.00	1.00
Total Non-Major Special Revenue Funds	\$ 1,413,352.85	\$ 1,659,751.40	\$ 365,943.00	\$ -	\$ 558,928.65	\$ 1,724,086.76	\$ 1,156,031.84
Non-Major Debt Service Funds:							
Sakakawea Ave Special	\$ 166.89	\$ 2,337.49	\$ -	\$ -	\$ -	\$ 2,287.76	\$ 216.62
Non-Major Capital Projects Fund:							
West Dike Extension O&M	\$ 39,428.30	\$ 65,000.00	\$ -	\$ -	\$ -	\$ 52,559.03	\$ 51,869.27
Total Non-Major Governmental Funds	\$ 1,452,948.04	\$ 1,727,088.89	\$ 365,943.00	\$ -	\$ 558,928.65	\$ 1,778,933.55	\$ 1,208,117.73
Total Governmental Funds	\$ 7,597,386.93	\$ 9,680,805.18	\$ 2,361,274.80	\$ 400,000.00	\$ 2,361,274.80	\$ 10,265,930.02	\$ 7,412,262.09
Internal Service Fund:							
Health Insurance	\$ 901,296.26	\$ 1,011,435.12	\$ -	\$ -	\$ -	\$ 968,808.51	\$ 943,922.87
Agency Funds:							
Job/Industrial Development	\$ 1,742.93	\$ 46,610.41	\$ -	\$ -	\$ -	\$ 47,500.00	\$ 853.34
Water Safety Operations	-	333.22	-	-	-	333.22	-
Scoobys Point Sewer District #1-06	-	27,044.09	-	-	-	26,634.20	409.89
Michigan Spillway Drain	-	1,500.80	-	-	-	1,500.80	-
State Tax	113.03	49,508.02	-	-	-	49,487.15	133.90
Sales Tax	3,124.24	1,832.47	-	-	-	3,124.24	1,832.47

Continued on next page....

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
PRIMARY GOVERNMENT
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Debt Proceeds	Transfers Out	Disbursements	Balance 12-31-16
CONTINUED....							
<u>Agency Funds: Continued</u>							
Auditor's License Fund	\$ 216,717.50	\$ 56,193.00	\$ -	\$ -	\$ -	\$ 272,910.50	\$ -
Garrison Diversion Conservancy	124.54	55,329.78	-	-	-	55,307.15	147.17
Attendant Care	-	16,544.78	-	-	-	15,407.75	1,137.03
Domestic Violence	105.00	2,625.00	-	-	-	2,625.00	105.00
State Aid Townships	-	101,425.26	-	-	-	101,425.26	-
Township Road	-	307,172.78	-	-	-	307,172.78	-
County Park	643.99	0.02	-	-	-	644.01	-
County Fair	219.57	0.13	-	-	-	219.70	-
Soil Conservation General Fund	103.38	85,143.59	-	-	-	85,032.82	214.15
Soil Conserv. Ins. Res. Fund	24.09	0.03	-	-	-	24.12	-
ND Income Tax	-	29,681.67	-	-	-	22,416.28	7,265.39
Transit	1,718.93	15,224.07	-	-	-	15,713.39	1,229.61
District Health	11,846.95	175,649.54	-	-	-	171,885.00	15,611.49
County Airport	168.92	106,834.49	-	-	-	106,681.07	322.34
Senior Citizens	68,376.89	49,327.99	-	-	-	68,610.00	49,094.88
Ramsey County WRD	109.96	25,327.96	-	-	-	25,424.70	13.22
NDSU Extension	4,397.33	1,811.76	-	-	-	1,860.45	4,348.64
SAAF	34.55	-	-	-	-	-	34.55
Joint Water Resource District	120.36	63,094.80	-	-	-	63,064.50	150.66
Dry Lake Harbor Dr. O&M	-	3,232.65	-	-	-	3,232.65	-
County Library	191.00	94,053.07	-	-	-	93,971.69	272.38
Historical Society	31.16	12,418.65	-	-	-	12,413.00	36.81
Telecommunications-Townships	-	4,458.78	-	-	-	4,458.78	-
Common School Trust	250.00	250.00	-	-	-	500.00	-
Joint Water Resource District Mgr.	4,581.39	54,976.68	-	-	-	54,976.68	4,581.39
Payroll deductions	-	62.30	-	-	-	561.72	(499.42)
Total Cities	4,534.54	1,987,147.86	-	-	-	1,988,345.05	3,337.35
Total Park Districts	1,658.33	683,820.54	-	-	-	684,572.17	906.70
Total School Districts	11,117.94	4,853,805.27	-	-	-	4,852,113.32	12,809.89
Total Townships	1,499.68	618,918.00	-	-	-	618,190.08	2,227.60
Total Fire Protection Districts	398.37	156,314.04	-	-	-	156,083.41	629.00
Total Ambulance Districts	12.72	16,459.39	-	-	-	16,299.64	172.47
Prepaid Taxes	3,778,813.25	3,296,968.08	-	-	-	3,778,813.25	3,296,968.08
Total Agency Funds	\$ 4,112,780.54	\$ 13,001,100.97	\$ -	\$ -	\$ -	\$ 13,709,535.53	\$ 3,404,345.98
Total Primary Government	\$ 12,611,463.73	\$ 23,693,341.27	\$ 2,361,274.80	\$ 400,000.00	\$ 2,361,274.80	\$ 24,944,274.06	\$ 11,760,530.94

STATE AUDITOR

JOSHUA C. GALLION
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**

Independent Auditor's Report

Board of County Commissioners
Ramsey County
Devils Lake, 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 Ramsey County, Devils Lake, North Dakota as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated May 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ramsey 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 Ramsey County's internal control. Accordingly, we do not express an opinion on the effectiveness of Ramsey 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

RAMSEY COUNTY

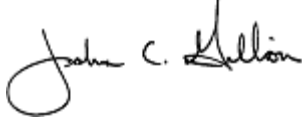
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Compliance and Other Matters

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



Joshua C. Gallion
State Auditor

Fargo, North Dakota
May 17, 2017

RAMSEY COUNTY
Devils Lake, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued?	
Governmental Activities	Unmodified
Component Unit – Water Resource District	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

JOSHUA C. GALLION
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
Ramsey County
Devils Lake, 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 Ramsey County, Devils Lake, North Dakota, for the year ended December 31, 2016 which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 17, 2017. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated June 8, 2017, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the 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 Ramsey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and for reporting on the schedule of expenditures of federal awards required by the Uniform Guidance.

As part of obtaining reasonable assurance about whether Ramsey County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Ramsey County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on Ramsey County's compliance with those requirements over each major federal program. While our audit provides a reasonable basis for our opinion over compliance for each major federal program, it does not provide a legal determination on Ramsey 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 Ramsey County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated May 17, 2017.

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 SUPPORTING DOCUMENTATION

Ramsey County had various invoices that did not have a department head signatures and in some cases a lack of supporting documentation. Ramsey County may have paid an invoice that was not approved or was of the appropriate amount. A department head approval and supporting documentation gives additional assurance that proper payment can be obtained.

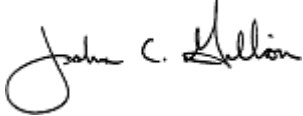
We recommend that Ramsey County maintain original invoices or proper documentation supporting the amount reported on the general ledger and in the check register. We further recommend that invoices should have department head approval.

RAMSEY COUNTY

Management's Letter - Continued

This information is intended solely for the use of the Board of County Commissioners and management of Ramsey 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 Ramsey County for the courteous and friendly assistance we received during our audit. It is a pleasure for us to be able to serve Ramsey County.



Joshua C. Gallion
State Auditor

Fargo, North Dakota
May 17, 2017

You may obtain audit reports on the internet at:

www.nd.gov/auditor/

or by contacting the
Division of Local Government Audit

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

(701) 328-2220