

**OFFICE OF  
STATE AUDITOR**

**AUDIT REPORT**

**BURLEIGH COUNTY  
BISMARCK, NORTH DAKOTA**

**FOR THE YEAR ENDED DECEMBER 31, 2013**



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BURLEIGH COUNTY  
Bismarck, North Dakota

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For the Year Ended December 31, 2013

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BURLEIGH COUNTY  
Bismarck, North Dakota

**COUNTY OFFICIALS**

December 31, 2013

Jerry Woodcox  
Jim Peluso  
Doug Schonert  
Mark Armstrong  
Brian Bitner

Kevin Glatt  
Pat Heinert  
Debbie Kroshus  
Richard Riha

Commissioner - Chairman  
Commissioner - Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Auditor/Treasurer  
Sheriff  
Recorder  
State's Attorney

**STATE AUDITOR**

ROBERT R. PETERSON  
Phone (701) 328-2241  
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Local Government Division:  
FARGO OFFICE  
MANAGER – DAVID MIX  
Phone: (701) 239-7252 Fax: (701) 239-7251

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

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INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Burleigh County  
Bismarck, 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 Burleigh County, Bismarck, North Dakota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, Bismarck, North Dakota, as of December 31, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* and on pages 4-9 and 32-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

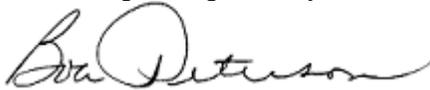
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burleigh County's basic financial statements. The *schedule of fund activity and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2014 on our consideration of Burleigh 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 Burleigh County's internal control over financial reporting and compliance.



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 3, 2014

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BURLEIGH COUNTY  
Bismarck, North Dakota  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013

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As management of Burleigh County, we offer readers of Burleigh County's financial statements this narrative overview and analysis of the financial activities of Burleigh County for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 10-31 of this report.

### Financial Highlights

- The assets of Burleigh County exceeded its liabilities at the close of the most recent fiscal year by \$81,174,900 (*net position*). Of this amount, \$9,571,984 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$9,765,721 (14%) in 2013.
- As of the close of the current fiscal year, Burleigh County's governmental funds reported combined ending fund balances of \$39,060,669, an increase of \$2,056,935 in comparison with the prior year. Approximately 24% of this total amount, \$9,436,126 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,436,126 or 83 percent of total general fund expenditures.
- Burleigh County's bond debt decreased by \$505,000 (19%) for the year ended December 31, 2013. No bonds were issued in 2013.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Burleigh County's basic financial statements. Burleigh County's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Burleigh County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Burleigh County's position and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Burleigh County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Burleigh County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Burleigh County include general government, public safety, highways, health and welfare, culture and recreation, conservation of natural resources, economic development, capital outlay and other.

## BURLEIGH COUNTY

### Management's Discussion and Analysis - Continued

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The government-wide financial statements include not only Burleigh County itself (known as the *primary government*), but also a legally separate Water Resource District for which the County is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Water Resource District, although also legally separate, functions for all practical purposes as a department of Burleigh County, and therefore has been included as a discretely presented component unit.

The government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Burleigh County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Burleigh County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

Burleigh County maintains eighty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, highway tax fund and social service fund, all of which are considered to be major funds. Data from the other seventy-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Burleigh County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all major funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Burleigh County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-31 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Burleigh County, assets exceeded liabilities by \$81,174,900 at the close of the most recent fiscal year.

**BURLEIGH COUNTY**

## Management's Discussion and Analysis - Continued

By far the largest portion of Burleigh County's net position totaling \$44,331,010 (55 percent) reflects its investment in capital assets (e.g., land, building, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. Burleigh County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Burleigh County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The government's net position increased by \$9,765,721 for the year ended December 31, 2013.

**TABLE I**  
**NET POSITION**  
As of December 31, 2013 and 2012

	<u>Governmental Activities</u>	
	2013	2012
<u>Assets:</u>		
Current Assets	\$47,740,817	\$43,829,701
Long-Term Receivable	1,386,451	1,884,568
Capital Assets (net of accumulated depreciation)	44,331,010	36,105,179
Total Assets	<u>\$93,458,278</u>	<u>\$81,819,448</u>
<u>Liabilities &amp; Deferred Inflows:</u>		
Current Liabilities	\$ 3,509,781	\$ 1,041,213
Long-Term Liabilities	3,180,411	3,794,943
Deferred Inflows of Resources	5,593,186	5,548,304
Total Liabilities & Deferred Inflows of Resources	<u>\$12,283,378</u>	<u>\$10,384,460</u>
<u>Net Position:</u>		
Invested in Capital Assets, net of related debt	\$44,331,010	\$36,105,179
Restricted	27,271,906	26,735,920
Unrestricted	9,571,984	8,593,889
Total Net Position	<u>\$81,174,900</u>	<u>\$71,434,988</u>

An additional portion of Burleigh County's net position (33 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* totaling \$9,571,984 (12 percent) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, Burleigh County is able to report positive balances in all three categories of net position. The same situation held true for the prior year.

**Governmental activities.** Governmental activities increased net position by \$9,739,912. Key elements of the increase are as follows:

**TABLE II**  
**CHANGES IN NET POSITION**  
As of December 31, 2013 and 2012

	<u>Governmental Activities</u>	
	2013	2012
<b>Revenues</b>		
<u>Program Revenues:</u>		
Charges for Services	\$ 11,123,142	\$ 7,153,345
Operating Grants & Contributions	11,496,146	11,644,971
Capital Grants & Contributions	678,484	4,338,034
<u>General Revenues:</u>		
Property Taxes	15,699,183	16,332,682
Non-restricted Grants and Contributions	4,820,342	4,718,631
Interest Earnings	70,573	77,129
Land Sale Proceeds	-	2,703,423
Miscellaneous Revenues	322,913	1,075,877
Total Revenues	<u>\$44,210,783</u>	<u>\$48,044,092</u>

Continued on next page....

**TABLE II – CONTINUED**  
**CHANGES IN NET POSITION**  
 As of December 31, 2013 and 2012

	Governmental Activities	
	2013	2012
<b>Expenses</b>		
General Government	\$ 6,774,667	\$ 6,468,198
Public Safety	8,253,688	8,025,586
Highways and Bridges	9,785,143	9,167,592
Health and Welfare	7,308,339	6,714,433
Culture and Recreation	905,286	738,227
Conservation & Econ. Development	602,130	677,941
Other	752,781	598,647
Capital Outlay	-	146,324
Interest & Service Charges	88,837	109,083
Total Expenses	\$34,470,871	\$32,646,031
Change in Net Position	\$9,739,912	\$15,398,061
Net Position - January 1	\$71,409,179	\$56,011,118
Prior Period Adjustment	25,809	-
Net Position – January 1, as restated	\$71,434,988	\$56,011,118
Net Position – December 31	\$81,174,900	\$71,409,179

- Charges for services increased \$3,969,797 (55%) due to a special distribution by the State of North Dakota for infrastructure projects within Burleigh County.
- Capital grants and contributions decreased \$3,659,550 due to the North Dakota Department of Transportation reduction in infrastructure project costs combined with the reduction of long-term uncertified special assessments receivable balances.
- Land sales proceeds did not exist in 2013 as there was no sales of Missouri Valley Complex property.
- Miscellaneous revenue decreased by \$752,964 as sale of depreciable capital assets was reduced.
- Functional expenses overall increased minimally due to increased salaries and benefits.
- Capital outlay decreased \$146,324 as no rural special assessment districts were established.

**Financial Analysis of the Government's Funds**

As noted earlier, Burleigh County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Burleigh County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing Burleigh County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Burleigh County's governmental funds reported combined ending fund balances of \$39,060,669 an increase of \$2,056,935 in comparison with the prior year. Approximately 24% of this total amount (\$9,436,126) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted and committed to indicate that it is not available for new spending because it is non-spendable (inventory), restricted (debt service \$829,563, etc.) and committed (building and parking lot).

The general fund is the chief operating fund of Burleigh County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,436,126. As a measure of the general fund liquidity, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 83 percent of the total general fund expenditures.

## BURLEIGH COUNTY

### Management's Discussion and Analysis - Continued

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The Burleigh County general fund balance increased \$770,436 during the current fiscal year. The key factors in this change were budgeted appropriations not expended by general government and increased taxes and intergovernmental revenue.

#### General Fund Budgetary Highlights

During the year, no amendments were made to general fund appropriation or revenues.

During the year, revenues were more than budgetary estimates by \$891,462 (8 percent). Expenditures were less than budgetary estimates by \$556,628 (5 percent). Other financing sources and uses were less than budgetary estimates by \$508,247; therefore ending fund balance exceeded budgetary estimates by \$939,843.

Additional information on Burleigh County's budget amendments can be found in note 2 on pages 22-23 of this report.

#### Capital Asset and Debt Administration

**Capital Assets.** Burleigh County's investment in capital assets for its governmental type activities as of December 31, 2013 amounts to \$44,331,010 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, land improvements, machinery and equipment. The total increase in Burleigh County's investment in capital assets for the current fiscal year was \$8,251,640 (23 percent).

Major capital asset events during the current fiscal year included the following:

- Capital assets additions were \$10,720,795 with Road and Bridge accounting for \$10,270,729.
- Increase in accumulated depreciation totaled \$2,332,079.

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**TABLE III**  
**CAPITAL ASSETS**  
(Net of Accumulated Depreciation)  
December 31, 2013 and 2012

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	Governmental Activities	
	2013	2012
Land	\$ 1,313,934	\$ 1,237,703
Construction in Progress	8,729,524	5,920,778
Infrastructure	17,975,896	12,206,986
Land Improvements	2,235,179	2,348,703
Buildings	7,981,748	8,397,046
Machinery and Vehicles	5,494,054	5,452,202
Furniture and Vehicles	600,675	515,952
Total Capital Assets (net of accumulated depreciation)	<u>\$44,331,010</u>	<u>\$36,079,370</u>

Additional information on Burleigh County's capital position can be found in note 9 on pages 25-26.

**Long-Term Debt.** At the end of the current fiscal year, Burleigh County had total debt outstanding of \$3,180,411. Of this amount, \$584,041 is due within one year. Rural special assessment bonds represent \$2,090,000 (66 percent) of debt.

**BURLEIGH COUNTY**

Management's Discussion and Analysis - Continued

**TABLE IV**  
**OUTSTANDING BOND, GENERAL OBLIGATION DEBT & COMPENSATED ABSENCES**  
 December 31, 2013 and 2012

	Balance 1-1-13	Increases	Decreases	Balance 12-31-13	Due Within One Year
Special Assessments Bonds	\$2,595,000	\$ -	\$505,000	\$2,090,000	\$475,000
Compensated Absences	1,199,943	-	109,532	1,090,411	109,041
<b>Total Governmental Activities</b>	<b>\$3,794,943</b>	<b>\$ -</b>	<b>\$614,532</b>	<b>\$3,180,411</b>	<b>\$584,041</b>

	Balance 1-1-12	Increases	Decreases	Balance 12-31-12	Due Within One Year
Special Assessments Bonds	\$3,200,000	\$ -	\$605,000	\$2,595,000	\$505,000
Compensated Absences	1,219,781	-	19,838	1,199,943	119,994
<b>Total Governmental Activities</b>	<b>\$4,419,781</b>	<b>\$ -</b>	<b>\$624,838</b>	<b>\$3,794,943</b>	<b>\$624,994</b>

Burleigh County's debt and compensated absences decreased by a net total of \$614,532 during the current fiscal year due to normal scheduled debt retirement of \$505,000 and a decrease in compensated absences of \$109,532.

Additional information on long-term debt and compensated absences can be found in note 13 on pages 26-28 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Burleigh County is currently 2.4 percent (2013 average). This compares favorably to the state's average unemployment rate of 2.6 percent and the national average rate of 7.4 percent.
- The occupancy rate of the government's central business district has remained at over 90 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.
- Continued demand for residential housing both within City of Bismarck and extraterritorial areas.
- Real estate values increased 14% in 2013 marking a 5 year trend of at least 4% annual growth.

All of these factors were considered in preparing Burleigh County's budget for the 2014 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of Burleigh County's finances for all those with an interest in the government's finance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Burleigh County Auditor/Treasurer, 221 N 5<sup>th</sup> St, PO Box 5518, Bismarck, North Dakota 58506.

BURLEIGH COUNTY  
Bismarck, North Dakota  
STATEMENT OF NET POSITION  
December 31, 2013

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS:</b>		
Cash and investments	\$ 42,521,683	\$ 297,811
Accounts receivable	388,461	-
Intergovernmental receivable	3,201,781	-
Inventories	1,465,982	-
Due from county	-	1,138
Taxes receivable	161,596	5,937
Special assessments receivable	1,314	-
Uncertified special assessments receivable	1,386,451	-
Capital Assets (not being depreciated):		
Land	1,313,934	1,367,526
Construction in progress	8,729,524	-
Capital Assets (being depreciated):		
Infrastructure	17,975,896	11,800
Land improvements	2,235,179	633,546
Buildings	7,981,748	54,859
Machinery and vehicles	5,494,054	-
Furniture and equipment	600,675	26,493
Total Capital Assets	<u>\$ 44,331,010</u>	<u>\$ 2,094,224</u>
Total Assets	<u>\$ 93,458,278</u>	<u>\$ 2,399,110</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,436,467	\$ 33,642
Salaries payable	487,585	10,125
Retainages payable	573,365	9,055
Interest payable	12,364	538
<b>Long-Term Liabilities:</b>		
Due Within One Year:		
Special assessment bonds payable	475,000	-
Loans payable	-	3,996
Compensated absences payable	109,041	-
Due After One Year:		
Special assessment bonds payable	1,615,000	-
Loans payable	-	57,850
Compensated absences payable	981,370	-
Total Liabilities	<u>\$ 6,690,192</u>	<u>\$ 115,206</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes	<u>\$ 5,593,186</u>	<u>\$ -</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 12,283,378</u>	<u>\$ 115,206</u>
<b>NET POSITION:</b>		
Net investment in capital assets	\$ 44,331,010	\$ 2,094,224
Restricted for:		
Debt service	114,964	-
Capital projects	1,855,920	-
General government	3,682,966	-
Public safety	1,882,520	-
Highways and bridges	13,274,343	-
Health and welfare	2,317,321	-
Culture and recreation	3,355,344	-
Conservation of natural resources & econ. development	441,408	189,680
Other	347,120	-
Unrestricted	<u>9,571,984</u>	<u>-</u>
Total Net Position	<u>\$ 81,174,900</u>	<u>\$ 2,283,904</u>

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

BURLEIGH COUNTY  
Bismarck, North Dakota

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource Board
<b>Primary Government:</b>						
<u>Governmental Activities:</u>						
General government	\$ 6,774,667	\$ 1,654,404	\$ -	\$ -	\$ (5,120,263)	\$ -
Public safety	8,253,688	1,841,822	882,242	39,107	(5,490,517)	-
Highways and bridges	9,785,143	7,592,155	8,711,439	639,377	7,157,828	-
Health and welfare	7,308,339	2,570	1,574,003	-	(5,731,766)	-
Culture and recreation	905,286	-	79,044	-	(826,242)	-
Conservation & econ. develop.	602,130	32,191	-	-	(569,939)	-
Other	752,781	-	249,418	-	(503,363)	-
Interest & service charges on long-term debt	88,837	-	-	-	(88,837)	-
<b>Total Primary Government</b>	<b>\$ 34,470,871</b>	<b>\$ 11,123,142</b>	<b>\$ 11,496,146</b>	<b>\$ 678,484</b>	<b>\$(11,173,099)</b>	<b>\$ -</b>
<u>Component Unit:</u>						
Water Resource District	\$ 1,066,280	\$ -	\$ 142,738	\$ 941,283	\$ -	\$ 17,741
<u>General Revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 6,729,440	\$ 591,431
Property taxes; levied for special purposes					8,969,743	-
Non restricted grants and contributions					4,820,342	59,788
Earnings on investments					70,573	46
Miscellaneous revenue					322,913	12,367
<b>Total General Revenues</b>					<b>\$ 20,913,011</b>	<b>\$ 663,632</b>
<b>Change in Net Position</b>					<b>\$ 9,739,912</b>	<b>\$ 681,373</b>
<b>Net Position - January 1</b>					<b>\$ 71,409,179</b>	<b>\$ 1,664,377</b>
<b>Prior Period Adjustment</b>					<b>25,809</b>	<b>(61,846)</b>
<b>Net Position - January 1, as restated</b>					<b>\$ 71,434,988</b>	<b>\$ 1,602,531</b>
<b>Net Position - December 31</b>					<b>\$ 81,174,900</b>	<b>\$ 2,283,904</b>

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

BURLEIGH COUNTY  
Bismarck, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2013

	General	County Road and Bridge	Highway Gas Tax	Social Services	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$ 11,238,810	\$ 12,424,013	\$ -	\$ 3,967,835	\$ 14,891,025	\$ 42,521,683
Accounts receivable	84,213	114,218	-	1,518	188,512	388,461
Intergovernmental receivable	1,059,770	750,000	773,549	253,929	364,533	3,201,781
Taxes receivable	67,855	743	-	48,808	44,190	161,596
Special assessments receivable	-	-	-	-	1,314	1,314
Inventories	-	1,465,982	-	-	-	1,465,982
<b>Total Assets</b>	<b>\$ 12,450,648</b>	<b>\$ 14,754,956</b>	<b>\$ 773,549</b>	<b>\$ 4,272,090</b>	<b>\$ 15,489,574</b>	<b>\$ 47,740,817</b>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 313,812	\$ 1,598,854	\$ -	\$ 26,775	\$ 497,026	\$ 2,436,467
Salaries payable	232,858	65,301	-	127,144	62,282	487,585
<b>Total Liabilities</b>	<b>\$ 546,670</b>	<b>\$ 1,664,155</b>	<b>\$ -</b>	<b>\$ 153,919</b>	<b>\$ 559,308</b>	<b>\$ 2,924,052</b>
<u>Deferred Inflows of Resources:</u>						
Unavailable revenue - property taxes rec.	\$ 67,855	\$ 743	\$ -	\$ 48,808	\$ 44,190	\$ 161,596
Unavailable revenue - special assessments rec.	-	-	-	-	1,314	1,314
Unearned revenues - taxes received in advance	2,399,997	26,374	-	1,668,922	1,497,893	5,593,186
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,467,852</b>	<b>\$ 27,117</b>	<b>\$ -</b>	<b>\$ 1,717,730</b>	<b>\$ 1,543,397</b>	<b>\$ 5,756,096</b>
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 3,014,522</b>	<b>\$ 1,691,272</b>	<b>\$ -</b>	<b>\$ 1,871,649</b>	<b>\$ 2,102,705</b>	<b>\$ 8,680,148</b>
<u>Fund Balances:</u>						
<u>Non-Spendable:</u>						
Inventory	\$ -	\$ 1,465,982	\$ -	\$ -	\$ -	\$ 1,465,982
<u>Restricted for:</u>						
Debt service	-	-	-	-	829,563	829,563
Capital project funds	-	-	-	-	1,855,920	1,855,920
General government	-	-	-	-	1,927,895	1,927,895
Highways and bridges	-	11,597,702	773,549	-	135,377	12,506,628
Health and welfare	-	-	-	2,400,441	211,130	2,611,571
Public safety	-	-	-	-	2,311,746	2,311,746
Culture and recreation	-	-	-	-	3,349,048	3,349,048
Conservation & econ. develop.	-	-	-	-	445,475	445,475
Other	-	-	-	-	301,442	301,442
<u>Committed to:</u>						
Provident building	-	-	-	-	1,867,195	1,867,195
Parking lot	-	-	-	-	47,177	47,177
Jail commissary	-	-	-	-	104,901	104,901
<u>Unassigned:</u>						
General fund	9,436,126	-	-	-	-	9,436,126
<b>Total Fund Balances</b>	<b>\$ 9,436,126</b>	<b>\$ 13,063,684</b>	<b>\$ 773,549</b>	<b>\$ 2,400,441</b>	<b>\$ 13,386,869</b>	<b>\$ 39,060,669</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,450,648</b>	<b>\$ 14,754,956</b>	<b>\$ 773,549</b>	<b>\$ 4,272,090</b>	<b>\$ 15,489,574</b>	<b>\$ 47,740,817</b>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2013

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Total <i>Fund Balances</i> for Governmental Funds		\$ 39,060,669
Total <i>net position</i> reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.		
Cost of Capital Assets	\$ 93,169,333	
Less Accumulated Depreciation	<u>(48,838,323)</u>	
Net Capital Assets		44,331,010
Property taxes and special assessments receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		
Taxes Receivable	\$ 161,596	
Special Assessments Receivable	<u>1,314</u>	162,910
Uncertified special assessments will be certified and collected in future years, but are not available to pay for the current period's expenditures and therefore are not reported in the funds.		
		1,386,451
Retainages payable are not a current fund liability at year-end. Retainages are a government wide liability.		
		(573,365)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net position. Balances at December 31, 2013 are:		
Special Assesment Bonds Payable	\$ (2,090,000)	
Interest Payable	(12,364)	
Compensated Absences	<u>(1,090,411)</u>	
Total Long-Term Liabilities		<u>(3,192,775)</u>
Total Net Position of Governmental Activities		<u>\$ 81,174,900</u>

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

BURLEIGH COUNTY  
Bismarck, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2013

	General	County Road and Bridge	Highway Gas Tax	Social Services	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Taxes	\$ 6,764,916	\$ 73,343	\$ -	\$ 4,879,499	\$ 4,067,250	\$ 15,785,008
Special assessments	-	-	-	-	649,583	649,583
Licenses, permits and fines	8,640	8,100	-	-	-	16,740
Intergovernmental	3,742,590	866,651	7,037,285	2,238,229	1,784,394	15,669,149
Charges for services	1,619,904	7,584,055	-	2,570	1,899,873	11,106,402
Interest income	29,436	22,858	-	2,500	15,779	70,573
Miscellaneous	9,976	24,457	-	21,558	266,922	322,913
<b>Total Revenues</b>	<b>\$ 12,175,462</b>	<b>\$ 8,579,464</b>	<b>\$ 7,037,285</b>	<b>\$ 7,144,356</b>	<b>\$ 8,683,801</b>	<b>\$ 43,620,368</b>
<u>Expenditures:</u>						
Current:						
General government	\$ 4,330,951	\$ -	\$ -	\$ -	\$ 2,330,177	\$ 6,661,128
Public safety	6,897,471	-	-	-	1,149,155	8,046,626
Highways and bridges	-	16,229,495	-	-	391,207	16,620,702
Health and welfare	112,357	-	-	6,020,168	1,265,093	7,397,618
Culture and recreation	-	-	-	-	816,690	816,690
Conserv. of natural resources	-	-	-	-	601,662	601,662
Other	-	-	-	-	752,320	752,320
Capital outlay	-	-	-	-	70,685	70,685
Debt Service:						
Principal	-	-	-	-	505,000	505,000
Interest & service charges	-	-	-	-	91,002	91,002
<b>Total Expenditures</b>	<b>\$ 11,340,779</b>	<b>\$ 16,229,495</b>	<b>\$ -</b>	<b>\$ 6,020,168</b>	<b>\$ 7,972,991</b>	<b>\$ 41,563,433</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 834,683	\$ (7,650,031)	\$ 7,037,285	\$ 1,124,188	\$ 710,810	\$ 2,056,935
<u>Other Financing Sources (Uses):</u>						
Transfers in	\$ 5,753	\$ 7,004,434	\$ -	\$ -	\$ 1,248,682	\$ 8,258,869
Transfers out	(70,000)	-	(7,004,434)	(1,100,000)	(84,435)	(8,258,869)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (64,247)</b>	<b>\$ 7,004,434</b>	<b>\$ (7,004,434)</b>	<b>\$ (1,100,000)</b>	<b>\$ 1,164,247</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 770,436</b>	<b>\$ (645,597)</b>	<b>\$ 32,851</b>	<b>\$ 24,188</b>	<b>\$ 1,875,057</b>	<b>\$ 2,056,935</b>
Fund Balances - January 1	\$ 8,665,690	\$ 13,709,281	\$ 740,698	\$ 2,376,253	\$ 11,511,812	\$ 37,003,734
Fund Balances - December 31	\$ 9,436,126	\$ 13,063,684	\$ 773,549	\$ 2,400,441	\$ 13,386,869	\$ 39,060,669

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

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Net Change in *Fund Balances* - Total Governmental Funds \$ 2,056,935

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

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

Current Year Capital Outlay	\$ 9,544,194	
Capital Contributions	1,176,601	
Current Year Depreciation Expense	<u>(2,465,276)</u>	8,255,519

The net result of miscellaneous transactions involving capital assets was a net decrease to capital assets. (29,688)

Retainages payable is not an expenditure at the fund level. Retainages are paid or will be paid more than two months after year-end. The net change in retainages payable totaled. (573,365)

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

Repayment of Debt - Bonds 505,000

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 Decrease in Compensated Absences	\$ 109,532	
Net Decrease in Interest Payable	<u>2,165</u>	111,697

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 taxes and special assessments receivable.

Decrease in Taxes Receivable	\$ (85,825)	
Decrease in Special Assessments Receivable	(2,244)	
Decrease in Long-Term Uncertified Special Assessments Receivable	<u>(498,117)</u>	<u>(586,186)</u>

Change in Net Position of Governmental Activities \$ 9,739,912

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
December 31, 2013

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	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and investments	\$ 24,836,709
Due from other governments	<u>10,975</u>
 Total Assets	 <u><u>\$ 24,847,684</u></u>
 <u>Liabilities:</u>	
Due to other governments	<u><u>\$ 24,847,684</u></u>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2013

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Burleigh County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of Burleigh County. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria in GASB Statement No. 61 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 Burleigh 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 Burleigh County.

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

**COMPONENT UNIT**

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

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

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

Complete financial statements of Burleigh County Water Resource District are included in these financial statements. Additional information may be obtained from the Burleigh County Director of Finance; 221 North 5<sup>th</sup> Street; Bismarck, ND 58501.

B. Government-wide and fund financial statements

*Government-wide statements:* The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead 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 and blended component unit. 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.

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the county.

The County reports the following major governmental funds:

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

*County Road and Bridge Fund.* This is the County's primary road maintenance fund. It accounts for all financial resources related to highway maintenance, except those required to be accounted for in another fund. Primary sources of revenue in this fund include committed/restricted charges for services revenue, and restricted tax levy.

*Highway Gas Tax Fund.* This is the County's clearing account for State Highway Tax revenue. It accounts for State Highway Tax distribution. These funds are transferred to the Road and Bridge Fund. Primary source of revenue in this fund is restricted highway gas tax distribution.

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

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*Social Services Fund.* This is the County's primary health and welfare fund. It accounts for all financial resources related to health and welfare, except those required to be accounted for in another fund. Primary sources of revenue in this fund are restricted tax levy and restricted intergovernmental grants/reimbursements.

Additionally, the County reports the following fund type:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and special assessments.

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

D. Cash and Investments

Cash include amounts in demand deposits, money market accounts and short-term certificates of deposit. Cash includes certificates of deposit with maturities of 3 months or less.

The investments consist of an investment in an investment pool stated at market value, and certificates of deposit with maturities of greater than 3 months.

E. Inventories

Inventories are valued using the first in first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

F. Capital Assets

Capital assets include plant and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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:

Infrastructure	40 – 50 years
Land Improvements	15 – 40 years
Buildings	40 years
Building Improvements	15 – 20 years
Office Equipment & Furn.	3 – 10 years
Vehicles	3 – 10 years
Machinery & Equipment	3 – 15 years

G. Compensated Absences

Vested or accumulated vacation leave is reported in the government-wide statement of net position. Compensation for unused vacation leave will be granted to all full-time employees upon termination of employment with the county. The employees may carry forward unused leave not to exceed 240 hours.

Compensation for unused sick leave will be granted to all full time employees upon termination of employment of 5 or more years. Employees may carry forward unlimited unused sick leave. The severance payment will be based on 25% of accumulated sick leave for employees hired prior to January 1, 1991 and 10% of accumulated sick leave for those hired on or after January 1, 1991.

H. Long-Term Obligations

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

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

I. Fund Balances/Net Position***Fund Balance Spending Policy:***

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

***Minimum Fund Balance Policy:***

**Minimum Fund Balance** – The County will maintain a minimum unassigned fund balance in its General Fund ranging from **[15]** percent to **[25]** percent of **the subsequent year's budgeted expenditures and outgoing transfers**. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

**Replenishing deficiencies** – when fund balance falls below the minimum **[25]** percent range, the County will replenish shortages/deficiencies using the budget strategies and time frames described below.

The following budgetary strategies shall be utilized by the County to replenish funding deficiencies:

- The County will reduce recurring expenditures to eliminate any structural deficit or,
- The County will increase revenues or pursue other funding sources, or,
- Some combination of the two options above.

**Minimum fund balance deficiencies** shall be replenished within the following time periods:

- Deficiency resulting in a minimum fund balance between **[15]** percent and **[25]** percent shall be replenished over a period not to exceed one year;
- Deficiency resulting in a minimum fund balance between **[10]** percent and **[15]** percent shall be replenished over a period not to exceed three years;
- Deficiency resulting in a minimum fund balance of less than **[10]** percent shall be replenished over a period not to exceed five years;

**BURLEIGH COUNTY**

## Notes to the Financial Statements - Continued

Unassigned general fund balance of \$9,436,126 at December 31, 2013 represented 83% of annual 2013 general fund expenditures.

**Major Special Revenue Fund Purposes & Revenue Sources:**

Purposes and major revenue sources of the major special revenue funds (social services, county road & bridge, and highway gas tax) are disclosed in more detail in Note 1C in the discussion of major funds.

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

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

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

Burleigh County reported non-spendable, committed, restricted and unassigned fund balances in the balance sheet at December 31, 2013.

**Restricted Fund Balances – consist of the following items at December 31, 2013:**

Restricted fund balances are shown by primary function on the balance sheet for debt service, capital projects, general government, public safety, highways & bridges, health & welfare, conservation & economic development, culture & recreation, and other purposes (reported in the other governmental funds). Restricted fund balances are restricted by enabling legislation (primarily state law for various tax levies) and by outside 3<sup>rd</sup> parties (State & Federal governments for various grants & reimbursements and bond indentures).

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

Special Revenue Funds – Restricted & Committed Fund Balances:

- (a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements:
  - Restricted tax levies – includes fund balances for various tax levies other than the general fund.
  - Restricted grants/reimbursements – primarily includes social welfare/services and highways & bridges, and other grant funds.
- (b) Committed fund balances (special revenue funds) – committed by governing board county commission action;
  - Committed in special revenue funds for the provident building fund and the county parking fund.

Net Position Balances:

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

Net position is shown in three primary categories (net investment in capital assets, restricted, and unrestricted), outlined in further detail as follows:

Net investment in capital assets (shown net of related debt to finance acquisition and construction of related capital assets) is shown for the cost of capital assets less any related depreciation on depreciable capital assets, and any related debt, where applicable, to finance the acquisition or construction of those related capital assets.

Restrictions of net position shown in the statement of net position are due to restricted tax levies, restricted Federal & State grants/reimbursements, and restricted amounts for unspent bond proceeds reported in debt service and capital projects funds. Restricted net position in the statement of net position is shown by primary function and restricted for debt service, capital projects, public works, public safety, loans, job/economic development, culture & recreation, and other purposes.

Unrestricted net position consists of activity primarily related to the general fund, any other resources not restricted for specific purposes, and reclassifications of negative restricted net position.

J. Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers.

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

**NOTE 2: LEGAL COMPLIANCE - BUDGETS**

BUDGET AMENDMENTS

The board of county commissioners amended the county revenues, expenditures, and transfer out budgets for 2013 as follows:

	REVENUES		
	Original Budget	Amendment	Amended Budget
Revenues & Transfers			
Highway Tax Distribution	\$6,411,000	\$594,000	\$7,005,000

**BURLEIGH COUNTY**

## Notes to the Financial Statements - Continued

	EXPENDITURES / TRANSFERS OUT		
	Original Budget	Amendments	Amended Budget
Highway Tax Distribution (transfers out)	\$6,411,000	\$594,000	\$7,005,000
County Library	245,789	3,211	249,000
County Park – Kniefel/Kimball	210,071	125,929	336,000
Sheriff Drug Asset Forfeiture	15,000	17,000	32,000
Sobriety 24/7 Program	22,400	22,600	45,000
Abandoned Cemetery	4,000	600	4,600
Spl. Assmts–Lindteigin’s Paving	10,300	100	10,400
Spl. Assmts-Northridge Estates Paving	18,700	100	18,800
Spl. Assmts-Aberle/Barbie Prairieview	11,600	100	11,700
Spl. Assmts-Circle K	23,800	200	24,000
Spl. Assmts-Prairiewood Estates	19,300	100	19,400
Spl. Assmts-Ashwood Estates I-III	32,500	200	32,700
Spl. Assmts-Foxhaven II & IV	12,200	100	12,300
Spl. Assmts-Rolling Meadows	23,400	100	23,500
Spl. Assmts-Brookfield Estates	28,300	100	28,400
Spl. Assmts-Shamrock Acres	36,600	100	36,700
Spl. Assmts-Hightop Acres	23,300	100	23,400
Spl. Assmts-Green Acres	54,600	300	54,900
Spl. Assmts-Spruce Hill/Spruce Creek	26,500	100	26,600
Spl. Assmts-Prairiewood Estates 2 <sup>nd</sup>	66,350	450	66,800
Spl. Assmts-Prairie Place	25,680	520	26,200
Spl. Assmts-Prairie Pine Paving	45,800	500	46,300
Spl. Assmts-Secluded Acres West	-	700	700
Spl. Assmts-Countryside Estates	-	1,000	1,000
Spl. Assmts-Sibley Island/Nelson	-	1,000	1,000

**NOTE 3: DEPOSITS AND INVESTMENTS**

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

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

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

At year ended December 31, 2013, the County's carrying amount of deposits was \$67,334,872 and the bank balances totaled \$65,370,071. Of the bank balances, \$9,542,000 was covered by Federal Depository Insurance. Of the remaining bank balances, \$52,261,007 was collateralized with securities held by the pledging financial institution's agent in the government's name. Additionally, bank balances totaling \$323,795 are not collateralized since the funds are held at the Bank of North Dakota, which does not carry FDIC insurance and is not required to provide security pledges.

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

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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, 2013, the County held certificates of deposit in the amount of \$14,158,000, which are all considered deposits.

The investments of the County pooled funds are an investment in the MBBM investment pool. The MBBM investment pool was undertaken through a joint powers agreement with the City of Bismarck, City of Mandan, Morton County, Burleigh County, Bismarck Park District, Mandan Park District, and Mandan Public School District. The pool invests in securities authorized by State Statutes. At December 31, 2013, the County's portion of MBBM had a fair market value of \$3,243,269; the pool portfolio had an average credit quality rating of Aaa and average days to maturity of 51 days.

Concentration of Credit Risk:

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

**NOTE 4: TAXES RECEIVABLE AND SPECIAL ASSESSMENT RECEIVABLE**

The taxes and special assessment receivables represent the past two (three) years of delinquent uncollected taxes and special assessments. No allowance has been established for uncollectible taxes and special assessment receivables.

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

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

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

**NOTE 5: ACCOUNTS RECEIVABLE**

Accounts receivable consists of money due the county at December 31, 2013. No allowance has been established for estimated uncollectible accounts receivable.

**NOTE 6: UNCERTIFIED SPECIAL ASSESSMENTS RECEIVABLE**

Uncertified special assessments receivable represents a long-term receivable in the government-wide financial statements showing the amount of uncertified special assessments.

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

**NOTE 7: INTERGOVERNMENTAL RECEIVABLE**

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

**NOTE 8: INVENTORY**

Inventories consist of road materials and culverts of the County Road and Bridge Fund. Reported inventories are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

**NOTE 9: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2013:

**Primary Government**

<b>Governmental Activities (County):</b>	<b>Balance 1-1-13</b>	<b>Transfers/ Increases</b>	<b>Transfers/ Decreases</b>	<b>Balance 12-31-13</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,237,703	\$ 76,231	\$ -	\$ 1,313,934
Construction in Progress	5,920,778	8,130,539	5,321,793	8,729,524
<b>Total Capital Assets Not Being Depreciated, Net</b>	<b>\$ 7,158,481</b>	<b>\$8,206,770</b>	<b>\$5,321,793</b>	<b>\$10,043,458</b>
<i>Capital assets being depreciated:</i>				
Infrastructure	\$43,572,994	\$6,836,442	\$ -	\$50,409,436
Land Improvements	2,978,342	15,483	-	2,993,825
Buildings	16,547,537	21,296	-	16,568,833
Machinery and Vehicles	9,360,558	693,166	120,671	9,933,053
Furniture and Equipment	2,993,512	269,432	42,215	3,220,729
<b>Total Capital Assets, Being Depreciated</b>	<b>\$75,452,943</b>	<b>\$7,835,819</b>	<b>\$ 162,886</b>	<b>\$83,125,876</b>
<i>Less Accumulated Depreciation for:</i>				
Infrastructure	\$31,366,008	\$1,067,532	\$ -	\$32,433,540
Land Improvements	610,551	148,095	-	758,646
Buildings	8,143,770	443,315	-	8,587,085
Machinery and Vehicles	3,908,356	624,695	94,052	4,438,999
Furniture and Equipment	2,477,560	181,640	39,146	2,620,054
<b>Total Accumulated Depreciation</b>	<b>\$46,506,245</b>	<b>\$2,465,277</b>	<b>\$ 133,198</b>	<b>\$48,838,324</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$28,946,698</b>	<b>\$5,370,542</b>	<b>\$ 29,688</b>	<b>\$34,287,552</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$36,105,179</b>	<b>\$13,577,312</b>	<b>\$5,351,481</b>	<b>\$44,331,010</b>

**Capital Assets Reclassification (prior period):**

Regarding capital assets, \$25,809 of prior period adjustments were done to cost amounts of land improvements (\$19,088) and buildings (\$6,721). Total beginning net investment in capital assets net position was increased by the total of \$25,809.

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

<b>Governmental Activities:</b>	<b>Amounts</b>
General Government	\$ 346,969
Public Safety	348,604
Highways and Bridges	1,624,416
Culture and Recreation	145,288
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$2,465,277</b>

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

**Component Unit – Water Resource District:**

The following is a summary of changes in capital assets for the year ended December 31, 2013:

<b>Governmental Activities:</b>	<b>Balance January 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 112,482	\$1,255,044	\$ -	\$1,367,526
<i>Capital assets, being depreciated:</i>				
Infrastructure	\$ 92,849	\$ -	\$ -	\$ 92,849
Land Improvements	1,236,959	-	-	1,236,959
Building	160,536	27,124	-	187,660
Office Furniture & Equip.	105,495	-	-	105,495
<b>Total Capital Assets, Being Depreciated</b>	<b>\$1,595,838</b>	<b>\$ 27,124</b>	<b>\$ -</b>	<b>\$1,622,963</b>
<i>Less accumulated depreciation for:</i>				
Infrastructure	\$ 78,921	\$ 2,128	\$ -	\$ 81,049
Land Improvements	549,632	53,781	-	603,413
Building	129,088	3,712	-	132,801
Office Furniture & Equip.	75,370	3,632	-	79,002
<b>Total Accumulated Depreciation</b>	<b>\$ 833,011</b>	<b>\$ 63,253</b>	<b>\$ -</b>	<b>\$ 896,264</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 762,827</b>	<b>\$ (36,129)</b>	<b>\$ -</b>	<b>\$ 726,699</b>
<b>Governmental Activities-Capital Assets, Net</b>	<b>\$ 875,309</b>	<b>\$1,218,916</b>	<b>\$ -</b>	<b>\$2,094,224</b>

**NOTE 10: ACCOUNTS PAYABLE**

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2013 and chargeable to the appropriations for the year then ended, but paid for subsequent to that date.

**NOTE 11: SALARIES PAYABLE**

Salaries payable consists of amounts earned by employees in the last week in December 2013 in the general fund, road and bridge fund, social services fund, and various other non-major funds but paid subsequent to year-end in 2014.

**NOTE 12: DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources reported in the balance sheet represent amounts reported for uncollected taxes and uncollected special assessments receivable, and taxes paid in advance prior to year end applicable to the next year. Deferred inflows of resources reported in the statement of net position represent amounts for taxes paid in advance prior to year end applicable to the next year.

**NOTE 13: LONG-TERM DEBT**

**Changes in Long-Term Liabilities** - During the year ended December 31, 2013, the following changes occurred in liabilities reported in long-term liabilities:

<b>Governmental Activities:</b>	<b>Balance 1-1-13</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12-31-13</b>	<b>Due Within One Year</b>
Special Assessment Bonds	\$2,595,000	\$ -	\$(505,000)	\$2,090,000	\$475,000
Compensated Absences *	1,199,943	-	(109,532)	1,090,411	109,041
<b>Total Governmental Activities</b>	<b>\$3,794,943</b>	<b>\$ -</b>	<b>\$(614,532)</b>	<b>\$3,180,411</b>	<b>\$584,041</b>

\* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions.

**BURLEIGH COUNTY**

## Notes to the Financial Statements - Continued

Outstanding debt at December 31, 2013 consists of the following issues:

**Special Assessment Bonds:**

\$645,000 Refunding Improvement Bonds of 2003; due in annual installments of \$60,000 through May 2014; interest at 4.2%.	\$ 60,000
\$1,015,000 Refunding Improvement Bonds of 2005; due in annual installments of \$90,000 to \$95,000 through April 2016; interest at 3.05% to 3.65%.	270,000
\$1,490,000 Refunding Improvement Bonds of 2006 A; due in annual installments of \$140,000 through May 2017; interest at 3.75% to 4.15%.	560,000
\$755,000 Refunding Improvement Bonds of 2006 B; due in annual installments of \$65,000 to \$70,000 through May 2018; interest at 3.8% to 4.00%.	335,000
\$215,000 Refunding Improvement Bonds of 2009 A; due in annual installments of \$15,000 to \$20,000 through May 2021; interest at 2.4% to 3.4%.	160,000
\$375,000 Refunding Improvement Bonds of 2011; due in annual installments of \$35,000 to \$40,000 through May 2022; interest at .8% to 2.0%.	335,000
\$590,000 Refunding Improvement Bonds of 2008 due in annual installments of \$50,000 to \$55,000 through May 2020; interest at 2.7% to 4.75%	<u>370,000</u>
Total Special Assessment Bonds	<u>\$2,090,000</u>

Debt service requirements on long-term debt at December 31, 2013 are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>		
<b>Year Ending December 31</b>	<b>Special Assessment Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2014	\$ 475,000	\$ 64,784
2015	415,000	49,251
2016	410,000	34,670
2017	320,000	21,360
2018	170,000	12,454
2019 – 2022	300,000	13,360
<b>TOTALS</b>	<b>\$2,090,000</b>	<b>\$195,879</b>

**Operating Lease Payments:**

Burleigh County Extension Service entered into a lease September 15, 1999 with the Burleigh County 4-H Council for renting 4,950 square feet of office space located in the northwest portion of the Joann Hertzell Memorial 4-H building. Lessee shall have and hold said portion of the premises for a term of not to exceed 30 years, commencing on the 1<sup>st</sup> day of May 2000, and terminating no later than the 30<sup>th</sup> day of April 2030, with the option to renew the sublease for an additional 10 years; subject to annual appropriations as provided by resolution approved by the Burleigh County Commission on September 8, 1999.

Extension Service agreed to pay rent for the premise at \$4,069 per month. Rent will be paid in advance on the 1<sup>st</sup> day of each month commencing on the 1<sup>st</sup> day of May 2000, and continuing thereafter for the term of the lease. The rental payment sum will be reviewed on April 1, 2005, 2010, 2015, 2020, and 2025, and may be adjusted upon mutual agreement between the lessor and lessee.

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

Monthly lease payments were reviewed April 1, 2010, and were adjusted to \$3,637 per month at that time upon mutual agreement between the lessor and lessee. Lease payments totaled \$43,644 for 2013. The total of the remaining payments under the current terms of the building lease (assuming rental of the office space for the entire original lease term) are as follows:

Year Ending September 30	Amount
2014	\$ 43,644
2015	43,644
2016	43,644
2017	43,644
2018	43,644
2019-2023	218,220
2024-2028	218,220
2029-2030	14,548
<b>Total</b>	<b>\$669,208</b>

Water Resource District Long-Term Debt:

**Changes in Long-Term Liabilities** - During the year ended December 31, 2013, the following changes occurred in liabilities reported in long-term liabilities of the WRD:

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31	Due Within One Year
SRF Loan Payable #1	\$ 5,627	\$ -	\$ -	\$ 5,627	\$ 627
SRF Loan Payable #2	56,219	-	-	56,219	3,369
<b>Total Governmental Activities</b>	<b>\$61,846</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$61,846</b>	<b>\$3,996</b>

Outstanding debt at December 31, 2013 consists of the following individual loan issues:

**Loans Payable:**

\$5,627 State Revolving Fund Loan with annual installments of \$627 to \$1,000, through September 1, 2019; interest of 2%. \$ 5,627

\$56,219 State Revolving Fund Loan with annual installments of \$2,402 to \$3,603, through September 1, 2032; interest of 2.5%. 56,219

Total Debt Payable \$61,846

Debt service requirements on long-term debt at December 31, 2013 are as follows:

Year Ending December 31	GOVERNMENTAL ACTIVITIES			
	SRF Loan #1		SRF Loan #2	
	Principal	Interest	Principal	Interest
2014	\$ 627	\$ 71	\$ 3,369	\$ 1,405
2015	1,000	100	2,402	1,321
2016	1,000	80	2,402	1,261
2017	1,000	60	2,402	1,201
2018	1,000	40	2,402	1,141
2019 - 2023	1,000	20	12,012	4,805
2024 - 2028	-	-	16,816	3,123
2029 - 3032	-	-	14,414	901
<b>Total</b>	<b>\$5,627</b>	<b>\$371</b>	<b>\$56,219</b>	<b>\$15,158</b>

**NOTE 14: RELATED ORGANIZATION**

The County is also responsible for levying a property tax for the Senior Citizens but the county's accountability for this entity does not extend beyond levying the tax. In 2013, the county remitted \$567,490 to the Senior Citizens.

**BURLEIGH COUNTY**

## Notes to the Financial Statements - Continued

**NOTE 15: RISK MANAGEMENT**

Burleigh 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. Burleigh County pays an annual premium to NDRIF for its general liability, automobile, and public assets insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence for general liability and automobile and \$4,626,541 for public assets (mobile equipment and portable property).

Burleigh 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. The State Bonding Fund does not currently charge any premium for this coverage.

Burleigh County has workers compensation with the North Dakota Workforce Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

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

**NOTE 16: CONDUIT DEBT OBLIGATIONS**

From time to time, the County has issued Municipal Industrial Development (MIDA) Bonds and obtained community development block grant loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds and loans are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Since 1995 there were 41 series of Municipal Industrial Development Bonds issued, with an aggregate principal amount payable of \$285,375,003. The amount outstanding at 12-31-13 is not known, or readily available.

**NOTE 17: LEASE PAYMENTS RECEIVABLE**

**Operating Leases** - The County has five leases of building and tower space with other entities. These leases are considered for accounting purposes to be operating leases. Lease revenues were \$275,645 for 2013. The leases expire at various times through October 31, 2021. Future minimum lease revenue is as follows:

<b>Year Ended December 31</b>	<b>Amount</b>
2014	\$212,977
2015	31,740
2016	31,740
2017	36,501
2018	36,501
2019 – 2022	109,503
<b>TOTAL</b>	<b>\$458,962</b>

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

**NOTE 18: PENSION PLAN**North Dakota Public Employee's Retirement System

Burleigh County contributes to the North Dakota Public Employee's Retirement System (NDPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota. NDPERS provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, PO Box 1214, Bismarck, North Dakota, 58502-1214.

During January 1, 2013 through December 31, 2013, plan members were required to contribute 6% of their annual covered salary. The county was required to contribute 7.26% of the employee's salary, which consists of 6.12% for employee retirement and 1.14% for the retiree health benefits fund. The contribution requirements of plan members and the county are established and may be amended by the State legislature. The County's contributions to NDPERS for the years ending December 31, 2013, 2012, and 2011 were \$908,570, \$732,827, and \$555,426, respectively, equal to the required contributions for the year.

**NOTE 19: TRANSFERS**

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2013:

<b>Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 5,753	\$ 70,000
County Road and Bridge	7,004,434	-
Highway Gas Tax	-	7,004,434
Social Services	-	1,100,000
County Poor	1,100,000	-
Victim Witness Advocate Program	65,000	-
County Park	78,682	-
Sobriety Program	-	5,753
City Recreation Area	-	78,682
Abandoned Cemetery	5,000	-
<b>Total Transfers</b>	<b>\$8,258,869</b>	<b>\$8,258,869</b>

Transfers in and out were done for the primary reasons:

- Social services fund to the county poor fund (\$1,100,000);
- County road and bridge fund to the highway gas tax fund (\$7,004,434);
- General fund to the victim witness fund (\$65,000) and to the abandoned cemetery fund (\$5,000);
- Sobriety 24/7 program fund to the general fund (\$5,753);
- City recreational areas fund to the county park fund (\$76,682);

**BURLEIGH COUNTY**

Notes to the Financial Statements - Continued

**NOTE 20: DEFICIT BALANCES**

The following funds were in a deficit position at December 31, 2013:

<b>Governmental Funds</b>	<b>Fund Balance</b>	<b>Cash Balance</b>
Riverview Unorganized Township	\$(418,744)	\$(398,001)
Burnt Creek Unorganized Township	(144,343)	(103,016)
149 <sup>th</sup> Avenue Landfill	(23,600)	(23,600)
Spl. Assmt – East Ridge 1 <sup>st</sup>	(8,619)	(7,368)
Spl. Assmt-Secluded Acres – 2 <sup>nd</sup> & 3 <sup>rd</sup>	(592)	(592)
Spl. Assmt.-Northridge Chip Seal	(53,779)	(42,316)
Spl. Assmt-Secluded Acres West	(623)	(623)
Spl. Assmt-Countryside Chip Seal	(657)	-
Spl. Assmt-Sibley Island/Nelson	(648)	-

The County anticipates alleviating negative fund and cash balances from annual revenues, transfers and possible debt issuance for capital projects.

**NOTE 21: JOINT VENTURE**

On July 28, 2005, under authorization of state statutes, Burleigh County Water Resource District joined the water resource districts of Morton County, Oliver County, Mercer County, Dunn County, Emmons County, Mountrail County and Sioux County to establish and operate a joint exercise of powers agreement for water management districts located along the Missouri River. The joint powers agreement created Missouri River Joint Water 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 participating district's share of the cost of operations is determined by the number of river miles in each district.

Unaudited summary financial information for the year ended December 31, 2013, the most current information available, is as follows:

Total Assets	\$12,571
Total Revenues	\$51,388
Total Expenses	44,504
Net increase (decrease)	\$6,884

Complete financial information can be obtained from Missouri River Joint Water Board, P.O. Box 488, Hazen, ND 58545.

**NOTE 22: CONSTRUCTION COMMITMENTS**

Burleigh County had several open construction commitments as of December 31, 2013 as follows:

<b>Project</b>	<b>Contract Amount</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>
Arena Road Grade Raise	\$ 2,580,738	\$ 2,580,738	\$ 43,892	\$ 43,892
Tavis Road Flood Control	2,027,474	1,467,586	47,861	607,749
Bismarck Shop Project	11,883,108	6,405,066	481,612	5,959,654
<b>Total Commitments</b>	<b>\$16,491,320</b>	<b>\$10,453,390</b>	<b>\$573,365</b>	<b>\$6,611,296</b>

BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 6,737,000	\$ 6,737,000	\$ 6,764,916	\$ 27,916
Licenses, permits and fees	7,000	7,000	8,640	1,640
Intergovernmental	3,536,000	3,536,000	3,742,590	206,590
Charges for services	950,000	950,000	1,619,904	669,904
Interest income	30,000	30,000	29,436	(564)
Miscellaneous	24,000	24,000	9,976	(14,024)
<b>Total Revenues</b>	<b>\$ 11,284,000</b>	<b>\$ 11,284,000</b>	<b>\$ 12,175,462</b>	<b>\$ 891,462</b>
<u>Expenditures:</u>				
Current:				
General government	\$ 4,771,131	\$ 4,771,131	\$ 4,330,951	\$ 440,180
Public safety	7,010,539	7,010,539	6,897,471	113,068
Health and welfare	115,737	115,737	112,357	3,380
<b>Total Expenditures</b>	<b>\$ 11,897,407</b>	<b>\$ 11,897,407</b>	<b>\$ 11,340,779</b>	<b>\$ 556,628</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (613,407)	\$ (613,407)	\$ 834,683	\$ 1,448,090
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 514,000	\$ 514,000	\$ 5,753	\$ (508,247)
Transfers out	(70,000)	(70,000)	(70,000)	-
<b>Total Other Financing Sources and Uses</b>	<b>\$ 444,000</b>	<b>\$ 444,000</b>	<b>\$ (64,247)</b>	<b>\$ (508,247)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (169,407)</b>	<b>\$ (169,407)</b>	<b>\$ 770,436</b>	<b>\$ 939,843</b>
Fund Balance - January 1	\$ 8,665,690	\$ 8,665,690	\$ 8,665,690	\$ -
<b>Fund Balance - December 31</b>	<b>\$ 8,496,283</b>	<b>\$ 8,496,283</b>	<b>\$ 9,436,126</b>	<b>\$ 939,843</b>

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

BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
COUNTY ROAD AND BRIDGE FUND  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 74,600	\$ 74,600	\$ 73,343	\$ (1,257)
Licenses, permits and fees	3,200	3,200	8,100	4,900
Intergovernmental	3,010,900	3,010,900	866,651	(2,144,249)
Charges for services	761,300	761,300	7,584,055	6,822,755
Interest income	31,700	31,700	22,858	(8,842)
Miscellaneous	15,000	15,000	24,457	9,457
<b>Total Revenues</b>	<b>\$ 3,896,700</b>	<b>\$ 3,896,700</b>	<b>\$ 8,579,464</b>	<b>\$ 4,682,764</b>
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ 20,553,006	\$ 20,553,006	\$ 16,229,495	\$ 4,323,511
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (16,656,306)</b>	<b>\$ (16,656,306)</b>	<b>\$ (7,650,031)</b>	<b>\$ 9,006,275</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 6,411,000	\$ 6,411,000	\$ 7,004,434	\$ 593,434
<b>Net Change in Fund Balances</b>	<b>\$ (10,245,306)</b>	<b>\$ (10,245,306)</b>	<b>\$ (645,597)</b>	<b>\$ 9,599,709</b>
Fund Balance - January 1	\$ 13,709,281	\$ 13,709,281	\$ 13,709,281	\$ -
<b>Fund Balance - December 31</b>	<b>\$ 3,463,975</b>	<b>\$ 3,463,975</b>	<b>\$ 13,063,684</b>	<b>\$ 9,599,709</b>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
HIGHWAY GAS TAX FUND  
For the Year Ended December 31, 2013

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 6,411,000	\$ 7,005,000	\$ 7,037,285	\$ 32,285
<u>Expenditures:</u>	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,411,000	\$ 7,005,000	\$ 7,037,285	\$ 32,285
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (6,411,000)	\$ (7,005,000)	\$ (7,004,434)	\$ 566
Net Change in Fund Balances	\$ -	\$ -	\$ 32,851	\$ 32,851
Fund Balance - January 1	\$ 740,698	\$ 740,698	\$ 740,698	\$ -
Fund Balance - December 31	\$ 740,698	\$ 740,698	\$ 773,549	\$ 32,851

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

BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES FUND  
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 4,850,700	\$ 4,850,700	\$ 4,879,499	\$ 28,799
Intergovernmental	2,325,027	2,325,027	2,238,229	(86,798)
Charges for services	6,000	6,000	2,570	(3,430)
Interest income	2,500	2,500	2,500	-
Miscellaneous	5,840	5,840	21,558	15,718
<b>Total Revenues</b>	<b>\$ 7,190,067</b>	<b>\$ 7,190,067</b>	<b>\$ 7,144,356</b>	<b>\$ (45,711)</b>
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ 6,184,994	\$ 6,184,994	\$ 6,020,168	\$ 164,826
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,005,073</b>	<b>\$ 1,005,073</b>	<b>\$ 1,124,188</b>	<b>\$ 119,115</b>
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (1,100,000)	\$ (1,100,000)	\$ (1,100,000)	\$ -
<b>Net Change in Fund Balances</b>	<b>\$ (94,927)</b>	<b>\$ (94,927)</b>	<b>\$ 24,188</b>	<b>\$ 119,115</b>
Fund Balance - January 1	\$ 2,376,253	\$ 2,376,253	\$ 2,376,253	\$ -
<b>Fund Balance - December 31</b>	<b>\$ 2,281,326</b>	<b>\$ 2,281,326</b>	<b>\$ 2,400,441</b>	<b>\$ 119,115</b>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2013

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NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

BURLEIGH COUNTY  
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY  
For the Year Ended December 31, 2013

	Balance 1-1-13	Revenues	Transfers In	Transfers Out	Expenditures	Balance 12-31-13
<b>Major Funds:</b>						
General Fund	\$ 8,665,690	\$ 12,175,462	\$ 5,753	\$ 70,000	\$ 11,107,921	\$ 9,668,984
County Road & Bridge	13,709,280	8,579,464	7,004,434	-	16,164,193	13,128,985
Highway Gas Tax	740,698	7,037,284	-	7,004,434	-	773,548
Social Services	2,376,254	7,144,356	-	1,100,000	5,893,023	2,527,587
<b>Total Major Funds</b>	<b>\$ 25,491,922</b>	<b>\$ 34,936,566</b>	<b>\$ 7,010,187</b>	<b>\$ 8,174,434</b>	<b>\$ 33,165,137</b>	<b>\$ 26,099,104</b>
<b>Nonmajor Funds:</b>						
<b>Special Revenue Funds:</b>						
Phoenix Unorganized Township	\$ 9,008	\$ 25,419	\$ -	\$ -	\$ 2,814	\$ 31,613
Lyman Unorganized Township	15,269	26,562	-	-	4,103	37,728
Riverview Unorganized Township	(461,291)	78,623	-	-	36,076	(418,744)
Burnt Creek Unorganized Township	(243,018)	156,487	-	-	57,812	(144,343)
Lincoln Unorganized Township	79,717	244,926	-	-	278,442	46,201
Fort Rice Unorganized Township	23,398	45,488	-	-	11,960	56,926
Special Road and Bridge	526,000	-	-	-	-	526,000
County Poor	30,240	-	1,100,000	-	1,004,008	126,232
Job Development Authority	6,077	8,390	-	-	-	14,467
County Library	8,282	240,397	-	-	248,679	-
Insurance	45,792	189,098	-	-	179,248	55,642
Senior Citizens	308,163	535,518	-	-	567,490	276,191
Communications Center	1,074,260	1,180,817	-	-	1,064,874	1,190,203
Victim/Witness Advocate Program	48,993	90,160	65,000	-	175,641	28,512
Emergency Fund	(33,923)	1,079,091	-	-	644	1,044,524
Provident Building	1,695,804	585,619	-	-	412,411	1,869,012
Veterans Service Officer	142,099	203,922	-	-	254,730	91,291
Social Security	995,806	780,453	-	-	778,197	998,062
Comprehensive Health	433,742	839,418	-	-	875,711	397,449
County Advertising	18,423	58,780	-	-	63,247	13,956
County Agent	113,839	337,207	-	-	285,482	165,564
Weed Control	238,909	265,511	-	-	247,714	256,706
County Park	589,568	157,634	78,682	-	390,243	435,641
County Fair	2,904,934	22,824	-	-	14,351	2,913,407
County Preservation	194,126	108,828	-	-	33,578	269,376
Sheriff's Drug Asset Foreit	51,482	25,000	-	-	31,670	44,812
State's Attorney Asset Foreit	190,689	7,413	-	-	4,854	193,248
Hazardous Chemical Preparedness	7,781	1,663	-	-	-	9,444
City Recreation Area	-	242,099	-	78,682	163,417	-
Sobriety 24/7 Program	59,285	66,642	-	5,753	38,976	81,198
Detention Commissary	47,082	70,809	-	-	12,991	104,900
County Parking	46,524	726	-	-	73	47,177
Abandoned Cemetery	856	-	5,000	-	4,588	1,268
<b>Total Special Revenue Funds</b>	<b>\$ 9,167,916</b>	<b>\$ 7,675,524</b>	<b>\$ 1,248,682</b>	<b>\$ 84,435</b>	<b>\$ 7,244,024</b>	<b>\$ 10,763,663</b>
<b>Debt Service Funds:</b>						
Special Assessment	\$ 35,067	\$ 263	\$ -	\$ -	\$ -	\$ 35,330
Rural Spl. Assess. Dist. Falconer Estates Paving	5,574	260	-	-	-	5,834
Rural Spl. Assess. Dist. Falconer Estate II	5,061	-	-	-	-	5,061
Rural Spl. Assess. Dist. Falconer Estate III	970	-	-	-	-	970
Rural Spl. Assess. Dist. Grand Prairie Paving II	34,424	-	-	-	-	34,424
Rural Spl. Assess. Dist. Hoge Island Paving	58,026	2,012	-	-	-	60,038
Rural Spl. Assess. Dist. Briardale #15	2,664	-	-	-	-	2,664
Rural Spl. Assess. Dist. Riverside I & II	21,708	-	-	-	-	21,708
Rural Spl. Assess. Dist. Ponderosa #3	4,021	3,512	-	-	3,442	4,091
Rural Spl. Assess. Dist. Apple Valley Paving	14,502	5,363	-	-	5,320	14,545
Rural Spl. Assess. Dist. Sunnyview #22	12,857	21,199	-	-	22,530	11,526

Continued on next page....

BURLEIGH COUNTY  
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY  
For the Year Ended December 31, 2013

	Balance 1-1-13	Revenues	Transfers In	Transfers Out	Expenditures	Balance 12-31-13
<b>CONTINUED...</b>						
<u>Debt Service Funds (Continued):</u>						
Rural Spl. Assess. Dist. Lindteigen's #23	\$ 12,720	\$ 8,776	\$ -	\$ -	\$ 10,357	\$ 11,139
Rural Spl. Assess. Dist. Northwood Estates Paving	22,944	15,890	-	-	18,772	20,062
Rural Spl. Assess. Dist. Aberle Barbie Prairie View	14,685	9,395	-	-	11,652	12,428
Rural Spl. Assess. Dist. Circle K	28,462	17,942	-	-	23,950	22,454
Rural Spl. Assess. Dist. Northstar Acres	19,083	6,479	-	-	5,097	20,465
Rural Spl. Assess. Dist. Prairiewood Est.	30,769	21,520	-	-	19,367	32,922
Rural Spl. Assess. Dist. Ashwood Est. I-III	46,727	32,631	-	-	32,618	46,740
Rural Spl. Assess. Dist. Foxhaven II & IV	19,025	13,075	-	-	12,232	19,868
Rural Spl. Assess. Dist. Rolling Meadows	26,506	22,052	-	-	23,444	25,114
Rural Spl. Assess. Dist. Ashwood Est. IV	13,287	9,901	-	-	9,174	14,014
Rural Spl. Assess. Dist. Broofield Estates	26,465	27,512	-	-	28,316	25,661
Rural Spl. Assess. Dist. Westwood/Briese	11,600	9,232	-	-	11,659	9,173
Rural Spl. Assess. Dist. Shamrock Acres 2005	54,243	37,756	-	-	36,644	55,355
Rural Spl. Assess. Dist. Harvest Grove 1st	37,321	25,345	-	-	24,984	37,682
Rural Spl. Assess. Dist. Falconer 2005	19,790	11,492	-	-	11,659	19,623
Rural Spl. Assess. Dist. Brentwood Estates	49,350	33,579	-	-	29,981	52,948
Rural Spl. Assess. Dist. High Top Acres	31,224	23,714	-	-	23,319	31,619
Rural Spl. Assess. Dist. Green Acres	97,469	39,025	-	-	54,836	81,658
Rural Spl. Assess. Dist. Three Bears	15,254	3,012	-	-	4,284	13,982
Rural Spl. Assess. Dist. Spruce Hill/Creek	54,169	23,585	-	-	26,561	51,193
149th Avenue Northwest	7,847	555	-	-	-	8,402
Rural Spl. Assess. Dist. Prairiewood Estates 2nd	16,717	83,966	-	-	66,755	33,928
4 K's Chip Seal Project	1,854	-	-	-	-	1,854
Rural Spl. Assess. Dist. Crescent Ridge	9,522	5,773	-	-	6,602	8,693
149th Avenue Landfill	(31,000)	7,400	-	-	-	(23,600)
East Ridge 1st	(12,247)	3,628	-	-	-	(8,619)
Prairie Place	49,091	30,428	-	-	26,184	53,335
Praire Pines Paving	27,613	46,880	-	-	46,261	28,232
Northridge Estates Chip Seal	(93,775)	40,396	-	-	-	(53,379)
<b>Total Debt Service Funds</b>	<b>\$ 801,589</b>	<b>\$ 643,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 596,000</b>	<b>\$ 849,137</b>
<u>Capital Projects Funds:</u>						
County Jail Maintenance and Construction	\$ 1,540,524	\$ 358,432	\$ -	\$ -	\$ 68,757	\$ 1,830,199
Secluded Acres 2nd & 3rd	(592)	-	-	-	-	(592)
Secluded Acres West	-	-	-	-	623	(623)
Countryside Estates Chip Seal	-	-	-	-	657	(657)
Sibley Island/Nelson	-	-	-	-	648	(648)
Brookfield Drain	2,376	-	-	-	-	2,376
Apple Valley Lagoon	-	6,298	-	-	-	6,298
<b>Total Capital Projects Funds</b>	<b>\$ 1,542,308</b>	<b>\$ 364,730</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,685</b>	<b>\$ 1,836,353</b>
<b>Total Nonmajor Funds</b>	<b>\$ 11,511,813</b>	<b>\$ 8,683,802</b>	<b>\$ 1,248,682</b>	<b>\$ 84,435</b>	<b>\$ 7,910,709</b>	<b>\$ 13,449,153</b>
<b>Total Reporting Entity</b>	<b>\$ 37,003,735</b>	<b>\$ 43,620,368</b>	<b>\$ 8,258,869</b>	<b>\$ 8,258,869</b>	<b>\$ 41,075,846</b>	<b>\$ 39,548,257</b>

BURLEIGH COUNTY  
Bismarck, North Dakota  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>		
<u>Passed through State Department of Transportation:</u>		
State and Community Highway Safety	20.600	\$ 9,472
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	9,524
Total U.S. Department of Transportation		<u>\$ 18,996</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Passed through the State Department of Human Services:</u>		
Foster Care-Title IV-E - Recovery	93.658	** \$ 316,429
Children's Health Insurance Program	93.767	5,754
Child Welfare Services - State Grants	93.645	13,017
Adoption Assistance	93.659	4,832
Maternal and Child Health Services Block Grant to the States	93.994	8,857
Medical Assistance Program	93.778	343
Promoting Safe and Stable Families	93.556	35,180
Temporary Assistance for Needy Families	93.558	** 539,769
Child Support Enforcement	93.563	40,293
Child Care Mandatory and Matching Funds of the Child Care & Development Fund	93.596	39,735
Total U.S. Department of Health and Human Services		<u>\$ 1,004,209</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>		
<u>Passed through the State Attorney General's Office:</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 7,871
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	10,722
Total U.S. Department of Justice		<u>\$ 18,593</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>		
<u>Passed through the State Department of Human Services:</u>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 276
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed through the State Department of Emergency Services:</u>		
Boating Safety Financial Assistance	97.012	\$ 3,681
Emergency Management Performance Grants	97.042	49,473
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	70,168
Homeland Security Grant Program	97.067	166,203
Total U.S. Department of Homeland Security		<u>\$ 289,525</u>

*Continued on next page....*

BURLEIGH COUNTY  
Bismarck, North Dakota  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title Continued....	Federal CFDA Number	Federal Expenditures
<u>U.S. DEPARTMENT OF INTERIOR:</u>		
<u>Passed through North Dakota Game and Fish Department:</u>		
Sport Fish Restoration Program	15.605	\$ 39,490
Wildlife Restoration and Basic Hunter Education	15.611	<u>275,263</u>
Total U.S. Department of Interior		<u>\$ 314,753</u>
Total Expenditures of Federal Awards		<u>\$ 1,646,352</u>

\*\* - Major Program

**NOTE 1: BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Burleigh County under programs of the federal government for the year ended December 31, 2013. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Burleigh County, it is not intended to and does not present the financial position or changes in net position of Burleigh County.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribe Governments*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

**STATE AUDITOR**

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



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

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

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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**

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Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, Bismarck, North Dakota as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated June 3, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**BURLEIGH 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

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**Purpose of this Report**

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



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 3, 2014

STATE AUDITOR

ROBERT R. PETERSON  
Phone (701) 328-2241  
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Local Government Division:  
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STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
STATE CAPITOL  
600 E. BOULEVARD AVENUE - DEPT. 117  
BISMARCK, NORTH DAKOTA 58505

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

**Report on Compliance for Each Major Federal Program**

We have audited Burleigh County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Burleigh County's major federal programs for the year ended December 31, 2013. Burleigh County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Burleigh County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Burleigh County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Burleigh County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

## **BURLEIGH COUNTY**

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 - Continued

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### **Report on Internal Control Over Compliance**

Management of Burleigh County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Burleigh County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Burleigh County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Burleigh County as of and for the year ended December 31, 2013, and have issued our report thereon dated June 3, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 3, 2014

BURLEIGH COUNTY  
Bismarck, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2013

**Section I - Summary of Auditor's Results**

Financial Statements

Type of Report Issued?

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

Internal Control over financial reporting:

Material weaknesses identified?  Yes  None noted

Significant deficiencies identified not considered to be material weaknesses?  Yes  None noted

Noncompliance material to financial statements noted?  Yes  None noted

Federal Awards

Internal Control over major programs:

Material weaknesses identified?  Yes  None noted

Significant deficiencies identified not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?  Yes  None noted

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E

Dollar threshold used to distinguish between Type A and B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.