

OFFICE OF THE STATE AUDITOR

AUDIT REPORT

**BURLEIGH COUNTY
BISMARCK, NORTH DAKOTA**

FOR THE YEAR ENDED DECEMBER 31, 2014



BURLEIGH COUNTY
Bismarck, North Dakota

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BURLEIGH COUNTY
Bismarck, North Dakota

COUNTY OFFICIALS

December 31, 2014

Jim Peluso
Doug Schonert
Jerry Woodcox
Kathleen Jones
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
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Local Government Division:
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MANAGER – DAVID MIX
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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

INDEPENDENT AUDITOR’S REPORT

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, 2014, 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, 2014, 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 33-36 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.

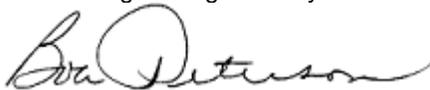
Other Information

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 April 30, 2015 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
April 30, 2015

BURLEIGH COUNTY
Bismarck, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which can be found on pages 10-32 of this report.

Financial Highlights

- The assets of Burleigh County exceeded its liabilities at the close of the most recent fiscal year by \$90,602,349 (*net position*). Of this amount, \$10,378,026 (*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 \$9,477,637 (12%) in 2014.
- As of the close of the current fiscal year, Burleigh County's governmental funds reported combined ending fund balances of \$31,302,515, a decrease of \$7,751,859 in comparison with the prior year. Approximately 33% of this total amount, \$10,318,666 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 \$10,318,666 or 83 percent of total general fund expenditures.
- Burleigh County's bond debt decreased by \$115,000 (6%) for the year ended December 31, 2014. Bonds were issued in 2014 for \$1,540,000 including \$1,225,000 of refinancing bonds.

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

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-three 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, county road and bridge fund, highway gas tax fund, county jail maintenance and construction fund, and social services 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 17-32 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 \$90,602,349 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 \$61,474,786 (68 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 \$9,477,637 for the year ended December 31, 2014.

TABLE I
NET POSITION
As of December 31, 2014 and 2013

<u>Assets:</u>	<u>Governmental Activities</u>	
	2014	2013
Current Assets	\$ 39,305,531	\$47,740,817
Long-Term Receivable	1,293,021	1,386,451
Capital Assets (net of accumulated depreciation)	61,474,786	44,331,010
Total Assets	\$102,073,338	\$93,458,278
<u>Liabilities & Deferred Inflows:</u>		
Current Liabilities	\$ 3,427,221	\$ 3,509,781
Long-Term Liabilities	3,112,280	3,180,411
Deferred Inflows of Resources	4,931,488	5,593,186
Total Liabilities & Deferred Inflows of Resources	\$ 11,470,989	\$12,283,378
<u>Net Position:</u>		
Invested in Capital Assets, net of related debt	\$ 61,474,786	\$44,331,010
Restricted	18,749,537	27,271,906
Unrestricted	10,378,026	9,571,984
Total Net Position	\$ 90,602,349	\$81,174,900

An additional portion of Burleigh County's net position (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* totaling \$10,378,026 (11 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 \$9,477,637. Key elements of the increase are as follows:

TABLE II
CHANGES IN NET POSITION
As of December 31, 2014 and 2013

<u>Revenues</u>	<u>Governmental Activities</u>	
	2014	2013
<u>Program Revenues:</u>		
Charges for Services	\$ 6,821,752	\$ 11,123,142
Operating Grants & Contributions	15,655,199	11,496,146
Capital Grants & Contributions	116,118	678,484
<u>General Revenues:</u>		
Property Taxes	17,002,768	15,699,183
Sales Tax	2,209,372	-
Non-restricted Grants and Contributions	5,369,019	4,820,342
Interest Earnings	118,602	70,573
Miscellaneous Revenues	733,905	322,913
Total Revenues	\$48,026,735	\$44,210,783

Continued on next page....

TABLE II – CONTINUED
CHANGES IN NET POSITION
 As of December 31, 2014 and 2013

	<u>Governmental Activities</u>	
	2014	2013
Expenses		
General Government	\$ 8,000,730	\$ 6,774,667
Public Safety	8,040,698	8,253,688
Highways and Bridges	12,222,572	9,785,143
Health and Welfare	7,972,767	7,308,339
Culture and Recreation	688,022	905,286
Conservation & Econ. Development	754,798	602,130
Other	773,065	752,781
Interest & Service Charges	96,446	88,837
Total Expenses	<u>\$38,549,098</u>	<u>\$34,470,871</u>
Change in Net Position	<u>\$ 9,477,637</u>	<u>\$ 9,739,912</u>
Net Position - January 1	\$81,168,604	\$71,409,179
Prior Period Adjustment	(43,892)	19,513
Net Position – January 1, as restated	<u>\$81,124,712</u>	<u>\$71,428,692</u>
Net Position – December 31	<u><u>\$90,602,349</u></u>	<u><u>\$81,168,604</u></u>

- Charges for services decreased \$4,301,390 while operating grants and contributions increased \$4,159,053. These changes can be attributed to the change in funding of Highways and Bridges' infrastructure through the State of North Dakota.
- Property taxes increased \$1,303,585 (8.3%) which reflects increased budgeted expenditures.
- Sales taxes increased \$2,209,372 which represents three months' collection. In 2014, voters authorized a temporary one half cent sales tax for construction of a detention center.
- General government expenses increased \$1,226,063 (18%) due to the overall increase in costs including salaries and benefits.
- Highways and Bridges increased \$2,437,429 (25%) due to flood prevention and restoration from 2011 flood, construction of county shop and several major infrastructure projects.

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 \$31,302,515 a decrease of \$7,751,859 in comparison with the prior year. Approximately 33% of this total amount (\$10,318,666) 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 \$855,459, 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 \$10,318,666. 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

The Burleigh County general fund balance increased \$882,540 during the current fiscal year. The key factors in this change were budgeted appropriations not expended by general government and increased licenses, permits and fees 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 \$463,707 (4 percent). Expenditures were less than budgetary estimates by \$1,438,610 (10 percent). Other financing sources and uses were less than budgetary estimates by \$207,884; therefore ending fund balance exceeded budgetary estimates by \$1,694,433.

Additional information on Burleigh County's budget amendments can be found in note 2 on page 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, 2014 amounts to \$61,474,786 (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 \$17,143,776 (39 percent).

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

- Capital assets additions were \$17,143,776. Land, construction in progress and buildings increased \$1,039,980, \$9,652,595 and \$2,464,157 respectively.
- Increase in accumulated depreciation totaled \$2,325,652.

TABLE III
CAPITAL ASSETS
(Net of Accumulated Depreciation)
December 31, 2014 and 2013

	Governmental Activities	
	2014	2013
Land	\$ 2,353,914	\$ 1,313,934
Construction in Progress	18,382,119	8,729,524
Infrastructure	18,409,019	17,975,896
Land Improvements	4,766,965	2,235,179
Buildings	10,445,905	7,981,748
Machinery and Vehicles	6,034,154	5,494,054
Furniture and Vehicles	1,082,710	600,675
Total Capital Assets (net of accumulated depreciation)	<u>\$61,474,786</u>	<u>\$44,331,010</u>

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

BURLEIGH COUNTY

Management's Discussion and Analysis - Continued

Long-Term Debt. At the end of the current fiscal year, Burleigh County had total debt outstanding of \$3,112,280. Of this amount, \$578,728 is due within one year. Rural special assessment bonds represent \$1,975,000 (63 percent) of debt.

TABLE IV
OUTSTANDING BOND, GENERAL OBLIGATION DEBT & COMPENSATED ABSENCES
December 31, 2014 and 2013

	Balance 1-1-14	Increases	Decreases	Balance 12-31-14	Due Within One Year
Special Assessments Bonds	\$2,090,000	\$1,540,000	\$1,655,000	\$1,975,000	\$475,000
Compensated Absences	1,090,411	46,869	-	1,137,280	113,728
Total Governmental Activities	<u>\$3,180,411</u>	<u>\$1,586,869</u>	<u>\$1,655,000</u>	<u>\$3,112,280</u>	<u>\$578,728</u>

	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
Total Governmental Activities	<u>\$3,794,943</u>	<u>\$ -</u>	<u>\$614,532</u>	<u>\$3,180,411</u>	<u>\$584,041</u>

Burleigh County's debt and compensated absences decreased by a net total of \$68,131. Burleigh County refinanced debt of \$1,225,000 and issued new debt of \$315,000. Compensated absences increased \$46,869.

Additional information on long-term debt and compensated absences can be found in note 13 on pages 27-28 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Burleigh County is currently 2.5 percent (2014 average). This compares favorably to the state's average unemployment rate of 2.8 percent and the national average rate of 6.2 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 over 14% in 2014 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 2015 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 5th St, PO Box 5518, Bismarck, North Dakota 58506.

BURLEIGH COUNTY
Bismarck, North Dakota

STATEMENT OF NET POSITION
December 31, 2014

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
ASSETS:		
Cash and investments	\$ 31,934,036	\$ 676,861
Accounts receivable	350,064	-
Intergovernmental receivable	5,755,620	26,127
Inventories	1,130,997	-
Due from county	-	1,170
Taxes receivable	134,814	3,827
Uncertified special assessments receivable	1,293,021	-
Capital Assets (not being depreciated):		
Land	2,353,914	1,367,526
Construction in progress	18,382,119	14,823
Capital Assets (being depreciated):		
Infrastructure	18,409,019	9,478
Land improvements	4,766,965	578,821
Buildings	10,445,905	51,719
Machinery and vehicles	6,034,154	-
Furniture and equipment	1,082,710	23,147
Total Capital Assets	<u>\$ 61,474,786</u>	<u>\$ 2,045,514</u>
Total Assets	<u>\$ 102,073,338</u>	<u>\$ 2,753,499</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 2,327,100	\$ 21,444
Salaries payable	609,614	5,212
Retainages payable	485,496	-
Interest payable	5,011	1,876
Long-Term Liabilities:		
Due Within One Year:		
Special assessment bonds payable	465,000	-
Loans payable	-	11,000
Compensated absences payable	113,728	-
Due After One Year:		
Special assessment bonds payable	1,510,000	-
Loans payable	-	214,000
Compensated absences payable	1,023,552	-
Total Liabilities	<u>\$ 6,539,501</u>	<u>\$ 253,532</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>\$ 4,931,488</u>	<u>\$ -</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 11,470,989</u>	<u>\$ 253,532</u>
NET POSITION:		
Net investment in capital assets	\$ 61,474,786	\$ 2,045,514
Restricted for:		
Debt service	168,468	-
Capital projects	1,502,640	-
General government	3,481,733	-
Public safety	2,500,986	-
Highways and bridges	4,408,884	-
Health and welfare	2,538,459	-
Culture and recreation	3,264,765	-
Conservation of natural resources & econ. development	480,683	454,453
Other	402,919	-
Unrestricted	<u>10,378,026</u>	<u>-</u>
Total Net Position	<u>\$ 90,602,349</u>	<u>\$ 2,499,967</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, 2014

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
Primary Government:						
<u>Governmental Activities:</u>						
General government	\$ 8,000,730	\$ 1,581,415	\$ 53,330	\$ -	\$ (6,365,985)	\$ -
Public safety	8,040,698	1,723,246	391,683	116,118	(5,809,651)	-
Highways and bridges	12,222,572	3,478,069	13,203,636	-	4,459,133	-
Health and welfare	7,972,767	1,717	1,693,953	-	(6,277,097)	-
Culture and recreation	688,022	-	-	-	(688,022)	-
Conservation & econ. develop.	754,798	36,495	-	-	(718,303)	-
Other	773,065	810	312,597	-	(459,658)	-
Interest & service charges on long-term debt	96,446	-	-	-	(96,446)	-
Total Primary Government	\$ 38,549,098	\$ 6,821,752	\$ 15,655,199	\$ 116,118	\$(15,956,029)	\$ -
<u>Component Unit:</u>						
Water resource district	\$ 721,754	\$ -	\$ 296,880	\$ -	\$ -	\$ (424,874)
<u>General Revenues:</u>						
Taxes:						
Property taxes; levied for general purposes					\$ 7,639,682	\$ 506,556
Property taxes; levied for special purposes					9,363,086	-
Sales taxes					2,209,372	-
Non restricted grants and contributions					5,369,019	116,294
Earnings on investments					118,602	59
Miscellaneous revenues					733,905	13,028
Total General Revenues					\$ 25,433,666	\$ 635,937
Change in Net Position					\$ 9,477,637	\$ 211,063
Net Position - January 1					\$ 81,168,604	\$ 2,283,904
Prior Period Adjustment					(43,892)	5,000
Net Position - January 1, as restated					\$ 81,124,712	\$ 2,288,904
Net Position - December 31					\$ 90,602,349	\$ 2,499,967

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

BURLEIGH COUNTY
Bismarck, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014

	General	County Road and Bridge	Highway Gas Tax	Social Services	County Jail Maintenance & Constr.	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 11,923,733	\$ 2,414,296	\$ -	\$ 3,748,116	\$ 785,055	\$ 13,062,836	\$ 31,934,036
Accounts receivable	91,443	46,140	-	489	-	211,992	350,064
Intergovernmental receivable	1,010,803	1,416,754	893,229	317,173	2,091,282	26,379	5,755,620
Taxes receivable	59,357	652	-	41,928	2,611	30,266	134,814
Uncertified special assessments receivable	-	-	-	-	-	1,293,021	1,293,021
Inventories	-	1,130,997	-	-	-	-	1,130,997
Total Assets	\$ 13,085,336	\$ 5,008,839	\$ 893,229	\$ 4,107,706	\$ 2,878,948	\$ 14,624,494	\$ 40,598,552
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:							
Liabilities:							
Accounts payable	\$ 114,040	\$ 804,596	\$ -	\$ 25,605	\$ 850,366	\$ 532,493	\$ 2,327,100
Salaries payable	343,220	81,728	-	162,691	-	21,975	609,614
Total Liabilities	\$ 457,260	\$ 886,324	\$ -	\$ 188,296	\$ 850,366	\$ 554,468	\$ 2,936,714
Deferred Inflows of Resources:							
Unavailable revenue - property taxes rec.	\$ 59,357	\$ 652	\$ -	\$ 41,928	\$ 2,611	\$ 30,266	\$ 134,814
Unavailable revenue - uncert. spec. assmts. rec.	-	-	-	-	-	1,293,021	1,293,021
Unearned revenues - taxes received in advance	2,250,053	24,726	-	1,324,317	49,451	1,282,941	4,931,488
Total Deferred Inflows of Resources	\$ 2,309,410	\$ 25,378	\$ -	\$ 1,366,245	\$ 52,062	\$ 2,606,228	\$ 6,359,323
Total Liabilities & Deferred Inflows of Resources	\$ 2,766,670	\$ 911,702	\$ -	\$ 1,554,541	\$ 902,428	\$ 3,160,696	\$ 9,296,037
Fund Balances:							
Non-Spendable:							
Inventory	\$ -	\$ 1,130,997	\$ -	\$ -	\$ -	\$ -	\$ 1,130,997
Restricted for:							
Debt service	-	-	-	-	-	855,459	855,459
General government	-	-	-	-	-	1,532,606	1,532,606
Highways and bridges	-	2,966,140	893,229	-	-	-	3,859,369
Health and welfare	-	-	-	2,553,165	-	279,958	2,833,123
Public safety	-	-	-	-	-	2,777,774	2,777,774
Culture and recreation	-	-	-	-	-	3,261,991	3,261,991
Conservation & econ. develop.	-	-	-	-	-	483,945	483,945
Capital project funds	-	-	-	-	1,976,520	9,005	1,985,525
Other	-	-	-	-	-	361,595	361,595
Committed to:							
Provident building	-	-	-	-	-	2,118,307	2,118,307
Parking lot	-	-	-	-	-	47,932	47,932
Jail commissary	-	-	-	-	-	157,352	157,352
Unassigned:							
General fund	10,318,666	-	-	-	-	-	10,318,666
Negative funds	-	-	-	-	-	(422,126)	(422,126)
Total Fund Balances	\$ 10,318,666	\$ 4,097,137	\$ 893,229	\$ 2,553,165	\$ 1,976,520	\$ 11,463,798	\$ 31,302,515
Total Liabilities and Fund Balances	\$ 13,085,336	\$ 5,008,839	\$ 893,229	\$ 4,107,706	\$ 2,878,948	\$ 14,624,494	\$ 40,598,552

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

BURLEIGH COUNTY
Bismarck, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total <i>Fund Balances</i> for Governmental Funds		\$ 31,302,515
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	\$ 112,638,762	
Less Accumulated Depreciation	<u>(51,163,976)</u>	
Net Capital Assets		61,474,786
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.		
Taxes Receivable		134,814
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.		
		1,293,021
Retainages payable are not a current fund liability at year-end. Retainages are a government wide liability.		
		(485,496)
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, 2014 are:		
Special Assesment Bonds Payable	\$ (1,975,000)	
Interest Payable	(5,011)	
Compensated Absences	<u>(1,137,280)</u>	
Total Long-Term Liabilities		<u>(3,117,291)</u>
Total Net Position of Governmental Activities		<u>\$ 90,602,349</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, 2014

	General	County Road and Bridge	Highway Gas Tax	Social Services	County Jail Maintenance & Constr.	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 7,648,180	\$ 83,287	\$ -	\$ 5,271,477	\$ 333,865	\$ 3,692,741	\$17,029,550
Sales taxes	-	-	-	-	2,209,372	-	2,209,372
Special assessments	-	-	-	-	-	525,008	525,008
Licenses, permits and fines	207,115	8,000	-	-	-	-	215,115
Intergovernmental	4,027,452	5,301,911	7,460,952	2,519,136	57,261	1,227,241	20,593,953
Charges for services	1,306,531	3,470,069	-	1,717	-	1,828,320	6,606,637
Interest income	60,181	2,594	-	2,000	3,013	50,814	118,602
Miscellaneous	42,248	369,172	-	10,796	-	311,689	733,905
Total Revenues	\$ 13,291,707	\$ 9,235,033	\$ 7,460,952	\$ 7,805,126	\$ 2,603,511	\$ 7,635,813	\$48,032,142
Expenditures:							
Current:							
General government	\$ 5,062,339	\$ -	\$ -	\$ -	\$ -	\$ 2,647,771	\$ 7,710,110
Public safety	7,210,278	-	-	-	-	1,068,136	8,278,414
Highways and bridges	-	25,542,853	-	-	-	1,046,441	26,589,294
Health and welfare	114,666	-	-	6,452,403	-	1,404,297	7,971,366
Culture and recreation	-	-	-	-	-	734,920	734,920
Conserv. of natural resources	-	-	-	-	-	752,300	752,300
Other	-	-	-	-	-	769,665	769,665
Capital outlay	-	-	-	-	2,457,189	301,944	2,759,133
Debt Service:							
Principal	-	-	-	-	-	1,655,000	1,655,000
Interest & service charges	-	-	-	-	-	84,549	84,549
Total Expenditures	\$ 12,387,283	\$ 25,542,853	\$ -	\$ 6,452,403	\$ 2,457,189	\$ 10,465,023	\$57,304,751
Excess (Deficiency) of Revenues Over Expenditures	\$ 904,424	\$ (16,307,820)	\$ 7,460,952	\$ 1,352,723	\$ 146,322	\$ (2,829,210)	\$ (9,272,609)
Other Financing Sources (Uses):							
Bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,540,000	\$ 1,540,000
Bond discount	-	-	-	-	-	(19,250)	(19,250)
Transfers in	58,116	7,341,272	-	-	-	1,636,580	9,035,968
Transfers out	(80,000)	-	(7,341,272)	(1,200,000)	-	(414,696)	(9,035,968)
Total Other Financing Sources and Uses	\$ (21,884)	\$ 7,341,272	\$ (7,341,272)	\$ (1,200,000)	\$ -	\$ 2,742,634	\$ 1,520,750
Net Change in Fund Balances	\$ 882,540	\$ (8,966,548)	\$ 119,680	\$ 152,723	\$ 146,322	\$ (86,576)	\$ (7,751,859)
Fund Balances - January 1	\$ 9,436,126	\$ 13,063,685	\$ 773,549	\$ 2,400,442	\$ 1,830,198	\$ 11,550,374	\$39,054,374
Fund Balances - December 31	\$ 10,318,666	\$ 4,097,137	\$ 893,229	\$ 2,553,165	\$ 1,976,520	\$ 11,463,798	\$31,302,515

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

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, 2014

Net Change in *Fund Balances* - Total Governmental Funds \$ (7,751,859)

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	\$ 20,242,761	
Capital Contributions	116,118	
Current Year Depreciation Expense	<u>(2,734,174)</u>	17,624,705

The net result of miscellaneous transactions involving capital assets was a net decrease to capital assets. (437,036)

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. 87,869

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of Net Position:

Bond Proceeds	\$ (1,540,000)	
Repayment of Debt - Bonds	<u>1,655,000</u>	115,000

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 Change in Compensated Absences	\$ (46,869)	
Net Change in Interest Payable	<u>7,353</u>	(39,516)

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.

Change in Taxes Receivable	\$ (26,782)	
Change in Special Assessments Receivable	(1,314)	
Change in Long-Term Uncertified Special Assessments Receivable	<u>(93,430)</u>	<u>(121,526)</u>

Change in Net Position of Governmental Activities \$ 9,477,637

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

BURLEIGH COUNTY
Bismarck, North Dakota

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2014

	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and investments	\$ 23,743,518
Due from other governments	<u>72,355</u>
Total Assets	<u>\$ 23,815,873</u>
<u>Liabilities:</u>	
Due to other governments	<u>\$ 23,815,873</u>

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

BURLEIGH COUNTY
Bismarck, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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 5th 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

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.

County Jail Maintenance & Construction Fund. This fund accounts for resources accumulated for the construction of the new correctional center, and for maintenance costs. Primary sources of revenue in this fund are restricted tax levy and restricted sales tax.

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 \$10,318,666 at December 31, 2014 represented 83% of annual 2014 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.

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

Burleigh County reported non-spendable, committed, restricted and unassigned fund balances in the balance sheet at December 31, 2014.

Restricted Fund Balances – consist of the following items at December 31, 2014:

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 3rd parties (State & Federal governments for various grants & reimbursements and bond indentures).

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, jail commissary 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 safety, highways and bridges, health and welfare, conservation of natural resources/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.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

NOTE 2: LEGAL COMPLIANCE - BUDGETS**BUDGET AMENDMENTS**

The board of county commissioners amended the county revenues, expenditures, and transfer out budgets for 2014 as follows:

	EXPENDITURES / TRANSFERS OUT		
	Original Budget	Amendments	Amended Budget
Riverview Township	\$ 50,000	\$ 18,000	\$ 68,000
Lincoln Township	100,000	745,000	845,000
Road and Bridge	23,412,393	2,187,607	25,600,000
County Park – Kniefel	61,150	48,850	110,000
Jail Maintenance & Construction	2,141,284	693,716	2,835,000
Sheriff Drug Asset Forfeiture	20,000	11,000	31,000
City Recreational Areas	284,006	994	285,000
Sobriety 24/7 Program	25,000	112,000	137,000
Abandoned Cemetery	5,000	1,000	6,000
Spl. Assmts–North Star Acres	5,000	10,000	15,000
Spl. Assmts-Prairiewood Estates	19,000	35,000	54,000
Spl. Assmts-Ashwood Estates I-II	31,900	59,100	91,000
Spl. Assmts-Foxhaven II-IV	12,000	22,000	34,000
Spl. Assmts-Rolling Meadows	22,900	43,100	66,000
Spl. Assmts-Ashwood Estates IV	9,000	17,000	26,000
Spl. Assmts-Brookfield Estates	27,500	73,500	101,000
Spl. Assmts-Westwood Briese	11,400	30,600	42,000
Spl. Assmts-Shamrock Acres	35,600	94,400	130,000
Spl. Assmts-Harvest Grove First	24,300	64,700	89,000
Spl. Assmts-Falconer	11,400	30,600	42,000
Spl. Assmts-Brentwood Estates	29,100	77,900	107,000
Spl. Assmts-Hightop Acres	22,700	60,300	83,000
Spl. Assmts-Green Acres	53,300	173,700	227,000
Spl. Assmts-Three Bears	4,200	13,800	18,000
Spl. Assmts-Spruce Hill/Spruce Creek	25,800	84,200	110,000
Spl. Assmts-Prairewood Estates 2 nd	64,950	293,050	358,000
Spl. Assmts-Crescent Ridge	6,450	29,550	36,000
Spl. Assmts-Prairie Place	25,800	100	25,900
Spl Assmts-Secluded Acres 2 nd & 3 rd	-	166,000	166,000
Spl. Assmts-Secluded Acres West	-	143,000	143,000
Spl. Assmts-Skyline Estates	-	500	500

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.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, 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, 2014, the County's carrying amount of deposits was \$55,642,893 and the bank balances totaled \$54,069,522. Of the bank balances, \$6,992,526 was covered by Federal Depository Insurance. Of the remaining bank balances, \$46,753,039 was collateralized with securities held by the pledging financial institution's agent in the government's name. Additionally, bank balances totaling \$323,957 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.

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, 2014, the County held certificates of deposit in the amount of \$12,203,964, 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, 2014, the County's portion of MBBM had a fair market value of \$3,260,440; 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

The taxes receivable represent the past two (three) years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable.

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

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

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, 2014. 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.

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, 2014:

Primary Government

Governmental Activities (County):	Balance 1-1-14	Transfers/ Increases	Transfers/ Decreases	Balance 12-31-14
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,313,934	\$ 1,039,980	\$ -	\$ 2,353,914
Construction in Progress	8,729,524	12,874,927	(3,222,332)	18,382,119
Total Capital Assets Not Being Depreciated, Net	\$10,043,458	\$13,914,907	\$(3,222,332)	\$20,736,033
<i>Capital assets being depreciated:</i>				
Infrastructure	\$50,365,544	\$ 1,688,187	\$ -	\$52,053,731
Land Improvements	2,993,825	2,767,034	-	5,760,859
Buildings	16,568,833	2,893,292	-	19,462,125
Machinery and Vehicles	9,933,053	1,664,060	845,559	10,751,554
Furniture and Equipment	3,220,729	653,731	-	3,874,460
Total Capital Assets, Being Depreciated	\$83,081,984	\$ 9,666,304	\$ 845,559	\$91,902,729
<i>Less Accumulated Depreciation for:</i>				
Infrastructure	\$32,433,540	\$ 1,211,172	\$ -	\$33,644,712
Land Improvements	758,646	235,248	-	993,894
Buildings	8,587,085	429,135	-	9,016,220
Machinery and Vehicles	4,438,999	686,923	408,522	4,717,400
Furniture and Equipment	2,620,054	171,696	-	2,791,750
Total Accumulated Depreciation	\$48,838,324	\$ 2,734,174	\$ 408,522	\$51,163,976
Total Capital Assets Being Depreciated, Net	\$34,243,660	\$ 6,932,130	\$ 437,037	\$40,738,753
Governmental Activities Capital Assets, Net	\$44,287,118	\$20,847,037	\$(3,659,369)	\$61,474,786

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

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

Governmental Activities:	Amounts
General Government	\$ 279,005
Public Safety	370,533
Highways and Bridges	1,924,486
Health and Welfare	8,181
Culture and Recreation	151,969
Total Depreciation Expense - Governmental Activities	\$2,734,174

Component Unit – Water Resource District:

The following is a summary of changes in capital assets for the year ended December 31, 2014:

Governmental Activities:	Balance January 1	Increases	Decreases	Balance December 31
<i>Capital assets not being depreciated:</i>				
Land	\$1,367,526	\$ -	\$ -	\$1,367,526
Construction in Progress	-	14,823	-	14,823
Total Capital Assets, not being depreciated	\$1,367,526	\$ 14,823	\$ -	\$1,382,349
<i>Capital assets, being depreciated:</i>				
Infrastructure	\$ 92,849	\$ -	\$ -	\$ 92,849
Land Improvements	1,236,959	-	-	1,236,959
Building	187,660	-	-	187,660
Office Furniture & Equip.	105,495	-	-	105,495
Total Capital Assets, Being Depreciated	\$1,622,963	\$ -	\$ -	\$1,622,963
<i>Less accumulated depreciation for:</i>				
Infrastructure	\$ 81,049	\$ 2,322	\$ -	\$ 83,371
Land Improvements	603,413	54,725	-	658,138
Building	132,801	3,140	-	135,941
Office Furniture & Equip.	79,002	3,346	-	82,348
Total Accumulated Depreciation	\$ 896,264	\$ 63,533	\$ -	\$ 959,798
Total Capital Assets Being Depreciated, Net	\$ 726,699	\$(63,533)	\$ -	\$ 663,165
Governmental Activities-Capital Assets, Net	\$2,094,224	\$(48,710)	\$ -	\$2,045,514

NOTE 10: ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2014 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 2014 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 long-term uncertified 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.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

NOTE 13: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2014, the following changes occurred in liabilities reported in long-term liabilities:

Governmental Activities:	Balance 1-1-14	Increases	Decreases	Balance 12-31-14	Due Within One Year
Special Assessment Bonds	\$2,090,000	\$1,540,000	\$1,655,000	\$1,975,000	\$465,000
Compensated Absences *	1,090,411	46,869	-	1,137,280	113,728
Total Governmental Activities	\$3,180,411	\$1,586,869	\$1,655,000	\$3,112,280	\$578,728

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

Outstanding debt at December 31, 2014 consists of the following issues:

Special Assessment Bonds:

\$215,000 Refunding Improvement Bonds of 2009 A; due in annual installments of \$20,000 through May 2021; interest at 2.4% to 3.4%. \$ 140,000

\$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%. 295,000

\$1,540,000 Refunding Improvement Bonds of 2014 due in annual installments of \$25,000 to \$405,000 through May 2026; interest at .75% to 3.0% 1,540,000

Total Special Assessment Bonds \$1,975,000

Debt service requirements on long-term debt at December 31, 2014 are as follows:

GOVERNMENTAL ACTIVITIES		
Year Ending December 31	Special Assessment Bonds	
	Principal	Interest
2015	\$ 465,000	\$ 19,149
2016	460,000	25,718
2017	355,000	19,997
2018	200,000	15,124
2019	130,000	11,538
2020 – 2024	315,000	23,147
2025 – 2026	50,000	2,250
TOTALS	\$1,975,000	\$116,923

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 1st day of May 2000, and terminating no later than the 30th 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. Rent will be paid in advance on the 1st day of each month commencing on the 1st 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. Rental payments totaled \$43,644 for 2014.

Water Resource District Long-Term Debt:

Changes in Long-Term Liabilities - During the year ended December 31, 2014, 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	\$ -	\$ 627	\$ 5,000	\$ 1,000
SRF Loan Payable #2	51,219	182,807	14,026	220,000	10,000
Total Governmental Activities	\$56,846	\$182,807	\$14,653	\$225,000	\$11,000

Outstanding debt at December 31, 2014 consists of the following individual loan issues:

Loans Payable:

\$5,627 State Revolving Fund Loan with annual installments of \$1,000, through September 1, 2019; interest of 2%.	\$ 5,000
\$220,000 State Revolving Fund Loan with annual installments of \$10,000 to \$15,000, through September 1, 2032; interest of 2.5%.	<u>220,000</u>
Total Debt Payable	<u>\$225,000</u>

Debt service requirements on long-term debt at December 31, 2014 are as follows:

Year Ending December 31	GOVERNMENTAL ACTIVITIES			
	SRF Loan #1		SRF Loan #2	
	Principal	Interest	Principal	Interest
2015	\$1,000	\$100	\$10,000	\$ 5,500
2016	1,000	80	10,000	5,250
2017	1,000	60	10,000	5,000
2018	1,000	40	10,000	4,750
2019	1,000	20	10,000	4,500
2020 – 2024	-	-	50,000	18,750
2025 – 2029	-	-	75,000	11,250
2030 – 2034	-	-	45,000	2,250
Total	\$5,000	\$300	\$220,000	\$57,250

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 2014, the county remitted \$570,230 to the Senior Citizens.

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 \$5,674,627 for public assets (mobile equipment and portable property).

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

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 \$296,375,003. The amount outstanding at 12-31-14 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 2014. The leases expire at various times through October 31, 2021. Future minimum lease revenue is as follows:

Year Ended December 31	Amount
2015	\$125,984
2016	125,983
2017	130,745
2018	36,501
2019	36,501
2020 – 2021	73,002
TOTAL	\$528,716

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.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

During January 1, 2014 through December 31, 2014, plan members were required to contribute 7% of their annual covered salary. The county was required to contribute 8.26% of the employee's salary, which consists of 7.12% 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, 2014, 2013, and 2012 were \$1,163,490, \$908,570, and \$732,827, 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, 2014:

Funds	Transfers In	Transfers Out
General Fund	\$ 58,116	\$ 80,000
County Road and Bridge	7,341,272	-
Highway Gas Tax	-	7,341,272
Social Services	-	1,200,000
County Poor	1,200,000	-
Victim Witness Advocate Program	75,000	-
Lincoln Unorganized Township	264,000	-
Special Road and Bridge	-	264,000
County Park	92,581	-
Sobriety Program	-	58,116
City Recreation Area	-	92,581
Abandoned Cemetery	5,000	-
Total Transfers	\$9,035,969	\$9,035,969

Transfers in and out were done for the primary reasons:

- Social services fund to the county poor fund (\$1,200,000);
- County road and bridge fund from the highway gas tax fund (\$7,341,272);
- General fund to the victim witness fund (\$75,000) and to the abandoned cemetery fund (\$5,000);
- Special road and bridge to Lincoln unorganized township (\$264,000);
- Sobriety 24/7 program fund to the general fund (\$58,116);
- City recreational areas fund to the county park fund (\$92,581);

NOTE 20: DEFICIT BALANCES

The following funds were in a deficit fund balance and cash position at December 31, 2014:

Governmental Funds	Fund Balance	Cash Balance
Riverview Unorganized Township	\$(424,234)	\$(410,443)
Burnt Creek Unorganized Township	(85,185)	(52,377)
Lincoln Unorganized Township	(293,132)	(228,622)
149 th Avenue Landfill	(16,500)	(16,500)
Spl. Assmt – East Ridge 1 st	(6,267)	(5,131)
Spl. Assmt-Northridge Chip Seal	(20,190)	(10,053)
Spl. Assmt.-Countryside Chip Seal	(657)	(657)
Spl. Assmt-Sibley Island/Nelson	(648)	(648)
Spl. Assmt-Skyline Estates	(340)	-

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

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

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, 2014 as follows:

Project	Contract Amount	Total Completed	Retainage	Remaining Balance
Bismarck Shop Land Impr.	\$ 750,000	\$ 690,372	\$ -	\$ 59,628
Bismarck Shop Project	12,063,289	11,896,238	293,725	460,776
80 th St. Improve/Paving	2,553,639	2,577,548	124,601	100,692
71 st Ave. & Cent. Overlay	3,832,189	3,491,445	67,170	407,914
Total Commitments	\$19,199,117	\$18,655,603	\$485,496	\$1,029,010

NOTE 23: SUBSEQUENT EVENTS - JAIL

Burleigh County entered into an agreement with Morton County to construct a new shared correctional center facility. The citizens of both counties voted a ½ cent sales tax to help finance the construction of the new facility.

Bids for the construction of a joint detention center were awarded in March:

General Contractor	\$41,664,400
Mechanical/Plumbing/Sprinkling	13,880,000
Electrical	11,895,000
Land Acquisition	6,000,000

Municipal Industrial Development Bonds in an anticipation amount of \$90,000,000 will be issued to fund the project with Burleigh County and Morton County paying off debt with sales tax collections.

BURLEIGH COUNTY

Notes to the Financial Statements - Continued

NOTE 24: PRIOR PERIOD ADJUSTMENT

Prior period adjustment to beginning net position for Burleigh County was necessary to properly restate the amount of beginning infrastructure cost. The reduction to beginning infrastructure cost and net position was \$43,892 as noted below:

Governmental Activities (County):	Amounts
Beginning Net Position, as previously reported	\$81,168,604
Adjustments to restate the January 1, 2014 Net Position:	
Capital Assets – infrastructure – cost (decrease)	(43,892)
Net Position January 1, 2014 as restated	<u>\$81,124,712</u>

Prior period adjustment to beginning net position for the Burleigh County Water Resource District was necessary to properly restate the amount of loans payable. The reduction to loans payable and increase in beginning position was \$5,000 as noted below:

Governmental Activities (Water Resource District):	Amounts
Beginning Net Position, as previously reported	\$2,283,904
Adjustments to restate the January 1, 2014 Net Position:	
Loans payable – reduce beginning loan payable balance	5,000
Net Position January 1, 2014 as restated	<u>\$2,288,904</u>

NOTE 25: DEBT REFUNDING

A debt refunding was done by Burleigh County in 2014. On November 1, 2014, \$1,225,000 of Refunding Improvement Bonds of 2014 were issued to advance refund (defease) the remaining 2005, 2006, 2006B, and 2008 Refunding Improvement Bonds totaling \$1,180,000. The 2014 Refunding Improvement Bonds were issued to obtain a net cash flow savings of \$42,165, and a net present value savings of \$39,353 over the life of the new bonds.

BURLEIGH COUNTY
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 7,597,000	\$ 7,597,000	\$ 7,648,180	\$ 51,180
Licenses, permits and fees	9,000	9,000	207,115	198,115
Intergovernmental	3,889,000	3,889,000	4,027,452	138,452
Charges for services	1,223,000	1,223,000	1,306,531	83,531
Interest income	85,000	85,000	60,181	(24,819)
Miscellaneous	25,000	25,000	42,248	17,248
Total Revenues	<u>\$12,828,000</u>	<u>\$12,828,000</u>	<u>\$13,291,707</u>	<u>\$ 463,707</u>
<u>Expenditures:</u>				
Current:				
General government	\$ 5,914,792	\$ 5,914,792	\$ 5,062,339	\$ 852,453
Public safety	7,793,551	7,793,551	7,210,278	583,273
Health and welfare	117,550	117,550	114,666	2,884
Total Expenditures	<u>\$13,825,893</u>	<u>\$13,825,893</u>	<u>\$12,387,283</u>	<u>\$ 1,438,610</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (997,893)</u>	<u>\$ (997,893)</u>	<u>\$ 904,424</u>	<u>\$ 1,902,317</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 266,000	\$ 266,000	\$ 58,116	\$ (207,884)
Transfers out	(80,000)	(80,000)	(80,000)	-
Total Other Financing Sources and Uses	<u>\$ 186,000</u>	<u>\$ 186,000</u>	<u>\$ (21,884)</u>	<u>\$ (207,884)</u>
Net Change in Fund Balances	<u>\$ (811,893)</u>	<u>\$ (811,893)</u>	<u>\$ 882,540</u>	<u>\$ 1,694,433</u>
Fund Balance - January 1	<u>\$ 9,436,126</u>	<u>\$ 9,436,126</u>	<u>\$ 9,436,126</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 8,624,233</u></u>	<u><u>\$ 8,624,233</u></u>	<u><u>\$10,318,666</u></u>	<u><u>\$ 1,694,433</u></u>

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 82,800	\$ 82,800	\$ 83,287	\$ 487
Licenses, permits and fees	6,000	6,000	8,000	2,000
Intergovernmental	3,758,400	3,758,400	5,301,911	1,543,511
Charges for services	768,800	768,800	3,470,069	2,701,269
Interest income	15,000	15,000	2,594	(12,406)
Miscellaneous	425,500	425,500	369,172	(56,328)
Total Revenues	\$ 5,056,500	\$ 5,056,500	\$ 9,235,033	\$ 4,178,533
<u>Expenditures:</u>				
Current:				
Highways and bridges	\$ 23,412,393	\$ 25,600,000	\$ 25,542,853	\$ 57,147
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,355,893)	\$ (20,543,500)	\$ (16,307,820)	\$ 4,235,680
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 7,345,000	\$ 7,345,000	\$ 7,341,272	\$ (3,728)
Net Change in Fund Balances	\$ (11,010,893)	\$ (13,198,500)	\$ (8,966,548)	\$ 4,231,952
Fund Balance - January 1	\$ 13,063,685	\$ 13,063,685	\$ 13,063,685	\$ -
Fund Balance - December 31	\$ 2,052,792	\$ (134,815)	\$ 4,097,137	\$ 4,231,952

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

BURLEIGH COUNTY
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE
HIGHWAY GAS TAX FUND
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 7,345,000	\$ 7,345,000	\$ 7,460,952	\$ 115,952
<u>Expenditures:</u>	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,345,000	\$ 7,345,000	\$ 7,460,952	\$ 115,952
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (7,345,000)	\$ (7,345,000)	\$ (7,341,272)	\$ 3,728
Net Change in Fund Balances	\$ -	\$ -	\$ 119,680	\$ 119,680
Fund Balance - January 1	\$ 773,549	\$ 773,549	\$ 773,549	\$ -
Fund Balance - December 31	\$ 773,549	\$ 773,549	\$ 893,229	\$ 119,680

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 5,244,000	\$ 5,244,000	\$ 5,271,477	\$ 27,477
Intergovernmental	2,546,040	2,546,040	2,519,136	(26,904)
Charges for services	5,000	5,000	1,717	(3,283)
Interest income	2,000	2,000	2,000	-
Miscellaneous	4,775	4,775	10,796	6,021
Total Revenues	\$ 7,801,815	\$ 7,801,815	\$ 7,805,126	\$ 3,311
<u>Expenditures:</u>				
Current:				
Health and welfare	\$ 6,892,469	\$ 6,892,469	\$ 6,452,403	\$ 440,066
Excess (Deficiency) of Revenues Over Expenditures	\$ 909,346	\$ 909,346	\$ 1,352,723	\$ 443,377
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (1,200,000)	\$ (1,200,000)	\$ (1,200,000)	\$ -
Net Change in Fund Balances	\$ (290,654)	\$ (290,654)	\$ 152,723	\$ 443,377
Fund Balance - January 1	\$ 2,400,442	\$ 2,400,442	\$ 2,400,442	\$ -
Fund Balance - December 31	\$ 2,109,788	\$ 2,109,788	\$ 2,553,165	\$ 443,377

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

BURLEIGH COUNTY
Bismarck, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

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, 2014

	Balance 1-1-14	Revenues	Transfers In	Debt Proceeds	Transfers Out	Expenditures	Balance 12-31-14
Major Funds:							
General Fund	\$ 9,436,126	\$ 13,291,707	\$ 58,116	\$ -	\$ 80,000	\$ 12,387,283	\$ 10,318,666
County Road & Bridge	13,063,684	9,235,033	7,341,272	-	-	25,542,853	4,097,136
Highway Gas Tax	773,549	7,460,952	-	-	7,341,272	-	893,229
Social Services	2,400,442	7,805,126	-	-	1,200,000	6,452,403	2,553,165
County Jail Maintenance & Construction	1,830,197	2,603,511	-	-	-	2,457,189	1,976,519
Total Major Funds	\$ 27,503,998	\$ 40,396,329	\$ 7,399,388	\$ -	\$ 8,621,272	\$ 46,839,728	\$ 19,838,715
Nonmajor Funds:							
Special Revenue Funds:							
Phoenix Unorganized Township	\$ 31,613	\$ 7,060	\$ -	\$ -	\$ -	\$ 10,788	\$ 27,885
Lyman Unorganized Township	37,727	8,527	-	-	-	9,955	36,299
Riverview Unorganized Township	(418,744)	59,154	-	-	-	67,643	(427,233)
Burnt Creek Unorganized Township	(144,343)	142,085	-	-	-	82,926	(85,184)
Lincoln Unorganized Township	46,201	240,713	264,000	-	-	844,046	(293,132)
Fort Rice Unorganized Township	56,925	31,399	-	-	-	31,082	57,242
Special Road and Bridge	526,000	-	-	-	264,000	-	262,000
County Poor	126,232	-	1,200,000	-	-	1,121,375	204,857
Job Development Authority	14,466	86,972	-	-	-	100,000	1,438
County Library	-	242,869	-	-	-	242,869	-
Insurance	55,641	173,488	-	-	-	188,238	40,891
Senior Citizens	276,190	635,761	-	-	-	570,230	341,721
Communications Center	1,190,203	1,112,386	-	-	-	937,362	1,365,227
Victim/Witness Advocate Program	23,984	114,002	75,000	-	-	193,480	19,506
Emergency Fund	1,044,523	264,525	-	-	-	-	1,309,048
Provident Building	1,867,194	573,302	-	-	-	322,189	2,118,307
Veterans Service Officer	84,935	273,087	-	-	-	282,922	75,100
Social Security	953,702	473,642	-	-	-	864,263	563,081
Comprehensive Health	397,450	1,185,351	-	-	-	1,220,862	361,939
County Advertising	13,957	68,553	-	-	-	66,279	16,231
County Agent	161,753	319,796	-	-	-	334,036	147,513
Weed Control	255,298	309,309	-	-	-	251,985	312,622
County Park	435,641	88,939	92,580	-	-	170,428	446,732
County Fair	2,913,406	37,333	-	-	-	129,341	2,821,398
County Preservation	269,378	117,079	-	-	-	46,046	340,411
Sheriff's Drug Asset Foreit	44,812	293	-	-	-	30,739	14,366
State's Attorney Asset Foreit	193,248	39,209	-	-	-	6,172	226,285
Hazardous Chemical Preparedness	9,444	1,775	-	-	-	42	11,177
City Recreation Area	-	284,863	-	-	92,580	192,282	1
Sobriety 24/7 Program	81,199	133,006	-	-	58,116	78,135	77,954
Detention Commissary	104,901	74,309	-	-	-	21,858	157,352
County Parking	47,177	810	-	-	-	55	47,932
Abandoned Cemetery	1,268	-	5,000	-	-	5,900	368
Total Special Revenue Funds	\$ 10,701,381	\$ 7,099,597	\$ 1,636,580	\$ -	\$ 414,696	\$ 8,423,528	\$ 10,599,334
Debt Service Funds:							
Special Assessment	\$ 35,329	\$ -	\$ -	\$ -	\$ -	359	\$ 34,970
Rural Spl. Assess. Dist. Falconer Estates Paving	5,834	-	-	-	-	-	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	60,039	643	-	-	-	-	60,682
Rural Spl. Assess. Dist. Briardale #15	2,664	-	-	-	-	-	2,664
Rural Spl. Assess. Dist. Riverside I & II	21,709	-	-	-	-	-	21,709
Rural Spl. Assess. Dist. Ponderosa #3	4,091	-	-	-	-	-	4,091
Rural Spl. Assess. Dist. Apple Valley Paving	14,545	116	-	-	-	-	14,661
Rural Spl. Assess. Dist. Sunnyview #22	11,526	-	-	-	-	-	11,526

BURLEIGH COUNTY
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2014

	Balance 1-1-14	Revenues	Transfers In	Debt Proceeds	Transfers Out	Expenditures	Balance 12-31-14
CONTINUED...							
<u>Debt Service Funds (Continued):</u>							
Rural Spl. Assess. Dist. Lindteigen's #23	\$ 11,138	\$ 8,345	\$ -	\$ -	\$ -	\$ 9,929	\$ 9,554
Rural Spl. Assess. Dist. Northwood Estates Paving	20,062	12,917	-	-	-	17,997	14,982
Rural Spl. Assess. Dist. Aberle Barbie Prairie View	12,430	7,891	-	-	-	11,170	9,151
Rural Spl. Assess. Dist. Circle K	22,454	17,836	-	-	-	22,961	17,329
Rural Spl. Assess. Dist. Northstar Acres	20,465	3,352	-	9,188	-	14,138	18,867
Rural Spl. Assess. Dist. Prairiewood Est.	32,923	19,700	-	34,913	-	53,723	33,813
Rural Spl. Assess. Dist. Ashwood Est. I-III	46,740	31,720	-	58,800	-	90,482	46,778
Rural Spl. Assess. Dist. Foxhaven II & IV	19,868	11,738	-	22,050	-	33,931	19,725
Rural Spl. Assess. Dist. Rolling Meadows	25,114	21,443	-	42,263	-	65,115	23,705
Rural Spl. Assess. Dist. Ashwood Est. IV	14,015	6,722	-	16,538	-	25,367	11,908
Rural Spl. Assess. Dist. Broofield Estates	25,661	24,815	-	72,888	-	100,182	23,182
Rural Spl. Assess. Dist. Westwood/Briese	9,172	9,021	-	30,013	-	41,251	6,955
Rural Spl. Assess. Dist. Shamrock Acres 2005	55,355	30,583	-	94,325	-	129,648	50,615
Rural Spl. Assess. Dist. Harvest Grove 1st	37,681	20,924	-	64,313	-	88,396	34,522
Rural Spl. Assess. Dist. Falconer 2005	19,622	11,387	-	30,013	-	41,251	19,771
Rural Spl. Assess. Dist. Brentwood Estates	52,947	21,928	-	77,175	-	106,076	45,974
Rural Spl. Assess. Dist. High Top Acres	31,620	20,355	-	60,025	-	82,503	29,497
Rural Spl. Assess. Dist. Green Acres	81,657	37,549	-	172,480	-	226,155	65,531
Rural Spl. Assess. Dist. Three Bears	13,982	2,023	-	13,475	-	17,668	11,812
Rural Spl. Assess. Dist. Spruce Hill/Creek	51,192	21,442	-	83,545	-	109,543	46,636
Rural Spl. Assess. Dist. 149th Avenue Northwest	8,402	1,058	-	-	-	-	9,460
Rural Spl. Assess. Dist. Prairiewood Estates 2nd	33,928	67,886	-	312,130	-	357,575	56,369
4 K's Chip Seal Project	1,854	-	-	-	-	-	1,854
Rural Spl. Assess. Dist. Crescent Ridge	8,693	5,072	-	30,870	-	35,365	9,270
149th Avenue Landfill	(23,600)	7,100	-	-	-	-	(16,500)
East Ridge 1st	(8,619)	2,353	-	-	-	-	(6,266)
Prairie Place	53,336	34,196	-	-	-	25,815	61,717
Prairie Pines Paving	28,231	40,670	-	-	-	46,052	22,849
Northridge Estates Chip Seal	(53,378)	33,188	-	-	-	-	(20,190)
Total Debt Service Funds	\$ 849,137	\$ 533,973	\$ -	\$ 1,225,004	\$ -	\$ 1,752,652	\$ 855,462
<u>Capital Projects Funds:</u>							
Secluded Acres 2nd & 3rd	\$ (592)	\$ 1,203	\$ -	\$ 169,155	\$ -	\$ 165,363	\$ 4,403
Secluded Acres West	(623)	1,038	-	145,845	-	142,389	3,871
Countryside Estates Chip Seal	(657)	-	-	-	-	-	(657)
Sibley Island/Nelson	(648)	-	-	-	-	-	(648)
Skyline Estates	-	-	-	-	-	340	(340)
Brookfield Drain	2,376	-	-	-	-	-	2,376
Total Capital Projects Funds	\$ (144)	\$ 2,241	\$ -	\$ 315,000	\$ -	\$ 308,092	\$ 9,005
Total Nonmajor Funds	\$ 11,550,374	\$ 7,635,811	\$ 1,636,580	\$ 1,540,004	\$ 414,696	\$ 10,484,272	\$ 11,463,801
Total Reporting Entity	\$ 39,054,372	\$ 48,032,140	\$ 9,035,968	\$ 1,540,004	\$ 9,035,968	\$ 57,324,000	\$ 31,302,516

BURLEIGH COUNTY
Bismarck, North Dakota
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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	\$ 8,719
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	8,631
National Priority Safety Programs	20.616	<u>2,599</u>
Total U.S. Department of Transportation		<u>\$ 19,949</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	** \$ 345,771
Children's Health Insurance Program	93.767	1,484
Low-Income Home Energy Assistance	93.568	183
HIV Prevention Activities - Health Department Based	93.940	625
Child Welfare Services - State Grants	93.645	7,272
Adoption Assistance	93.659	5,645
Maternal and Child Health Services Block Grant to the States	93.994	9,760
Medical Assistance Program	93.778	1,736
Promoting Safe and Stable Families	93.556	15,816
Temporary Assistance for Needy Families	93.558	** 698,583
Child Support Enforcement	93.563	69,359
Child Care Mandatory and Matching Funds of the Child Care & Development Fund	93.596	<u>47,031</u>
Total U.S. Department of Health and Human Services		<u>\$ 1,203,265</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	<u>\$ 7,800</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	<u>\$ 545</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>		
<u>Passed through the State Department of Emergency Services:</u>		
Boating Safety Financial Assistance	97.012	\$ 10,254
Emergency Management Performance Grants	97.042	67,231
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	216,268
Homeland Security Grant Program	97.067	** <u>315,002</u>
Total U.S. Department of Homeland Security		<u>\$ 608,755</u>
<u>U.S. DEPARTMENT OF INTERIOR:</u>		
<u>Passed through North Dakota Game and Fish Department:</u>		
Wildlife Restoration and Basic Hunter Education	15.611	<u>\$ 1,724</u>
Total Expenditures of Federal Awards		<u>\$ 1,842,038</u>

** - Major Program

Continued on next page.....

BURLEIGH COUNTY
Bismarck, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
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CONTINUED

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, 2014. 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

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MANAGER – DAVID MIX
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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

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

Independent Auditor's Report

Board of County Commissioners
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, 2014, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated April 30, 2015.

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

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
April 30, 2015

STATE AUDITOR

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

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

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, 2014. 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, 2014.

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

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, 2014, and have issued our report thereon dated April 30, 2015, 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
April 30, 2015

BURLEIGH COUNTY
Bismarck, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

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

Federal Awards

Internal Control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> None noted
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	_____ <u>X</u> 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
97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.