



Ramsey County

Devils Lake, North Dakota

Audit Report

For the Year Ended December 31, 2017

JOSHUA C. GALLION
STATE AUDITOR

Office of the State Auditor
Division of Local Government

RAMSEY COUNTY

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RAMSEY COUNTY

County Officials and Audit Personnel
December 31, 2017

COUNTY OFFICIALS

Adam Leiphon
Ed Brown
Jeff Frith
Lucas Watfield
Mark E Olson

Commissioner - Chairperson
Commissioner - Vice Chairman
Commissioner
Commissioner
Commissioner

Kandy Christopherson
Lisa Diseth
Lisa Diseth
Melissa Buckmier
Katie Nadeau
Steven Nelson
Kari Agotness
Kristen Nelsen

County Auditor
County Treasurer
Superintendent of Schools Designee
Clerk of Court
County Recorder
Sheriff
State's Attorney
Emergency Manager/Risk Manager

AUDIT PERSONNEL

Craig Hashbarger, CPA, CIA, CFE
Jonathan Worrall, CPA

Audit Manager
Audit In-Charge

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division
FARGO OFFICE
MANAGER – CRAIG HASHBARGER
Phone (701)239-7250

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
FARGO OFFICE BRANCH
1655 43RD STREET SOUTH, SUITE 203
FARGO, NORTH DAKOTA 58103

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, North Dakota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Ramsey 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 Ramsey County, North Dakota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 12 to the financial statements, Ramsey County has restated the prior period financial statements due to new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefit Plans Other Than Pensions. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *budgetary comparison schedules*, *schedule of employer's share of net pension liability and employer contributions*, and *schedule of employer's share of net OPEB liability and employer contributions* on pages 32-39 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.

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.

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 - cash basis* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of fund activity - cash basis* 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 - cash basis* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ramsey County's internal control over financial reporting and compliance.

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
December 20, 2018

RAMSEY COUNTY
Statement of Net Position
December 31, 2017

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS		
Cash, Cash Equivalents, and Investments	\$ 9,893,745	\$ 95,495
Intergovernmental Receivable	351,869	-
Road Accounts Receivable	13,861	-
Taxes Receivable	92,839	2,039
Capital Assets, Net	37,040,008	-
Total Assets	<u>\$ 47,392,322</u>	<u>\$ 97,534</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 2,665,236</u>	<u>\$ 31,654</u>
LIABILITIES		
Accounts Payable	\$ 94,115	\$ -
Salaries and Benefits Payable	291,247	3,004
Grants Received in Advance	592,931	-
Interest Payable	5,643	-
Incurred, But Not Reported Claims	20,000	-
Long-Term Liabilities		
Due Within One Year		
Long-Term Debt	130,547	-
Compensated Absences Payable	109,074	-
Due After One Year		
Long-Term Debt	974,289	216,000
Compensated Absences Payable	202,566	-
Net Pension and OPEB Liability	5,660,180	50,880
Total Liabilities	<u>\$ 8,080,592</u>	<u>\$ 269,884</u>
DEFERRED INFLOWS OF RESOURCES		
Derived from Pension and OPEB	<u>\$ 260,305</u>	<u>\$ 2,222</u>
NET POSITION		
Net Investment in Capital Assets	\$ 35,935,172	\$ -
Restricted		
Debt Service	20,893	-
Capital Projects	17,557	-
Highways and Bridges	6,094,917	-
Conservation of Natural Resources	110,351	(142,918)
Emergencies	89,263	-
Unrestricted	(551,492)	-
Total Net Position	<u>\$ 41,716,661</u>	<u>\$ (142,918)</u>

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

RAMSEY COUNTY

Statement of Activities

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource District
Primary Government					
General Government	\$ 2,450,627	\$ 108,828	\$ 10,484	\$ (2,331,315)	
Public Safety	1,853,046	35,616	54,683	(1,762,747)	
Highways and Bridges	4,645,854	294,254	3,992,762	(358,838)	
Flood Repair & Mitigation	258,527	-	118,015	(140,512)	
Health and Welfare	2,468,196	-	1,318,638	(1,149,558)	
Conservation of Natural Resources	235,755	51,837	-	(183,918)	
Emergency	15,180	-	-	(15,180)	
Interest on Long-Term Debt	36,083	-	-	(36,083)	
Total Primary Government	\$ 11,963,268	\$ 490,535	\$ 5,494,582	\$ (5,978,151)	
Component Unit					
Water Resource District	\$ 449,387	\$ -	\$ -	\$ -	\$ (449,387)
General Revenues					
Property Taxes					
Levied for General Purposes			\$ 2,201,022	\$ 4,687	
Levied for Special Purposes			2,780,554	241,716	
Levied for Debt Service			81,607	-	
Unrestricted Grants and Contributions			692,742	11,215	
Unrestricted Investment Earnings			42,841	399	
Miscellaneous Revenue			283,006	2,369	
Total General Revenues			\$ 6,081,772	\$ 260,386	
Change in Net Position			\$ 103,621	\$ (189,001)	
Net Position - January 1			\$ 41,865,174	\$ 48,349	
Prior Period Adjustments			(252,134)	(2,266)	
Net Position - January 1, as restated			\$ 41,613,040	\$ 46,083	
Net Position - December 31			\$ 41,716,661	\$ (142,918)	

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

RAMSEY COUNTY

Balance Sheet – Governmental Funds

December 31, 2017

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 584,038	\$ 8,295,178	\$ 42,246	\$ 8,921,462
Intergovernmental Receivable	146,913	204,691	265	351,869
Road Accounts Receivable	-	13,861	-	13,861
Taxes Receivable	39,861	51,396	1,582	92,839
Total Assets	<u>\$ 770,812</u>	<u>\$ 8,565,126</u>	<u>\$ 44,093</u>	<u>\$ 9,380,031</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 1,796	\$ 92,319	\$ -	\$ 94,115
Salaries Payable	114,607	176,640	-	291,247
Grants Received in Advance	-	592,931	-	592,931
Total Liabilities	<u>\$ 116,403</u>	<u>\$ 861,890</u>	<u>\$ -</u>	<u>\$ 978,293</u>
Deferred Inflows of Resources				
Road Receivable	\$ -	\$ 13,861	\$ -	\$ 13,861
Taxes Receivable	39,861	51,396	1,582	92,839
Total Deferred Inflows of Resources	<u>\$ 39,861</u>	<u>\$ 65,257</u>	<u>\$ 1,582</u>	<u>\$ 106,700</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 156,264</u>	<u>\$ 927,147</u>	<u>\$ 1,582</u>	<u>\$ 1,084,993</u>
Fund Balances				
Restricted				
Debt Service	\$ -	\$ -	\$ 24,954	\$ 24,954
Capital Projects	-	-	17,557	17,557
Highways and Bridges	-	6,399,822	-	6,399,822
Health and Welfare	-	1,005,377	-	1,005,377
Public Safety	-	22,320	-	22,320
Conservation of Natural Resources	-	142,549	-	142,549
Emergency	-	139,263	-	139,263
Unassigned	614,548	(71,352)	-	543,196
Total Fund Balances	<u>\$ 614,548</u>	<u>\$ 7,637,979</u>	<u>\$ 42,511</u>	<u>\$ 8,295,038</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 770,812</u>	<u>\$ 8,565,126</u>	<u>\$ 44,093</u>	<u>\$ 9,380,031</u>

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

RAMSEY COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2017

Total Fund Balances - Governmental Funds \$ 8,295,038

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	\$ 44,952,414	
Less accumulated depreciation	<u>(7,912,407)</u>	37,040,007

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.

952,283

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	\$ 92,839	
Road department receivables	<u>13,861</u>	106,700

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

Deferred outflows related to pensions & OPEB	\$ 2,665,236	
Deferred inflows related to pensions & OPEB	<u>(260,305)</u>	2,404,931

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. All liabilities both current and long term are reported in the statement of net position.

Long-term debt	\$ (1,104,835)	
Interest payable	(5,643)	
Compensated absences payable	(311,640)	
Net pension and OPEB liability	<u>(5,660,180)</u>	<u>(7,082,298)</u>

Total Net Position of Governmental Activities \$ 41,716,661

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

RAMSEY COUNTYStatement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,191,020	\$ 2,755,392	\$ 109,959	\$ 5,056,371
Intergovernmental	563,097	5,623,077	1,149	6,187,323
Charges for Services	136,742	375,566	-	512,308
Licenses, Permits and Fees	7,702	-	-	7,702
Interest Income	42,841	-	-	42,841
Miscellaneous	119,876	163,130	-	283,006
Total Revenues	\$ 3,061,278	\$ 8,917,165	\$ 111,108	\$ 12,089,551
EXPENDITURES				
Current				
General Government	\$ 2,184,200	\$ -	\$ -	\$ 2,184,200
Public Safety	561,250	1,138,942	-	1,700,192
Highways and Bridges	-	3,150,506	-	3,150,506
Flood Repair & Mitigation	-	258,151	-	258,151
Health and Welfare	7,421	2,227,899	-	2,235,320
Conserv. of Natural Resources	-	228,178	-	228,178
Emergency	-	15,180	-	15,180
Capital Projects	-	-	46,740	46,740
Debt Service				
Principal	77,142	-	52,307	129,449
Interest and Fiscal Charges	7,239	-	30,040	37,279
Total Expenditures	\$ 2,837,252	\$ 7,018,856	\$ 129,087	\$ 9,985,195
Excess (Deficiency) of Revenues Over Expenditures	\$ 224,026	\$ 1,898,309	\$ (17,979)	\$ 2,104,356
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 518,571	\$ -	\$ 518,571
Transfers Out	(518,571)	-	-	(518,571)
Total Other Financing Sources and Uses	\$ (518,571)	\$ 518,571	\$ -	\$ -
Net Change in Fund Balances	\$ (294,545)	\$ 2,416,880	\$ (17,979)	\$ 2,104,356
Fund Balances - January 1	\$ 909,093	\$ 5,221,099	\$ 60,490	\$ 6,190,682
Fund Balances - December 31	\$ 614,548	\$ 7,637,979	\$ 42,511	\$ 8,295,038

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

RAMSEY COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 2,104,356

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	\$ 72,806	
Current year depreciation expense	<u>(1,621,606)</u>	(1,548,800)

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

(33,483)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

129,449

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	\$ (62,867)	
Net change in retainage payable	57,411	
Net change in interest payable	<u>1,196</u>	(4,260)

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

Net change in net pension and OPEB liability	\$ (2,421,090)	
Net change in deferred outflows of resources	1,799,415	
Net change in deferred inflows of resources	<u>34,001</u>	(587,674)

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	\$ 6,812	
Net change in road accounts receivable	<u>(29,474)</u>	(22,662)

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

66,695

Change in Net Position of Governmental Activities \$ 103,621

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

RAMSEY COUNTY

Statement of Net Position – Proprietary Fund – Health Insurance

December 31, 2017

	<u>Internal Service Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 972,283</u>
LIABILITIES	
Incurred But Not Reported Claims	<u>\$ 20,000</u>
NET POSITION	
Restricted	<u>\$ 952,283</u>
 Total Net Position	 <u>\$ 952,283</u>

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

RAMSEY COUNTY

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Health Insurance
For the year Ended December 31, 2017

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Contributions to Self-Insurance	<u>\$ 1,056,647</u>
OPERATING EXPENSES	
Health Insurance Claims	<u>\$ 989,952</u>
Operating Income	<u>\$ 66,695</u>
Net Position - January 1	<u>\$ 885,588</u>
Net Position - December 31	<u><u>\$ 952,283</u></u>

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

RAMSEY COUNTYStatement of Cash Flows – Proprietary Fund – Health Insurance
For the year Ended December 31, 2017

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from User Charges	\$ 1,056,647
Payments for Health Insurance Claims	<u>(1,028,287)</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 28,360</u>
Cash and Cash Equivalents - January 1	<u>\$ 943,923</u>
Cash and Cash Equivalents - December 31	<u><u>\$ 972,283</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 66,695
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase (Decrease) in IBNR Claims Payable	<u>\$ (38,335)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 28,360</u></u>

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

RAMSEY COUNTY

Statement of Fiduciary Assets and Liabilities - Agency Funds
December 31, 2017

ASSETS

Cash and Cash Equivalents	<u>\$ 4,660,741</u>
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LIABILITIES

Due to Other Governments	<u>\$ 4,660,741</u>
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The notes to the financial statements are an integral part of this statement.

RAMSEY COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ramsey County ("County") 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 the County. The County has considered all potential component units for which the County is financially accountable and other organizations for which the nature and significance of their relationships with the County 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 the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

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

Component Units

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 ("Water Resource District"). The County has the authority to approve or modify the Water Resource District's operational and capital budgets. The County also must approve the tax levy established by the Water Resource District.

The financial statements of the discretely presented component unit are presented in the County's basic financial statements. Additional information 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:

Job/Industrial Development	\$	53,000
Historical Society		13,096
County Airport		112,406
Senior Citizens		77,024

B. Basis of Presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government, the 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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.

Special Revenue Fund. This fund accounts for financial resources that exist for special purposes and functions. The major sources of revenues are restricted tax levies and state/federal 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

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

Assets	Years
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 eight to sixteen hours 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 eight hours 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 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 Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount and 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

I. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. 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 net position statement are due to restricted tax levies and restricted federal and state grants/reimbursements.

Unrestricted net position is the portion of net position that is not restricted or reported as net investment in capital assets.

J. Fund Balances

Minimum Fund Balance Policy. The 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.

Fund Balance Spending Policy. It is the policy of the County to spend restricted resources first, followed by unrestricted resources. It is also the policy of the County to spend unrestricted resources of funds in the following order: committed, assigned, unassigned.

Restricted Fund Balances. Restricted fund balances are shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (state & federal governments for various grants & reimbursements).

Unassigned Fund Balances. Unassigned fund balances are reported in the general fund and for negative fund balances at year-end.

L. 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 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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.

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, 2017, the County’s carrying amount of deposits was \$14,331,288 and the bank balances were \$14,383,348. Of the County bank balances, \$2,500,000 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 \$95,495 and \$101,908, 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, 2017, the County had \$4,000,000 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: PROPERTY TAXES

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 are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017 for the primary government:

Primary Government

	Balance Jan 1	Increases	Decreases	Transfers	Balance Dec 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 30,716	\$ -	\$ -	\$ -	\$ 30,716
Intangibles	152,176	-	-	-	152,176
Construction in Progress	174,581	13,476	-	(188,057)	-
Total Capital Assest not being depreciated	\$ 357,473	\$ 13,476	\$ -	\$ (188,057)	\$ 182,892
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 4,179,976	\$ -	\$ -	\$ 188,057	\$ 4,368,033
Equipment	3,706,686	59,331	94,416	-	3,671,601
Infrastructure	36,729,889	-	-	-	36,729,889
Total Capital Assets, Being Depreciated	\$ 44,616,551	\$ 59,331	\$ 94,416	\$ 188,057	\$ 44,769,523
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 1,655,548	\$ 99,792	\$ -	\$ -	\$ 1,755,340
Equipment	1,510,527	297,484	60,933	-	1,747,078
Infrastructure	3,185,659	1,224,330	-	-	4,409,989
Total Accumulated Depreciation	\$ 6,351,734	\$ 1,621,606	\$ 60,933	\$ -	\$ 7,912,407
Total Capital Assets Being Depreciated, Net	\$ 38,264,817	\$ (1,562,275)	\$ 33,483	\$ 188,057	\$ 36,857,116
Primary Government - Capital Assets, Net	\$ 38,622,290	\$ (1,548,799)	\$ 33,483	\$ -	\$ 37,040,008

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

	Amounts
General Government	\$ 104,592
Public Safety	28,224
Highways and Bridges	1,465,209
Health and Welfare	23,581
Total Depreciation Expense	\$ 1,621,606

Intangible assets represent rights of way that aren't depreciated.

NOTE 5: LONG-TERM LIABILITIES

Primary Government

During the year ended December 31, 2017; the following changes occurred in long-term liabilities for the primary government:

Primary Government	Bal. Jan 1 Restated	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Loans Payable	\$ 404,285	\$ -	\$ 79,449	\$ 324,836	\$ 80,547
Bonds Payable	830,000	-	50,000	780,000	50,000
Total Long-Term Debt	\$ 1,234,285	\$ -	\$ 129,449	\$ 1,104,836	\$ 130,547
Compensated Absences *	248,773	62,867	-	311,640	109,074
Net Pension and OPEB Liability	3,239,090	2,421,090	-	5,660,180	-
Total Primary Government	\$ 4,722,148	\$ 2,483,957	\$ 129,449	\$ 7,076,656	\$ 239,621

* The change to compensated absences is the net change for the year.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

Year Ending Dec 31	Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2018	\$ 80,547	\$ 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	82,890	1,492	55,000	23,369
2022	-	-	55,000	21,513
2023-2027	-	-	305,000	75,388
2028-2032	-	-	210,000	13,812
Total	\$ 324,836	\$ 14,765	\$ 780,000	\$ 214,138

Discretely Presented Component Unit

Ramsey County Water Resource District

During the year ended December 31, 2017, the following changes occurred in the long-term liabilities of the Water Resource District:

Water Resource District	Bal. Jan 1 Restated	Increases	Decreases	Balance Dec 31	Due Within One Year
Long-Term Debt					
Line of Credit Payable	\$ -	\$ 220,000	\$ 4,000	\$ 216,000	\$ -
Net Pension and OPEB Liability	19,088	31,792	-	50,880	-
Total Water Resource District	\$ 19,088	\$ 251,792	\$ 4,000	\$ 266,880	\$ -

* The change to compensated absences is the net change for the year.

The requirements to amortize WRD line of credit payable is as follows:

Year Ending Dec 31	Line of Credit Payable	
	Principal	Interest
2018	\$ -	\$ 7,020
2019	216,000	7,020
Total	\$ 216,000	\$ 14,040

NOTE 6: RISK MANAGEMENT

The 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 \$3,195,643 for the County.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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

The 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 \$20,000. Blue Cross Blue Shield, the plan administrator, has calculated this reserve requirement.

NOTE 7: JOINT VENTURES

Lake 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, 2017, which is the most current audited information.

	Lake Region Law Enforcement
Total Assets	\$ 3,222,181
Total Liabilities	130,633
Total Net Position	\$ 3,091,548
Total Revenues	\$ 4,111,432
Total Expenses	4,134,146
Change in Net Position	\$ (22,714)

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

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Lake Region District Health Unit

Under authorization of state statutes, the 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, 2017, which is the most current audited information.

	Lake Region District Health
Total Assets & Def. Outflows	\$ 2,064,621
Total Liabilities & Def. Inflows	1,485,299
Total Net Position	\$ 579,322
Total Revenues	\$ 1,959,461
Total Expenses	1,860,431
Change in Net Position	\$ 99,030

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 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.

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)

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE8: 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, 2017:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ -	\$ 518,571
Special Revenue Fund	518,571	-
Total Transfers	\$ 518,571	\$ 518,571

Transfers are used to move unrestricted general fund revenues to finance various programs

NOTE 9: PENSION PLANS

General Information about the 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 nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member 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 on or after January 1, 2016 the Rule of 85 will be replaced with the 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.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

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 for 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

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

At December 31, 2017, the County reported a liability of \$5,408,997, and the Water Resource District reported \$48,622 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the County’s proportion was .336521 percent, which was an increase of .030040 percent from its proportion measured as of June 30, 2016. The Water Resource District’s proportion was .003025 percent, which is an increase of .001299 percent from its proportion measured as of June 30, 2016.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

For the year ended December 31, 2017, the County recognized pension expense of \$834,753, and the Water Resource District recognized pension expense of \$9,105. At December 31, 2017, each Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 32,151	\$ 26,354
Changes of Assumptions	2,218,054	121,998
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	72,747	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	179,069	93,654
Employer Contributions Subsequent to the Measurement Date	119,718	-
Total Primary Government	\$ 2,621,739	\$ 242,006

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 289	\$ 237
Changes of Assumptions	19,938	1,097
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	654	-
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	8,595	742
Employer Contributions Subsequent to the Measurement Date	1,689	-
Total Water Resource District	\$ 31,165	\$ 2,076

\$119,718 and \$1,689, 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, 2018.

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

	Primary Government	Water Resource District
2018	\$ 487,544	\$ 5,984
2019	587,361	6,881
2020	511,744	6,202
2021	429,273	5,374
2022	244,093	2,959

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Actuarial assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36 – 40	7.50%
	41 – 49	6.00%
	50+	5.00%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.75%, 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 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%	-0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

RAMSEY COUNTY

Notes to the Financial Statements – Continued

The pension plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the County's and Water Resource District's proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

Proportionate Share of the Net Pension Liability	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Primary Government	\$ 7,342,879	\$ 5,408,997	\$ 3,800,088
Water Resource District	66,005	48,622	34,159

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 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine 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, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2017, the County reported a liability of \$251,183, and the Water Resource District reported a liability of \$2,258, for their proportionate shares of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's and Water Resource District's proportion of the net OPEB liability was based on their share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017, the County's proportion was .317547 percent, and the Water Resource District's proportion was .002854 percent.

For the year ended December 31, 2017 the County recognized OPEB expense of \$29,858, and the Water Resource District recognized OPEB expense of \$271. At December 31, 2017, the County, and the Water Resource District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 6,126
Changes of Assumptions	24,329	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	9,497
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	2,676
Employer Contributions Subsequent to the Measurement Date	19,168	-
Total Primary Government	\$ 43,497	\$ 18,299

Water Resource District	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 55
Changes of Assumptions	219	-
Net Difference Between Projected and Actual Investment		
Earnings on OPEB Plan Investments	-	85
Changes in Proportion and Differences Between Employer		
Contributions and Proportionate Share of Contributions	-	6
Employer Contributions Subsequent to the Measurement Date	270	-
Total Water Resource District	\$ 489	\$ 146

\$19,168, and \$270 reported by the County, and Water Resource District, respectively, reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2018.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

	Primary Government	Water Resource District
2018	\$ 56	\$ 3
2019	56	3
2020	56	3
2021	56	3
2022	2,430	25
2023	2,430	25
Thereafter	946	11

Actuarial assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.50%, 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 long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of re-turn (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major as-set class included in the RHIC’s target asset allocation as of July 1, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

Discount rate

The discount rate used to measure the total OPEB liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

RAMSEY COUNTY

Notes to the Financial Statements – Continued

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Proportionate Share of the Net OPEB Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Primary Government	\$ 314,451	\$ 251,183	\$ 196,952
Water Resource District	2,826	2,258	1,770

NOTE 11: TAX ABATEMENTS

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to tax a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

At December 31, 2017, the City of Devils Lake, Bartlett Township, and the City of Edmore provided tax abatements to individuals and commercial entities within the County in the form of property tax exemptions under the following criteria.

New and Expanding Business

Under NDCC §40-57.1-03, a municipality may grant a partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements used in or necessary to the operation of a project for a period not exceeding five years from the date of commencement of project operations. A municipality may also grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements used in or necessary to the operation of a project that produces or manufactures a product from agricultural commodities for all or part of the sixth year through the tenth year from the date of commencement of project operations.

Public Charity Exemption

Under NDCC §57-02-08(8), buildings belonging to institutions of public charity, including public hospitals and nursing homes licensed pursuant to NDCC §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.

Single Family Residence

Under NDCC §57-02-08(35), 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.

The total reduction in property tax revenue due to tax abatements is as follows:

Program	Reduction in Property Tax Revenue
New and Expanding Business	\$ 29,539
Public Charity Exemption	44,777
Single Family Residence	1,475
Total Reduction in Property Tax Revenue	\$ 75,791

RAMSEY COUNTY

Notes to the Financial Statements – Continued

NOTE 12: PRIOR PERIOD ADJUSTMENTS

Net position as of January 1, 2017 has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financing Reporting for Postemployment Benefit Plans Other than Pensions*.

The result of implementing GASB 75 reduced beginning net position of the County and Water Resource District, which consists of the net OPEB liability related to the North Dakota Public Employees Retirement System (NDPERS).

The effect of the prior period adjustments to beginning net position is as follows:

Primary Government	Amounts
Beginning Net Position, as previously reported	\$ 41,865,174
Adjustments to restate the January 1, 2017 Net Position	
Net OPEB Liability	(252,134)
Net Position January 1, as restated	\$ 41,613,040

Water Resource Distirct	Amounts
Beginning Net Position, as previously reported	\$ 48,349
Adjustments to restate the January 1, 2017 Net Position	
Net OPEB Liability	(2,266)
Net Position January 1, as restated	\$ 46,083

RAMSEY COUNTY

Budgetary Comparison Schedule - General Fund
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 2,223,775	\$ 2,191,020	\$ 2,191,020	\$ -
Intergovernmental	635,819	537,271	563,097	25,826
Charges for Services	119,980	136,652	136,742	90
Licenses, Permits and Fees	6,770	7,702	7,702	-
Interest Income	26,500	42,841	42,841	-
Miscellaneous	120,530	119,901	119,876	(25)
Total Revenues	\$ 3,133,374	\$ 3,035,387	\$ 3,061,278	\$ 25,891
EXPENDITURES				
Current				
General Government	\$ 2,378,677	\$ 2,378,677	\$ 2,184,200	\$ 194,477
Public Safety	575,463	575,463	561,250	14,213
Health and Welfare	14,000	14,000	7,421	6,579
Debt Service				
Principal	77,142	77,142	77,142	-
Interest & Service Charges	7,239	7,239	7,239	-
Total Expenditures	\$ 3,052,521	\$ 3,052,521	\$ 2,837,252	\$ 215,269
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,853	\$ (17,134)	\$ 224,026	\$ 241,160
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ (437,211)	\$ (437,211)	\$ (518,571)	\$ (81,360)
Net Change in Fund Balances	\$ (356,358)	\$ (454,345)	\$ (294,545)	\$ 159,800
Fund Balance - January 1	\$ 909,093	\$ 909,093	\$ 909,093	\$ -
Fund Balance - December 31	\$ 552,735	\$ 454,748	\$ 614,548	\$ 159,800

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

RAMSEY COUNTY

Budgetary Comparison Schedule – Special Revenue Fund
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	\$ 2,711,698	\$ 2,781,123	\$ 2,755,392	\$ (25,731)
Intergovernmental	3,559,989	4,834,872	5,623,077	788,205
Charges for Services	431,000	373,602	375,566	1,964
Miscellaneous	304,500	541,024	163,130	(377,894)
Total Revenues	\$ 7,007,187	\$ 8,530,621	\$ 8,917,165	\$ 386,544
EXPENDITURES				
Current				
Public Safety	\$ 1,162,611	\$ 1,162,611	\$ 1,138,942	\$ 23,669
Highways and Bridges	4,486,248	4,486,248	3,150,506	1,335,742
Flood Repair/Disaster Mitigation	515,000	748,836	258,151	490,685
Health and Welfare	2,509,434	2,509,860	2,227,899	281,961
Conservation of Natural Resources	295,257	295,257	228,178	67,079
Emergency	50,000	50,000	15,180	34,820
Total Expenditures	\$ 9,018,550	\$ 9,252,812	\$ 7,018,856	\$ 2,233,956
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,011,363)	\$ (722,191)	\$ 1,898,309	\$ 2,620,500
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 437,211	\$ 437,211	\$ 2,233,626	\$ 1,796,415
Transfers Out	-	-	(1,715,055)	(1,715,055)
Net Change in Fund Balances	\$ (1,574,152)	\$ (284,980)	\$ 2,416,880	\$ 2,701,860
Fund Balance - January 1	\$ 5,221,099	\$ 5,221,099	\$ 5,221,099	\$ -
Fund Balance - December 31	\$ 3,646,947	\$ 4,936,119	\$ 7,637,979	\$ 2,701,860

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

RAMSEY COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions
 For the Year Ended December 31, 2017

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

Primary Government	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.336521%	0.306481%	0.323680%	0.322807%
County's proportionate share of the net pension liability (asset)	\$ 5,408,997	\$ 2,986,956	\$ 2,200,969	\$ 2,048,925
County's covered-employee payroll	\$ 3,435,357	\$ 3,088,608	\$ 2,883,596	\$ 2,719,249
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.71%	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%	77.70%

Water Resource District	2017	2016	2015	2014
Water Resource District's proportion of the net pension liability (asset)	0.003025%	0.001726%	0.001890%	0.001822%
Water Resource District's proportionate share of the net pension liability (asset)	\$ 48,622	\$ 16,822	\$ 12,852	\$ 11,565
Water Resource District's covered-employee payroll	\$ 30,880	\$ 17,392	\$ 16,836	\$ 15,355
Water Resource District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.45%	96.72%	76.34%	75.32%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	70.46%	77.15%	77.70%

The notes to the required supplementary information are an integral part of this statement.

RAMSEY COUNTY

Schedule of Employer's Share of Net Pension Liability and Employer Contributions - Continued

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

Primary Government	2017	2016	2015	2014
Statutory required contribution	\$ 249,105	\$ 223,610	\$ 219,032	\$ 193,611
Contributions in relation to the statutory required contribution	\$ 230,080	\$ 214,195	\$ 204,185	\$ 193,611
Contribution deficiency (excess)	\$ 19,025	\$ 9,415	\$ 14,847	\$ -
County's covered-employee payroll	\$ 3,326,930	\$ 3,095,705	\$ 2,874,419	\$ 2,820,923
Contributions as a percentage of covered-employee payroll	6.92%	6.92%	7.10%	6.86%

Water Resource District	2017	2016	2015	2014
Statutory required contribution	\$ 2,239	\$ 1,259	\$ 1,279	\$ 1,093
Contributions in relation to the statutory required contribution	\$ 2,199	\$ 1,339	\$ 1,199	\$ 1,093
Contribution deficiency (excess)	\$ 40	\$ (80)	\$ 80	\$ -
Water Resource District's covered-employee payroll	\$ 32,335	\$ 23,887	\$ 17,139	\$ 15,983
Contributions as a percentage of covered-employee payroll	6.80%	5.61%	7.00%	6.84%

The notes to the required supplementary information are an integral part of this statement.

RAMSEY COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions
 For the Year Ended December 31, 2017

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

Primary Government	2017
County's proportion of the net OPEB liability (asset)	0.317547%
County's proportionate share of the net OPEB liability (asset)	\$ 251,183
County's covered-employee payroll	\$ 3,435,357
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%

Water Resource District	2017
Water Resource District's proportion of the net OPEB liability (asset)	0.002854%
Water Resource District's proportionate share of the net OPEB liability (asset)	\$ 2,258
Water Resource District's covered-employee payroll	\$ 30,880
Water Resource District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%

The notes to the required supplementary information are an integral part of this statement.

RAMSEY COUNTY

Schedule of Employer's Share of Net OPEB Liability and Employer Contributions – Continued

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

Primary Government	2017
Statutory required contribution	\$ 39,934
Contributions in relation to the statutory required contribution	\$ 36,839
Contribution deficiency (excess)	\$ 3,095
District's covered-employee payroll	\$ 3,326,930
Contributions as a percentage of covered-employee payroll	1.11%

Water Resource District	2017
Statutory required contribution	\$ 359
Contributions in relation to the statutory required contribution	\$ 352
Contribution deficiency (excess)	\$ 7
Water Resource District's covered-employee payroll	\$ 32,335
Contributions as a percentage of covered-employee payroll	1.09%

The notes to the required supplementary information are an integral part of this statement.

RAMSEY COUNTY

Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

- The County commission adopts an appropriated budget on a basis consistent with accounting principles generally accepted in the United States (GAAP).
- 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: SCHEDULE OF EMPLOYER PENSION AND OPEB LIABILITY AND CONTRIBUTIONS

GASB Statements No. 68 and 75 require ten years of information to be presented in these tables. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

NOTE 3: CHANGES OF ASSUMPTIONS

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2017 based on the results of an actuarial experience study completed in 2017. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

RAMSEY COUNTY

Notes to the Required Supplementary Information - Continued

NOTE 4: LEGAL COMPLIANCE – BUDGETS

Budget Amendments

The board of County commissioners amended the county budget for 2017 as follows:

	REVENUES		
	Original Budget	Amendment	Amended Budget
Major Funds			
General Fund	\$ 3,133,374	\$ (97,987)	\$ 3,035,387
Special Revenue Fund	7,007,187	1,523,434	8,530,621
Nonmajor Funds			
Debt Service Fund	125,441	(39,500)	85,941

	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Major Funds			
Special Revenue Fund	\$ 9,018,550	\$ 234,262	\$ 9,252,812
Nonmajor Funds			
Debt Service Fund	71,823	12,331	84,154

RAMSEY COUNTY

Schedule of Fund Activity - Cash Basis For the Year Ended December 31, 2017

	Balance Jan 1	Receipts	Transfers In	Transfers Out	Disbursements	Balance Dec 31
Major funds						
General Fund	\$ 902,528.09	\$ 3,035,451.99	\$ -	\$ 518,571.04	\$ 2,835,371.53	\$ 584,037.51
Special Revenue Fund						
US MARSHALL Funds/Grants	\$ 75.00	\$ 922.50	\$ -	\$ -	\$ 705.58	\$ 291.92
Housing Reh & Citizens Ret	11,340.56	-	-	-	-	11,340.56
DES Grant	-	23,824.00	-	-	23,824.00	-
Document Preservation	42,967.51	17,963.25	-	-	10,378.40	50,552.36
Entry Team Grant	64.07	-	-	-	-	64.07
Bituminous Surfacing - Blacktop	1,566,741.50	251,055.78	-	-	1,097,563.80	720,233.48
County Road Fund	815,178.38	627,285.62	407,149.09	-	670,304.05	1,179,309.04
County Bridge	439,151.07	99,290.68	-	-	71,231.16	467,210.59
Highway Tax Distribution	1,063,731.23	3,334,040.61	-	-	963,036.17	3,434,735.67
County Road Program	349,324.90	522,602.28	-	-	339,435.36	532,491.82
Social Service Fund	548,404.88	1,196,441.91	1,307,905.66	-	2,103,078.56	949,673.89
Social Service Projects	58,622.44	95,555.51	-	-	63,577.48	90,600.47
Foster Care Recruitment Grant Fund	5,922.54	2,694.85	-	-	9,274.45	(657.06)
Health Track Grants	0.11	-	-	-	-	0.11
Human Service Fund	167,345.52	1,145,876.15	-	1,307,905.66	-	5,316.01
Emergency Poor	1,567.14	2,523.29	-	-	-	4,090.43
Emergency Fund	141,896.10	10,425.24	-	-	15,180.24	137,141.10
Veteran's Service Officer	13,745.71	53,670.86	-	-	52,524.72	14,891.85
Emergency Management	18,933.66	11,876.32	38,334.00	-	70,701.08	(1,557.10)
Hazardous Chemicals	9,352.23	1,600.00	-	-	313.08	10,639.15
County Agent - Extension	15,292.36	142,639.54	-	-	132,319.72	25,612.18
Weed Control	23,687.29	128,910.21	-	-	85,335.57	67,261.93
Correctional Center - LEC	3,209.44	551,346.16	480,237.04	-	1,031,788.26	3,004.38
FEMA	1,140,214.76	118,015.38	-	407,149.09	258,150.50	592,930.55
CDBG - NCPG	1.00	994.00	-	-	994.00	1.00
Total Special Revenue Fund	\$ 6,436,769.40	\$ 8,339,554.14	\$ 2,233,625.79	\$ 1,715,054.75	\$ 6,999,716.18	\$ 8,295,178.40
Nonmajor Funds						
Debt Service Fund						
Bond - 1231	\$ 10,277.93	\$ 82,426.22	\$ -	\$ -	\$ 79,847.50	\$ 12,856.65
Sakakawea Ave Special	216.62	2,337.14	-	-	2,500.00	53.76
Spl. Assessments on Co. Property	10,600.78	1,177.92	-	-	-	11,778.70
Total Debt Service Fund	\$ 21,095.33	\$ 85,941.28	\$ -	\$ -	\$ 82,347.50	\$ 24,689.11
Capital Projects Fund						
West Dike Extension O&M	\$ 51,869.27	\$ 25,195.44	\$ -	\$ -	\$ 59,507.93	\$ 17,556.78
Total Nonmajor Governmental Funds	\$ 72,964.60	\$ 111,136.72	\$ -	\$ -	\$ 141,855.43	\$ 42,245.89
Total Governmental Funds	\$ 7,412,262.09	\$ 11,486,142.85	\$ 2,233,625.79	\$ 2,233,625.79	\$ 9,976,943.14	\$ 8,921,461.80
Internal Service Fund						
Health Insurance	\$ 943,922.87	\$ 1,056,647.60	\$ -	\$ -	\$ 1,028,287.08	\$ 972,283.39

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RAMSEY COUNTY
Schedule of Fund Activity - Cash Basis - Continued

Continued...

	Balance		Transfers		Disbursements	Balance	
	Jan 1	Receipts	In	Out		Jan 1	Dec 31
Agency Funds							
Job/Industrial Development	\$ 853.34	\$ 56,375.17	\$ -	\$ -	\$ 53,000.00	\$ 4,228.51	
Water Safety Operations	-	5,000.00	-	-	5,000.00	-	
Scoobys Point Sewer District #1-06	409.89	25,139.30	-	-	25,158.89	390.30	
Michigan Spillway Drain	-	1,558.40	-	-	1,558.40	-	
State Tax	133.90	52,183.23	-	-	52,134.97	182.16	
Sales Tax	1,832.47	3,033.98	-	-	1,832.47	3,033.98	
Garrison Diversion Conservancy	147.17	57,606.98	-	-	57,549.59	204.56	
Attendant Care	1,137.03	15,737.19	-	-	13,837.42	3,036.80	
Domestic Violence	105.00	2,835.00	-	-	2,870.00	70.00	
State Aid Townships	-	91,777.63	-	-	91,777.63	-	
Township Road	-	128,623.57	-	-	128,623.57	-	
Soil Conservation General Fund	214.15	131,671.54	-	-	131,484.21	401.48	
ND Income Tax	7,265.39	31,914.42	-	-	31,188.50	7,991.31	
Transit	1,229.61	19,617.36	-	-	17,586.20	3,260.77	
District Health	15,611.49	226,237.98	-	-	213,588.00	28,261.47	
County Airport	322.34	112,457.11	-	-	112,405.55	373.90	
Senior Citizens	49,094.88	49,392.45	-	-	77,024.00	21,463.33	
Ramsey County WRD	13.22	155,439.94	-	-	155,102.61	350.55	
NDSU Extension	4,348.64	344.74	-	-	997.74	3,695.64	
SAAF	34.55	-	-	-	-	34.55	
Joint Water Resource District	150.66	66,157.90	-	-	66,097.60	210.96	
Dry Lake Harbor Dr. O&M	-	3,225.50	-	-	3,225.50	-	
Starkweather Coulee Project	-	53,862.09	-	-	53,604.87	257.22	
County Library	272.38	100,947.47	-	-	100,906.37	313.48	
Historical Society	36.81	13,109.99	-	-	13,095.65	51.15	
Telecommunications-Townships	-	4,458.78	-	-	4,458.78	-	
Joint Water Resource District Mgr.	4,581.39	56,976.68	-	-	54,976.68	6,581.39	
Drug Task Force	-	44,997.35	-	-	35,549.37	9,447.98	
24/7 Scram Bracelets	-	9,354.00	-	-	4,630.00	4,724.00	
Payroll deductions	(499.42)	320.80	-	-	969.64	(1,148.26)	
Total Cities	3,337.35	2,105,559.71	-	-	2,099,782.88	9,114.18	
Total Park Districts	906.70	761,883.18	-	-	759,997.38	2,792.50	
Total School Districts	12,809.89	5,056,176.36	-	-	5,049,967.10	19,019.15	
Total Townships	2,227.60	607,866.46	-	-	607,671.48	2,422.58	
Total Fire Protection Districts	629.00	162,043.23	-	-	161,996.47	675.76	
Total Ambulance Districts	172.47	8,239.90	-	-	8,405.90	6.47	
Prepaid Taxes	3,296,968.08	4,529,292.63	-	-	3,296,968.08	4,529,292.63	
Total Agency Funds	\$ 3,404,345.98	\$ 14,751,418.02	\$ -	\$ -	\$ 13,495,023.50	\$ 4,660,740.50	
Total Primary Government	\$ 11,760,530.94	\$ 27,294,208.47	\$ 2,233,625.79	\$ 2,233,625.79	\$ 24,500,253.72	\$ 14,554,485.69	

STATE AUDITOR

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

Independent Auditor's Report

Board of County Commissioners
Ramsey County
Devils Lake, North Dakota

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ramsey County as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated December 20, 2018.

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 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 have not been identified. We identified a certain deficiency in internal control, described in the accompanying *summary of auditor's results and findings* as item 2017-001 that we consider to be a material weakness.

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 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*.

Ramsey County's Response to Findings

Ramsey County's response to the findings identified in our audit is described in the accompanying *summary of auditor's results and findings*. Ramsey County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
December 20, 2018

RAMSEY COUNTY

Summary of Auditor’s Results and Findings
For the Year Ended December 31, 2017

Section I - Summary of Auditor’s Results

Financial Statements

Type of 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> X </u> Yes	<u> </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

2017-001 – FINANCIAL STATEMENT PREPARATION

Condition

Ramsey County does not have an internal control system over financial reporting designed to provide for the preparation of the financial statements, including the accompanying note disclosures as required by Generally Accepted Accounting Standards (GAAP).

Criteria

Management of Ramsey County is responsible for establishing proper internal control over the preparation of Ramsey County's annual financial statements to ensure that financial statements and note disclosures are reliable, accurate, free of material misstatement, and in accordance with GAAP.

Cause

This deficiency is due to limited resources coupled with the fact that Ramsey County may not know how to prepare basic financial statements that comply with GAAP. Thus, management has elected to have the financial statements and note disclosures be prepared by the auditors.

Effect

Ramsey County’s management is aware of the deficiency and addresses it by recording the underlining trial balance, as well as reviewing and approving the adjusting journal entries. However, as of December 31, 2017, SAO assisted management with preparation of the financial statements.

RAMSEY COUNTYSummary of Auditor's Results and Findings - Continued

Recommendation

We recognize that Ramsey County is not staffed with personnel fully knowledgeable of GAAP. However, it is important that they are aware of this weakness and that management accepts responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP, even if the auditor assisted in drafting those financial statements.

Ramsey County's Response

Agree. Ramsey County is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. Ramsey County is not staffed with personnel fully knowledgeable of GAAP. Due to this, we will continue to have the State Auditor's Office prepare our financial statements and note disclosures for our annual audit.

STATE AUDITOR

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GOVERNANCE COMMUNICATION

Board of County Commissioners
Ramsey County
Devils Lake, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ramsey County, North Dakota, for the year ended December 31, 2017 which collectively comprise Ramsey County's basic financial statements, and have issued our report thereon dated December 20, 2018. 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 by the Uniform Guidance

As stated in our engagement letter dated September 24, 2018, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered 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.

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.

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, 2017. Application of existing policies was not changed during the year ended December 31, 2017. 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. Management has corrected all such misstatements. The schedules below list all misstatements detected as a result of audit procedures that were corrected by management.

PRIMARY GOVERNMENT			
Client Provided Adjustments			
Modified Accrual Basis			
Intergovernmental Receivable	\$	317,362	
Revenues			\$ 317,362
Accounts Payable		94,115	
Expenditures			94,115
Audit Adjustments			
Modified Accrual Basis			
Intergovernmental Receivable	\$	34,507	
Revenues			\$ 34,507
Revenues		592,931	
Unearned Revenue			592,931
Salaries Payable		291,247	
Expenditures			291,247
WATER RESOURCE DISTRICT			
Audit Adjustments			
Government Wide			
Expenditures	\$	228,553	
Revenue			\$ 228,553

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2018.

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 recommendations:

<p>WATER RESOURCE DISTRICT LACK OF SEGREGATION OF DUTIES</p>

The Ramsey County Water Resource District has one secretary/treasurer and one part-time assistant responsible for the primary accounting functions of the Water Resource District. A lack of segregation of duties exists as only two employees are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts and disbursements in journals, maintain the general ledger, and perform bank reconciliations. The lack of segregation of duties increases the risk fraud, waste, abuse, and of misstatement of the Water Resource District’s financial condition, whether due to error or fraud.

GAO Standards for Internal Control section 10 states in part: management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk. Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Due to the size and limited resources of the Ramsey County Water Resource District, it is not economically feasible to hire additional staff to obtain proper separation of duties.

We recommend that:

- If it becomes feasible to segregate duties in the future, that duties are segregated to the extent possible to reduce the potential risk of loss
- Alternative controls are implemented when possible
- The Water Resource Board remain involved in the financial affairs of the Water Resource District

**WATER RESOURCE DISTRICT
ACCOUNTING SOFTWARE TRAINING**

Ramsey County Water Resource District officials are unable to prepare accurate reports from their accounting software.

Proper training on accounting software will ensure that accounting entries are accurate and appropriate and demonstrates strong internal controls over the integrity of the financial statements of the Ramsey County Water Resource District.

We recommend officials of the Ramsey County Water Resource District that have a role in the accounting function receive adequate training in their accounting software.

* * * * *

This information is intended solely for the use of the Board of County Commissioners and management of Ramsey County, and 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.

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
December 20, 2018

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