



LaMoure County
LaMoure, 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

LAMOURE COUNTY
LaMoure, 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 Fiduciary Assets and Liabilities - Agency Funds	10
Notes to the Financial Statements	11 - 25
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	26 - 31
Pension Schedules	32
Notes to the Required Supplementary Information	33 - 34
SUPPLEMENTARY INFORMATION	
Schedule of Fund Activity	35 - 36
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	37 - 38
Schedule of Findings and Questioned Costs	39

LAMOURE COUNTY
LaMoure, North Dakota

COUNTY OFFICIALS

At December 31, 2016

Lee Miller	Commissioner - Chairman
Bruce Klein	Commissioner - Vice Chairman
Victor Weigal	Commissioner
Robert Flath	Commissioner
Keith Heidinger	Commissioner
Marlene White	Auditor
Cindy Worrel	Treasurer
Robert Fernandes	Sheriff
Laurie Good	Recorder
Tonya Duffy	State's Attorney
Karin Boom	Clerk of Court
Marlene White	Superintendent of Schools



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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the year ended December 31, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

LAMOURE COUNTY

Independent Auditor's Report - Continued

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that *budgetary comparison information, pension schedules, and notes to the required supplementary information* on pages 26-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2018 on our consideration of LaMoure County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LaMoure County's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
January 2, 2018

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF NET POSITION
December 31, 2016

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS:		
Cash and Investments	\$ 4,892,353	\$ 30,721
Intergovernmental Receivable	607,561	-
Accounts Receivable	21,462	-
Road Receivables	97,463	-
Taxes Receivable	47,935	254
Capital Assets (not being depreciated):		
Land	33,600	-
Construction in Progress	1,971,887	-
Capital Assets (being depreciated):		
Vehicles	77,742	-
Equipment	1,722,228	-
Buildings	246,833	-
Infrastructure	14,062,904	-
Total Capital Assets	<u>\$ 18,115,194</u>	<u>\$ -</u>
Total Assets	<u>\$ 23,781,968</u>	<u>\$ 30,975</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	<u>\$ 563,540</u>	<u>\$ -</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 24,345,508</u>	<u>\$ 30,975</u>
LIABILITIES:		
Accounts Payable	\$ 37,879	\$ -
Salaries Payable	17,882	-
Grant Received in Advance	352,747	-
Retainage Payable	61,095	-
Interest Payable	250	-
Long-Term Liabilities:		
Due Within One Year:		
Bonds Payable	60,000	-
Compensated Absences Payable	49,936	-
Due After One Year:		
Compensated Absences Payable	74,904	-
Net Pension Liability	1,559,629	-
Total Liabilities	<u>\$ 2,214,322</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension	<u>\$ 112,761</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 2,327,083</u>	<u>\$ -</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 18,115,194	\$ -
Restricted for:		
Debt Service	131,917	-
Highways	888,592	-
Health and Welfare	162,747	-
Culture and Recreation	42,128	-
Conservation of Natural Resources	190,818	-
Emergencies	232,983	-
Special Purposes	352,814	-
Unrestricted	1,901,232	30,975
Total Net Position	<u>\$ 22,018,425</u>	<u>\$ 30,975</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Water Resource District
<u>Primary Government:</u>						
<u>Governmental Activities:</u>						
General Government	\$ 1,475,276	\$ 58,223	\$ 73,625	\$ -	\$ (1,343,428)	
Public Safety	778,719	120,115	81,804	-	(576,800)	
Highways	2,646,816	565,091	2,329,288	-	247,563	
Health and Welfare	692,012	276,184	84,352	-	(331,476)	
Culture and Recreation	-	36,481	-	325,961	362,442	
Conservation of Natural Resources	204,280	-	6,332	-	(197,948)	
Interest Expense on Long-Term Debt	3,151	-	-	-	(3,151)	
Total Primary Government	\$ 5,800,254	\$ 1,056,094	\$ 2,575,401	\$ 325,961	\$ (1,842,798)	
<u>Component Unit:</u>						
Water Resource District	\$ 17,873	\$ -	\$ -	\$ -		\$ (17,873)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes				\$ 1,787,162	\$ -	
Property taxes; levied for special purposes				1,458,985	17,766	
Property taxes; levied for debt service				61,204	-	
State aid & grants not restricted to specific programs				488,204	-	
Interest Revenue				35,327	51	
Miscellaneous Revenue				121,611	-	
Total General Revenues				\$ 3,952,493	\$ 17,817	
Change in Net Position				\$ 2,109,695	\$ (56)	
Net Position - January 1				\$ 19,908,730	\$ 31,031	
Net Position - December 31				\$ 22,018,425	\$ 30,975	

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

LAMOURE COUNTY
LaMoure, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2016

	General	County Road and Bridge	Farm to Market Road	FEMA	State Aid Distribution	Equipment Purchase	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 1,571,038	\$ 95,401	\$ 1,099,817	\$ 352,747	\$ 485,858	\$ -	\$ 1,287,492	\$ 4,892,353
Intergovernmental Receivable	332,293	56,948	84,544	-	108,322	-	25,454	607,561
Accounts Receivable	-	-	-	-	-	-	21,462	21,462
Road Receivables	-	97,463	-	-	-	-	-	97,463
Taxes Receivable	25,426	4,802	5,867	-	-	-	11,840	47,935
Due From Other Funds	166,360	-	-	-	-	-	-	166,360
Total Assets	\$ 2,095,117	\$ 254,614	\$ 1,190,228	\$ 352,747	\$ 594,180	\$ -	\$ 1,346,248	\$ 5,833,134
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ -	\$ 5,557	\$ -	\$ -	\$ -	\$ -	\$ 32,322	\$ 37,879
Salaries Payable	1,310	16,283	-	-	-	-	289	17,882
Grants Received in Advance	-	-	-	352,747	-	-	-	352,747
Due to Other Funds	-	-	-	-	-	166,360	-	166,360
Total Liabilities	\$ 1,310	\$ 21,840	\$ -	\$ 352,747	\$ -	\$ 166,360	\$ 32,611	\$ 574,868
Deferred Inflows of Resources:								
Taxes Receivable	\$ 25,426	\$ 4,802	\$ 5,867	\$ -	\$ -	\$ -	\$ 11,840	\$ 47,935
Road Receivables	-	97,463	-	-	-	-	-	97,463
Total Deferred Inflows of Resources	\$ 25,426	\$ 102,265	\$ 5,867	\$ -	\$ -	\$ -	\$ 11,840	\$ 145,398
Total Liabilities and Deferred Inflows of Resources	\$ 26,736	\$ 124,105	\$ 5,867	\$ 352,747	\$ -	\$ 166,360	\$ 44,451	\$ 720,266
Fund Balances:								
Restricted for:								
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,243	\$ 191,243
Public Safety	-	-	-	-	-	-	154,574	154,574
Highways	-	130,509	1,184,361	-	-	-	53,460	1,368,330
Health and Welfare	-	-	-	-	-	-	334,584	334,584
Culture and Recreation	-	-	-	-	-	-	41,972	41,972
Conservation of Natural Resources	-	-	-	-	-	-	208,316	208,316
Emergency	-	-	-	-	-	-	232,822	232,822
General Government & Other	-	-	-	-	594,180	-	85,116	679,296
Unassigned	2,068,381	-	-	-	-	(166,360)	(290)	1,901,731
Total Fund Balances	\$ 2,068,381	\$ 130,509	\$ 1,184,361	\$ -	\$ 594,180	\$ (166,360)	\$ 1,301,797	\$ 5,112,868
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,095,117	\$ 254,614	\$ 1,190,228	\$ 352,747	\$ 594,180	\$ -	\$ 1,346,248	\$ 5,833,134

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

LAMOURE COUNTY
LaMoure, North Dakota

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

Total *Fund Balances* for Governmental Funds \$ 5,112,868

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

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

Cost of Capital Assets	\$ 21,936,704	
Less Accumulated Depreciation	<u>(3,821,510)</u>	18,115,194

Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 47,935

Road receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds. 97,463

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	\$ 563,540	
Deferred Inflows Related to Pensions	<u>(112,761)</u>	450,779

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	\$ (60,000)	
Interest Payable	(250)	
Retainage Payable	(61,095)	
Compensated Absences	(124,840)	
Net Pension Liability	<u>(1,559,629)</u>	<u>(1,805,814)</u>

Total Net Position of Governmental Activities \$ 22,018,425

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	General	County Road and Bridge	Farm to Market Road	FEMA	State Aid Distribution	Equipment Purchase	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 1,789,628	\$ 359,494	\$ 370,224	\$ -	\$ -	\$ -	\$ 794,148	\$ 3,313,494
Intergovernmental	470,603	612,719	1,718,780	-	458,843	-	128,621	3,389,566
Charges for Services	101,154	512,438	-	-	-	-	387,768	1,001,360
Licenses, Permits and Fees	2,080	-	-	-	-	-	-	2,080
Interest Income	35,327	-	-	-	-	-	-	35,327
Miscellaneous	14,168	14,075	-	-	-	46,016	47,352	121,611
Total Revenues	\$ 2,412,960	\$ 1,498,726	\$ 2,089,004	\$ -	\$ 458,843	\$ 46,016	\$ 1,357,889	\$ 7,863,438
Expenditures:								
Current:								
General Government	\$ 1,420,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,404	\$ 1,431,905
Public Safety	496,497	-	-	-	-	-	239,478	735,975
Highways	-	1,824,855	2,263,579	-	-	168,816	45,173	4,302,423
Health and Welfare	-	-	-	-	-	-	691,886	691,886
Culture and Recreation	410,046	-	-	-	-	-	4,401	414,447
Conser. of Natural Resources	-	-	-	-	-	-	184,025	184,025
Debt Service:								
Principal	-	-	-	-	-	-	60,000	60,000
Interest & Service Charges	-	-	-	-	-	-	3,401	3,401
Total Expenditures	\$ 2,327,044	\$ 1,824,855	\$ 2,263,579	\$ -	\$ -	\$ 168,816	\$ 1,239,768	\$ 7,824,062
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,916	\$ (326,129)	\$ (174,575)	\$ -	\$ 458,843	\$ (122,800)	\$ 118,121	\$ 39,376
Other Financing Sources (Uses):								
Transfers In	\$ 654,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,312	\$ 1,060,450
Transfers Out	(63,000)	(12,452)	-	-	(674,861)	-	(310,137)	(1,060,450)
Total Other Financing Sources and Uses	\$ 591,138	\$ (12,452)	\$ -	\$ -	\$ (674,861)	\$ -	\$ 96,175	\$ -
Net Change in Fund Balances	\$ 677,054	\$ (338,581)	\$ (174,575)	\$ -	\$ (216,018)	\$ (122,800)	\$ 214,296	\$ 39,376
Fund Balance - January 1	\$ 1,391,327	\$ 469,090	\$ 1,358,936	\$ -	\$ 810,198	\$ (43,560)	\$ 1,087,501	\$ 5,073,492
Fund Balance - December 31	\$ 2,068,381	\$ 130,509	\$ 1,184,361	\$ -	\$ 594,180	\$ (166,360)	\$ 1,301,797	\$ 5,112,868

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

LAMOURE COUNTY
LaMoure, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Net Change in *Fund Balances* - Total Governmental Funds \$ 39,376

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

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

Current Year Capital Outlay	\$ 2,382,864	
Current Year Capital Contribution	325,961	
Current Year Depreciation	<u>(611,122)</u>	2,097,703

The net result of miscellaneous transactions involving capital assets was a net decrease to capital assets. (102,135)

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

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

Increase in Compensated Absences	\$ (33,311)	
Decrease in Interest Payable	250	
Decrease in Retainage Payable	<u>97,244</u>	64,183

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

Decrease in Taxes Receivable	\$ (6,143)	
Increase in Road Accounts Receivable	<u>52,654</u>	46,511

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

Increase in Net Pension Liability	\$ (448,347)	
Increase in Deferred Outflows of Resources Related to Pensions	335,286	
Decrease in Deferred Inflows of Resources Related to Pensions	<u>17,118</u>	<u>(95,943)</u>

Change in Net Position of Governmental Activities		<u>\$ 2,109,695</u>
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The notes to the financial statements are an integral part of this statement.

LAMOURE COUNTY
LaMoure, North Dakota

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

ASSETS

Cash and Cash Equivalents	<u>\$ 2,376,177</u>
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LIABILITIES

Due to Other Governments	<u>\$ 2,376,177</u>
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The notes to the financial statements are an integral part of this statement.

LAMOURE COUNTY
LaMoure, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Component Unit

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

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

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

B. Basis of Presentation

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

Equipment Purchase Fund. This fund is used to purchase equipment for various county functions.

Additionally, the county reports the following fund type:

Agency Funds. These funds account for assets held by the County in a custodial capacity as an agent on behalf of others. The County's agency fund is used to account for various deposits of other governments.

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

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

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

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

D. Cash, Cash Equivalents and Investments

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

E. Capital Assets

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

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

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

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

F. Compensated Absences

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

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

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

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

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

G. Long-Term Obligations

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

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

H. Pension

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

I. Fund Balance/Net Position

Fund Balance

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

Major Special Revenue Fund Purposes & Revenue Sources:

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

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

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

LaMoure County has restricted and unassigned fund balances at December 31, 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 debt service, public safety, highways, health & welfare, culture & recreation, conservation of natural resources, emergencies, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Special Revenue Funds – Restricted & Committed Fund Balances:

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

Net Position

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

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

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

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

At year ended December 31, 2016, the county's carrying amount of deposits was \$7,265,923, and the bank balances totaled \$6,820,200. Of the bank balances, \$2,128,265 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2016, the Water Resource District's carrying amount of deposits was \$30,721, and the bank balances totaled \$30,771, all of which were covered by Federal Depository Insurance.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Credit Risk:

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

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

As of December 31, 2016, the county had certificates of deposit totaling \$4,161,759.

Concentration of Credit Risk:

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

NOTE 3: TAXES RECEIVABLE

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

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

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

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

NOTE 4: ROAD RECEIVABLES

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

NOTE 5: INTERGOVERNMENTAL RECEIVABLES

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

NOTE 6: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions for differences between actual and expected experience, changes in proportion, differences between employer contributions and proportionate share of contributions, and for contributions made to the plan for the period of July 1, 2016 through December 31, 2016.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 7: CAPITAL ASSETS

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

Primary Government:	Balance January 1	Increases	Decreases	Transfers	Balance December 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 33,600	\$ -	\$ -	\$ -	\$ 33,600
Construction in Progress	3,191,604	2,037,184	-	(3,256,901)	1,971,887
Total Capital Asset not being depreciated	\$ 3,225,204	\$ 2,037,184	\$ -	\$ (3,256,901)	\$ 2,005,487
<i>Capital assets, being depreciated:</i>					
Vehicles	\$ 300,849	\$ 32,145	\$ -	\$ -	\$ 332,994
Equipment	3,586,301	639,495	240,643	-	3,985,153
Buildings	731,794	-	-	-	731,794
Infrastructure	11,624,376	-	-	3,256,901	14,881,277
Total Capital Assets, Being Depreciated	\$ 16,243,320	\$ 671,640	\$ 240,643	\$ 3,256,901	\$ 19,931,218
<i>Less accumulated depreciation for:</i>					
Vehicles	\$ 218,331	\$ 36,921	\$ -	\$ -	\$ 255,252
Equipment	2,134,160	267,273	138,508	-	2,262,925
Buildings	475,658	9,303	-	-	484,961
Infrastructure	520,749	297,624	-	-	818,373
Total Accumulated Depreciation	\$ 3,348,898	\$ 611,121	\$ 138,508	\$ -	\$ 3,821,511
Total Capital Assets Being Depreciated, Net	\$ 12,894,422	\$ 60,519	\$ 102,135	\$ 3,256,901	\$ 16,109,707
Primary Government - Capital Assets, Net	\$ 16,119,626	\$ 2,097,703	\$ 102,135	\$ -	\$ 18,115,194

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

Primary Government	Amounts
General Government	\$ 13,409
Public Safety	27,658
Highways	557,475
Health and Welfare	1,542
Culture and Recreation	3,372
Conservation of Natural Resources	7,665
Total Depreciation Expense - Governmental Activities	\$ 611,121

NOTE 8: ACCOUNTS PAYABLE

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

NOTE 9: SALARIES PAYABLE

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

NOTE 10: DUE TO/ FROM OTHER FUNDS

The due to/due from other funds totaling \$166,360 represents the amounts of negative cash in the equipment purchase fund borrowed from the general fund in 2016.

NOTE 11: GRANTS RECEIVED IN ADVANCE

Grants received in advance consist of funds received in the FEMA fund where the eligibility requirements have not been met at December 31, 2016.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 12: RETAINAGES PAYABLE

Retainages payable consists of a liability account reflecting amounts owing to contractors on open contracts at December 31, 2016 by the County.

NOTE 13: DEFERRED INFLOWS OF RESOURCES

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

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

NOTE 14: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long-term debt (bonds payable) outstanding at December 31, 2016.

NOTE 15: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities - During the year ended December 31, 2016, the following changes occurred in liabilities reported in long-term liabilities:

Primary Government	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
G.O. Bonds Payable	\$ 120,000	\$ -	\$ 60,000	\$ 60,000	\$ 60,000
Compensated Absences *	91,529	33,311	-	124,840	49,936
Net Pension Liability *	1,111,282	448,347	-	1,559,629	-
Total Long Term Liabilities	\$ 1,322,811	\$ 481,658	\$ 60,000	\$ 1,744,469	\$ 109,936

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

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

General Obligation Bonds:

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

\$ 60,000

The annual requirements to amortize the outstanding debt, excluding compensated absences and net pension liability, are as follows for the year ended December 31, 2016:

Year Ending December 31	G.O. Bonds Payable	
	Principal	Interest
2016	\$ 60,000	\$ 750

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Operating Leases – Postage Machine & Copier:

LaMoure County is engaged in four operating leases for two copiers and a postage machine. Total lease payments were \$2,948 during the year ended December 31, 2016.

The future minimum lease payments for operating leases at December 31, 2016 are as follows:

PRIMARY GOVERNMENT			
Year Ending December 31	Operating Leases		
	Copy Machine	Postage Machine	Total
2017	\$ 1,452	\$ 1,404	\$ 2,856
2018	1,452	468	1,920
2019	1,452	-	1,452
2020	1,452	-	1,452
2021	1,452	-	1,452
Totals	\$ 7,260	\$ 1,872	\$ 9,132

NOTE 16: RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. LaMoure County pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of \$1,000,000 per occurrence for general liability and for automobile, and \$3,179,664 for public assets (mobile equipment and portable property).

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

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

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

NOTE 17: TRANSFERS

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

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 654,138	\$ 63,000
County Road & Bridge	-	12,452
State Aid Distribution	-	674,861
Non-Major Funds		
Social Service Fund	310,137	-
County Agent	20,723	-
Human Services	-	310,137
LaMoire County Health Dept	63,000	-
Culvert Purchase & Resale	12,452	-
Total Transfers	\$ 1,060,450	\$ 1,060,450

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

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

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

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2016, LaMoure County reported a liability of \$1,559,629 for its 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 Employer's proportion was .160028 percent, which was a decrease of .003400 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Employer recognized pension expense of \$227,420. At December 31, 2016, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 23,429	\$ 14,441
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	98,356	20,838
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	217,590	-
Changes of Assumptions	143,778	77,482
District Contributions Subsequent to the Measurement Date	80,387	-
Total	\$ 563,540	\$ 112,761

\$80,387 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 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.

2017	\$ 73,197
2018	73,497
2019	120,664
2020	84,196
2021	19,138

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%.

LAMOURE COUNTY

Notes to the Financial Statements – Continued

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, 2016, 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, 2016. 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, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to und 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, 2016. 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, 2016.

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

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's Proportionate Share of the Net Pension Liability	\$ 2,212,303	\$ 1,559,629	\$ 1,009,717

LAMOURE COUNTY

Notes to the Financial Statements – Continued

Pension Plan Fiduciary Net Position

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

NOTE 19: DEFERRED INFLOWS OF RESOURCES

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

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

NOTE 20: DEFICIT CASH FUND BALANCES

At December 31, 2016, the following funds had deficit fund balances reported as due to other funds from the fund listed below.

Major Funds:	
Equipment Purchase	\$ 166,360

The County expects to relieve the fund deficits by transfers from other funds, and grant reimbursements.

NOTE 21: COMMITMENTS/RETAINAGE

LaMoure County had the following open construction commitments as of December 31, 2016 as follows:

Project	Orginal Contract	Change Orders	Total Contract	Total Completed	Retainage	Remaining Balance
CNOB-CNOA-2325(056)	\$ 1,660,910	\$ -	\$ 1,660,910	\$ 1,504,486	\$ -	\$ 156,424
CNOB-2335(058)	1,452,492	46,706	1,499,198	1,413,282	-	85,916
CNOB-CNOC-2311(053)	1,166,909	55,000	1,221,909	1,287,255	61,095	(4,251)
Totals	\$ 4,280,311	\$ 101,706	\$ 4,382,017	\$ 4,205,023	\$ 61,095	\$ 238,089

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 2,261,055	\$ 2,261,055	\$ 1,789,628	\$ (471,427)
Intergovernmental	112,500	112,500	470,603	358,103
Charges for Services	90,500	90,500	101,154	10,654
Licenses, Permits and Fees	1,700	1,700	2,080	380
Interest Income	35,000	35,000	35,327	327
Miscellaneous	12,600	12,600	14,168	1,568
Total Revenues	\$ 2,513,355	\$ 2,513,355	\$ 2,412,960	\$ (100,395)
<u>Expenditures:</u>				
Current:				
General Government	\$ 1,567,115	\$ 1,567,115	\$ 1,420,501	\$ 146,614
Public Safety	509,817	509,817	496,497	13,320
Health and Welfare	63,000	63,000	-	63,000
Culture & Recreation	102,823	102,823	410,046	(307,223)
Total Expenditures	\$ 2,242,755	\$ 2,242,755	\$ 2,327,044	\$ (84,289)
Excess (Deficiency) of Revenues Over Expenditures	\$ 270,600	\$ 270,600	\$ 85,916	\$ (184,684)
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ -	\$ -	\$ 654,138	\$ 654,138
Transfers Out	-	-	(63,000)	(63,000)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ 591,138	\$ 591,138
Net Change in Fund Balance	\$ 270,600	\$ 270,600	\$ 677,054	\$ 406,454
Fund Balance - January 1	\$ 1,391,327	\$ 1,391,327	\$ 1,391,327	\$ -
Fund Balance - December 31	\$ 1,661,927	\$ 1,661,927	\$ 2,068,381	\$ 406,454

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 370,033	\$ 370,033	\$ 359,494	\$ (10,539)
Intergovernmental	760,400	760,400	612,719	(147,681)
Charges for Services	479,200	479,200	512,438	33,238
Miscellaneous	106,500	106,500	14,075	(92,425)
Total Revenues	\$ 1,716,133	\$ 1,716,133	\$ 1,498,726	\$ (217,407)
<u>Expenditures:</u>				
<u>Current:</u>				
Highways	\$ 1,864,014	\$ 1,864,014	\$ 1,824,855	\$ 39,159
Excess (Deficiency) of Revenues Over Expenditures	\$ (147,881)	\$ (147,881)	\$ (326,129)	\$ (178,248)
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ -	\$ -	\$ (12,452)	\$ (12,452)
Net Change in Fund Balances	\$ (147,881)	\$ (147,881)	\$ (338,581)	\$ (190,700)
Fund Balance - January 1	\$ 469,090	\$ 469,090	\$ 469,090	\$ -
Fund Balance - December 31	\$ 321,209	\$ 321,209	\$ 130,509	\$ (190,700)

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 378,993	\$ 378,993	\$ 370,224	\$ (8,769)
Intergovernmental	3,326,500	3,326,500	1,718,780	(1,607,720)
Total Revenues	<u>\$ 3,705,493</u>	<u>\$ 3,705,493</u>	<u>\$ 2,089,004</u>	<u>\$ (1,616,489)</u>
<u>Expenditures:</u>				
Current:				
Highways	<u>\$ 1,055,000</u>	<u>\$ 1,055,000</u>	<u>\$ 2,263,579</u>	<u>\$ (1,208,579)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,650,493</u>	<u>\$ 2,650,493</u>	<u>\$ (174,575)</u>	<u>\$ (2,825,068)</u>
Fund Balance - January 1	<u>\$ 1,358,936</u>	<u>\$ 1,358,936</u>	<u>\$ 1,358,936</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 4,009,429</u>	<u>\$ 4,009,429</u>	<u>\$ 1,184,361</u>	<u>\$ (2,825,068)</u>

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
Total Revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ 120,000	\$ 120,000	\$ -	\$ 120,000
Fund Balance - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balance - December 31	\$ (120,000)	\$ (120,000)	\$ -	\$ 120,000

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

LAMOURE COUNTY
LaMoure, North Dakota

BUDGETARY COMPARISON SCHEDULE
STATE AID DISTRIBUTION FUND
For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 458,843	\$ 458,843
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 458,843	\$ 458,843
<u>Other Financing Sources (Uses):</u>				
Transfers Out	\$ (600,000)	\$ (600,000)	\$ (674,861)	\$ (74,861)
Net Change in Fund Balances	\$ (600,000)	\$ (600,000)	\$ (216,018)	\$ 383,982
Fund Balance - January 1	\$ 810,198	\$ 810,198	\$ 810,198	\$ -
Fund Balance - December 31	\$ 210,198	\$ 210,198	\$ 594,180	\$ 383,982

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

LAMOURE COUNTY
LaMoure, North Dakota

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

	Original Budget	Amended Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Miscellaneous	\$ -	\$ -	\$ 46,016	\$ 46,016
<u>Expenditures:</u>				
<u>Current:</u>				
Highways and Bridges	\$ 250,000	\$ 250,000	\$ 168,816	\$ 81,184
Excess (Deficiency) of Revenues Over Expenditures	\$ (250,000)	\$ (250,000)	\$ (122,800)	\$ 127,200
Fund Balance - January 1	\$ (43,560)	\$ (43,560)	\$ (43,560)	\$ -
Fund Balance - December 31	\$ (293,560)	\$ (293,560)	\$ (166,360)	\$ 127,200

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

LAMOURE COUNTY
LaMoure, North Dakota

PENSION SCHEDULES
For the Year Ended December 31, 2016

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

	2016	2015	2014
District's proportion of the net pension liability (asset)	0.160028%	0.163428%	0.142199%
District's proportionate share of the net pension liability (asset)	\$ 1,559,629	\$ 1,111,282	\$ 1,043,902
District's covered-employee payroll	\$ 1,612,702	\$ 1,455,944	\$ 1,197,858
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.71%	76.33%	87.15%
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***

	2016	2015	2014
Statutorily required contribution	\$ 116,757	\$ 110,591	\$ 85,287
Contributions in relation to the statutorily required contribution	\$ (116,625)	\$ (101,693)	\$ (85,287)
Contribution deficiency (excess)	\$ 132	\$ 8,898	\$ -
District's covered-employee payroll	\$ 1,612,702	\$ 1,455,944	\$ 1,197,858
Contributions as a percentage of covered-employee payroll	7.24%	7.60%	7.12%

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

LAMOURE COUNTY
LaMoure, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 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: PENSIONS - CHANGES OF ASSUMPTIONS

North Dakota Public Employees Retirement System

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2016 based on the results of an actuarial experience study completed in 2016. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

LAMOURE COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 3: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2016, LaMoure County had the following fund expenditures in excess of budgeted amounts:

	Budget	Actual	Over Budget
<u>Major Funds</u>			
General Fund	\$ 2,242,755	\$ 2,327,044	\$ (84,289)
Farm to Market Road	1,055,000	2,263,579	(1,208,579)
<u>Nonmajor Funds</u>			
County Agent	94,042	96,545	(2,503)
County Loan	62,250	63,401	(1,151)
Ambulance	111,600	121,121	(9,521)
Camp Fund	3,000	4,401	(1,401)
24/7 Sobriety Program	-	8,437	(8,437)
LaMoure County Health Dept	266,733	297,793	(31,060)
Count 4-H	1,300	2,622	(1,322)

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

LAMOURE COUNTY
LaMoure, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
Primary Government:						
Major Funds:						
General Fund	\$ 967,754.24	\$ 2,062,193.88	\$ 654,137.72	\$ 63,000.00	\$ 2,326,105.06	\$ 1,294,980.78
County Memorial Park	50,388.71	732.30	-	-	1,314.47	49,806.54
Oasis Health Insurance	177,780.16	1,136.26	-	-	-	178,916.42
Oasis and Social Security	41,015.90	5,238.75	-	-	-	46,254.65
Technology Fund	19,885.94	1,010.69	-	-	-	20,896.63
Advertising Fund	1.43	-	-	-	-	1.43
Insurance Reserve	130,987.32	8,991.23	-	-	2,878.80	137,099.75
Comp. Health Insurance	-	9,442.25	-	-	-	9,442.25
Total General Fund	\$ 1,387,813.70	\$ 2,088,745.36	\$ 654,137.72	\$ 63,000.00	\$ 2,330,298.33	\$ 1,737,398.45
County Road and Bridge	\$ 400,993.56	\$ 1,516,605.86	\$ -	\$ 12,451.75	\$ 1,809,745.70	\$ 95,401.97
Farm to Market Road	1,363,894.62	2,004,459.73	-	-	2,268,537.63	1,099,816.72
FEMA	352,746.58	-	-	-	-	352,746.58
State Aid Distribution	674,861.21	485,858.13	-	674,861.21	-	485,858.13
Equipment Purchase	(43,560.00)	46,016.00	-	-	168,816.00	(166,360.00)
Total Major Funds	\$ 4,136,749.67	\$ 6,141,685.08	\$ 654,137.72	\$ 750,312.96	\$ 6,577,397.66	\$ 3,604,861.85
Nonmajor Funds:						
Social Welfare	\$ -	\$ 58,862.84	\$ 310,137.43	\$ -	\$ 369,000.27	\$ -
Veterans Service Officer	6,172.57	10,684.85	-	-	10,006.53	6,850.89
County Agent	-	75,821.46	20,723.49	-	96,544.95	-
Weed Control	120,754.38	125,445.02	-	-	83,841.28	162,358.12
Correctional Center	6,536.37	56,583.55	-	-	34,504.00	28,615.92
Special Assessments on Co. Property	194.22	-	-	-	-	194.22
County Loan Fund	192,937.45	61,512.69	-	-	63,401.00	191,049.14
Ambulance	831.96	144,946.08	-	-	121,120.79	24,657.25
Emergency Fund	232,821.83	-	-	-	-	232,821.83
Camp Fund	10,289.96	29,232.50	-	-	4,401.12	35,121.34
JR Backway Fund	38,676.35	-	-	-	-	38,676.35
Document Preservation Fund	29,755.28	6,010.00	-	-	-	35,765.28
Human Services	256,459.48	362,026.03	-	310,137.43	-	308,348.08
Wireless E911	80,551.79	59,034.72	-	-	74,091.90	65,494.61
24/7 Sobriety Program	1,479.80	12,375.00	-	-	8,436.52	5,418.28
LaMoure County Health Dept	14,329.59	252,139.91	63,000.00	-	297,792.65	31,676.85
District Court	5.00	-	-	-	-	5.00
Grants (State & Federal)	50,031.11	7,582.39	-	-	11,404.41	46,209.09
County Extension	6,653.97	786.75	-	-	1,016.95	6,423.77
4-H Building	5,097.77	1,292.62	-	-	2,621.93	3,768.46
Special Project/Vehicle	2.33	223.28	-	-	-	225.61
Hazardous Chemical	9,939.99	1,737.50	-	-	1,325.12	10,352.37
Culvert Purchase & Resale	-	44,676.84	12,451.75	-	45,172.93	11,955.66
Bridge Replacement	41,504.21	-	-	-	-	41,504.21
Total Nonmajor Funds	\$ 1,105,025.41	\$ 1,310,974.03	\$ 406,312.67	\$ 310,137.43	\$ 1,224,682.35	\$ 1,287,492.33
Total Governmental Funds	\$ 5,241,775.08	\$ 7,452,659.11	\$ 1,060,450.39	\$ 1,060,450.39	\$ 7,802,080.01	\$ 4,892,354.18
Agency Funds:						
Historical Society (Museum)	\$ -	\$ 11,221.83	\$ -	\$ -	\$ 11,183.01	\$ 38.82
Senior Citizens	245.45	106,207.05	-	-	106,157.82	294.68
Airport Authority	0.02	-	-	-	-	0.02
County Airport-2 mill	506.66	68,029.27	-	-	67,960.47	575.46
Criminal Court Administrative Fund	355.00	-	-	-	-	355.00
Civil Filing Fees	70.00	910.00	-	-	910.00	70.00
State Fines & Forfeits	8,706.72	-	-	-	-	8,706.72
State Revenue	118.00	44,830.32	-	-	44,785.63	162.69
Garrison Diversion	109.74	49,593.99	-	-	49,550.18	153.55
Court Trust	540.50	-	-	-	-	540.50
Restitutions	356.15	-	-	-	-	356.15

Continued on next page.....

LAMOURE COUNTY
LaMoure, North Dakota
SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2016

	Balance 1-1-16	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-16
CONTINUED						
<u>Agency Funds: (Con't)</u>						
Estimate Tax	\$ 14.49	\$ 2,285.82	\$ -	\$ -	\$ 2,286.97	\$ 13.34
Game and Fish Licenses	12,570.60	19,238.00	-	-	37,027.00	(5,218.40)
Soil Conservation District	117.97	44,913.48	-	-	44,868.76	162.69
Jud Rural Fire	242.62	21,979.70	-	-	22,138.98	83.34
Gackle Fire District	3.22	1,200.05	-	-	1,203.27	-
Water Resource Fund	57.78	21,280.31	-	-	21,254.32	83.77
Library	195.24	64,887.92	-	-	64,844.55	238.61
CDLF Loan Fund	8,521.38	-	-	-	-	8,521.38
Tax Refunding Orders	-	2,255.71	-	-	2,255.71	-
Payroll Deduction	6,066.23	386.00	-	-	386.00	6,066.23
Christmas Fund	-	14,869.94	-	-	14,869.94	-
Undistributed Taxes	2,061,738.99	2,268,407.28	-	-	2,061,738.99	2,268,407.28
Total Cities	7,630.68	1,027,537.64	-	-	1,027,129.02	8,039.30
Total Parks	-	1,254.63	-	-	1,254.63	-
Total Schools	73,164.57	3,764,782.67	-	-	3,760,671.95	77,275.29
Total Townships	1,912.57	1,030,070.43	-	-	1,030,732.74	1,250.26
Total Agency Funds	<u>\$2,183,244.58</u>	<u>\$ 8,566,142.04</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,373,209.94</u>	<u>\$2,376,176.68</u>
Total Primary Government	<u>\$7,425,019.66</u>	<u>\$16,018,801.15</u>	<u>\$1,060,450.39</u>	<u>\$1,060,450.39</u>	<u>\$16,175,289.95</u>	<u>\$7,268,530.86</u>
<u>Discretely Presented Component Unit:</u>						
Water Resource District	\$ 30,757.24	\$ 17,836.16	\$ -	\$ -	\$ 17,871.96	\$ 30,721.44
Total Reporting Entity	<u>\$7,455,776.90</u>	<u>\$16,036,637.31</u>	<u>\$1,060,450.39</u>	<u>\$1,060,450.39</u>	<u>\$16,193,161.91</u>	<u>\$7,299,252.30</u>

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division:

FARGO OFFICE
MANAGER – DAVID MIX
Phone: (701) 239-7252

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

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

Board of County Commissioners
LaMoure County
LaMoure, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of LaMoure County, LaMoure, North Dakota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise LaMoure County's basic financial statements, and have issued our report thereon dated January 2, 2018.

Internal Control Over Financial Reporting

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

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

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

LAMOURE COUNTY

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

Compliance and Other Matters

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

Purpose of this Report

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

/S/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
January 2, 2018

LAMOURE COUNTY
LaMoure, 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
Discretely Presented Component Unit	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal Control Over Financial Reporting:

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

Section II – Financial Statement Findings

No matters were reported.

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