



ROBERT R. PETERSON  
STATE AUDITOR

Burleigh County  
Bismarck, North Dakota

# Audit Report

For the Year Ended December 31, 2015

Office of the State Auditor

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BURLEIGH COUNTY  
Bismarck, North Dakota

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For the Year Ended December 31, 2015

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BURLEIGH COUNTY  
Bismarck, North Dakota

**COUNTY OFFICIALS**

December 31, 2015

Doug Schonert  
Brian Bitner  
Jim Peluso  
Kathleen Jones  
Jerry Woodcox

Commissioner - Chairman  
Commissioner - Vice Chairman  
Commissioner  
Commissioner  
Commissioner

Kevin Glatt  
Pat Heinert  
Debbie Kroshus  
Richard Riha

Auditor/Treasurer  
Sheriff  
Recorder  
State's Attorney

**WATER RESOURCE DISTRICT OFFICIALS**

December 31, 2015

Terry A. Fleck  
Dennis Reep  
Gordon Weixel  
Greg Larson  
Rick Detwiller

Chairman  
Vice Chairman  
Manager/Secretary/Treasurer  
Manager  
Manager

David R. Bliss  
Michael Gunsch  
Nancy Buechler  
Mona Livdahl

Attorney  
Engineer  
Secretary/Treasurer  
Secretary

**STATE AUDITOR**

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



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

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

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INDEPENDENT AUDITOR'S REPORT

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Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, Bismarck, North Dakota, as of and for the year ended December 31, 2015, 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, 2015, 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.

**Emphasis of a Matter**

As discussed in Note 25 to the financial statements, during the year ended December 31, 2015, Burleigh County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the *budgetary comparison information, the pension schedules, and the notes to the required supplementary information* on pages 32-38 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the financial statements.

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

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016 on our consideration of Burleigh County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burleigh County's internal control over financial reporting and compliance.



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 13, 2016

BURLEIGH COUNTY  
Bismarck, North Dakota  
STATEMENT OF NET POSITION  
December 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Water Resource District
<b>ASSETS:</b>		
Cash and investments	\$ 37,984,212	\$ 4,425,294
Restricted cash with fiscal agent	40,965,813	-
Accounts receivable	289,244	-
Intergovernmental receivable	6,252,401	15,154
Inventories	1,713,283	-
Loan receivable	1,285,988	-
Due from county	-	1,031
Taxes receivable	135,532	4,108
Special assessments receivable	1,670	394
Uncertified special assessments receivable	953,065	-
Capital Assets (not being depreciated):		
Land	7,616,928	1,367,526
Construction in progress	21,874,903	619,111
Capital Assets (being depreciated):		
Infrastructure	27,029,192	7,157
Land improvements	5,336,486	524,096
Buildings	21,584,363	47,028
Machinery and vehicles	6,327,718	-
Furniture and equipment	1,559,308	19,800
Total Capital Assets	<u>\$ 91,328,898</u>	<u>\$ 2,584,718</u>
Total Assets	<u>\$ 180,910,106</u>	<u>\$ 7,030,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Pension items	\$ 911,872	\$ -
Total Assets & Deferred Outflows of Resources	<u>\$ 181,821,978</u>	<u>\$ 7,030,699</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 5,917,451	\$ 79,925
Salaries payable	699,647	5,129
Retainages payable	1,877,816	-
Interest payable	289,581	1,786
<b>Long-Term Liabilities:</b>		
Due Within One Year:		
Special assessment bonds payable	460,000	-
Sales tax revenue bonds payable	1,901,875	-
Loans payable	-	11,000
Compensated absences payable	118,596	-
Due After One Year:		
Special assessment bonds payable	1,050,000	-
Sales tax revenue bonds payable	48,715,625	-
Loans payable	5,848,284	203,000
Compensated absences payable	1,067,369	-
Net pension liability	9,755,259	-
Total Liabilities	<u>\$ 77,701,503</u>	<u>\$ 300,840</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes	\$ 4,685,590	\$ -
Pension items	1,328,723	-
Grants received in advance	-	3,865,417
Total Deferred Inflows of Resources	<u>\$ 6,014,313</u>	<u>\$ 3,865,417</u>
Total Liabilities & Deferred Inflows of Resources	<u>\$ 83,715,816</u>	<u>\$ 4,166,257</u>
<b>NET POSITION:</b>		
Net investment in capital assets	\$ 34,863,114	\$ 2,584,718
Restricted for:		
Debt service	50,331	-
Capital projects	45,002,124	-
Public safety	324,909	-
Highways and bridges	2,246,076	-
Culture and recreation	8,990,299	-
Conservation of natural resources & econ. development	306,673	279,724
Other	362,878	-
Unrestricted	5,959,758	-
Total Net Position	<u>\$ 98,106,162</u>	<u>\$ 2,864,442</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Water Resource Board
<b>Primary Government:</b>						
<u>Governmental Activities:</u>						
General government	\$ 8,471,178	\$ 1,542,670	\$ 36,488	\$ -	\$ (6,892,020)	\$ -
Public safety	12,700,910	1,871,733	94,068	-	(10,735,109)	-
Highways and bridges	11,081,102	1,504,948	9,945,275	169,862	538,983	-
Health and welfare	8,011,770	991	1,535,918	-	(6,474,861)	-
Culture and recreation	1,125,466	-	45,807	-	(1,079,659)	-
Conserv. & economic development	477,042	44,882	-	-	(432,160)	-
Other	851,854	2,085	290,237	-	(559,532)	-
Interest on long-term debt	385,994	-	-	-	(385,994)	-
Bond issuance costs	242,974	-	-	-	(242,974)	-
<b>Total Primary Government</b>	<b>\$43,348,290</b>	<b>\$ 4,967,309</b>	<b>\$ 11,947,793</b>	<b>\$ 169,862</b>	<b>\$ (26,263,326)</b>	<b>\$ -</b>
<u>Component Unit:</u>						
Water Resource District	\$ 512,307	\$ -	\$ 134,977	\$ -	\$ -	\$ (377,330)
<u>General Revenues:</u>						
<u>Taxes:</u>						
Property taxes; levied for general purposes					\$ 8,704,868	\$ 637,177
Property taxes; levied for special purposes					9,839,717	-
Sales taxes					9,419,030	-
Non restricted grants and contributions					5,076,433	70,048
Earnings on investments					93,176	193
Land sale proceeds					6,000,000	-
Miscellaneous revenues					2,481,992	34,387
<b>Total General Revenues</b>					<b>\$ 41,615,216</b>	<b>\$ 741,805</b>
<b>Change in Net Position</b>					<b>\$ 15,351,890</b>	<b>\$ 364,475</b>
Net Position - January 1					\$ 90,602,349	\$ 2,499,967
Prior Period Adjustments					(7,848,077)	-
<b>Net Position - January 1, as restated</b>					<b>\$ 82,754,272</b>	<b>\$ 2,499,967</b>
<b>Net Position - December 31</b>					<b>\$ 98,106,162</b>	<b>\$ 2,864,442</b>

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

BURLEIGH COUNTY  
Bismarck, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2015

	General	County Road and Bridge	Highway Gas Tax	Social Services	County Fair	County Jail Maintenance & Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>								
Cash and investments	\$ 11,503,438	\$ 1,487,880	\$ -	\$ 3,500,208	\$ 8,462,857	\$ 3,135,090	\$ 9,894,739	\$ 37,984,212
Restricted cash & investments with fiscal agent	-	-	-	-	-	40,965,813	-	40,965,813
Accounts receivable	83,520	41,237	-	496	-	-	163,991	289,244
Intergovernmental receivable	732,215	224,346	769,649	276,851	-	4,229,883	19,457	6,252,401
Loan receivable	-	-	-	-	-	1,285,988	-	1,285,988
Taxes receivable	62,334	685	-	38,265	-	1,694	32,554	135,532
Special assessments receivable	-	-	-	-	-	-	1,670	1,670
Uncertified special assessments receivable	-	-	-	-	-	-	953,065	953,065
Inventories	-	1,713,283	-	-	-	-	-	1,713,283
<b>Total Assets</b>	<b>\$ 12,381,507</b>	<b>\$ 3,467,431</b>	<b>\$ 769,649</b>	<b>\$ 3,815,820</b>	<b>\$ 8,462,857</b>	<b>\$ 49,618,468</b>	<b>\$ 11,065,476</b>	<b>\$ 89,581,208</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 274,529	\$ 448,629	\$ -	\$ 20,299	\$ 495	\$ 4,571,431	\$ 602,068	\$ 5,917,451
Salaries payable	379,102	95,584	-	159,033	-	-	65,928	699,647
<b>Total Liabilities</b>	<b>\$ 653,631</b>	<b>\$ 544,213</b>	<b>\$ -</b>	<b>\$ 179,332</b>	<b>\$ 495</b>	<b>\$ 4,571,431</b>	<b>\$ 667,996</b>	<b>\$ 6,617,098</b>
<b>Deferred Inflows of Resources:</b>								
Taxes Receivable	\$ 62,334	\$ 685	\$ -	\$ 38,265	\$ -	\$ 1,694	\$ 32,554	\$ 135,532
Special assessments receivable	-	-	-	-	-	-	1,670	1,670
Uncertified special assessments receivable	-	-	-	-	-	-	953,065	953,065
Taxes received in advance	2,873,199	24,632	-	1,164,649	-	49,268	573,842	4,685,590
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,935,533</b>	<b>\$ 25,317</b>	<b>\$ -</b>	<b>\$ 1,202,914</b>	<b>\$ -</b>	<b>\$ 50,962</b>	<b>\$ 1,561,131</b>	<b>\$ 5,775,857</b>
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>\$ 3,589,164</b>	<b>\$ 569,530</b>	<b>\$ -</b>	<b>\$ 1,382,246</b>	<b>\$ 495</b>	<b>\$ 4,622,393</b>	<b>\$ 2,229,127</b>	<b>\$ 12,392,955</b>
<b>Fund Balances:</b>								
<b>Non-Spendable:</b>								
Inventory	\$ -	\$ 1,713,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,713,283
Loans receivable	-	-	-	-	-	1,285,988	-	1,285,988
<b>Restricted for:</b>								
Debt service	-	-	-	-	-	-	673,396	673,396
General government	-	-	-	-	-	-	1,520,467	1,520,467
Highways and bridges	-	1,184,618	769,649	-	-	-	400,910	2,355,177
Health and welfare	-	-	-	2,433,574	-	-	229,022	2,662,596
Public safety	-	-	-	-	-	-	2,584,103	2,584,103
Culture and recreation	-	-	-	-	8,462,362	-	534,856	8,997,218
Conservation & econ. development	-	-	-	-	-	-	475,487	475,487
Capital project funds	-	-	-	-	-	43,710,087	4,355	43,714,442
Other	-	-	-	-	-	-	466,685	466,685
<b>Committed to:</b>								
Provident building	-	-	-	-	-	-	2,294,020	2,294,020
Parking lot	-	-	-	-	-	-	49,937	49,937
Jail commissary	-	-	-	-	-	-	172,462	172,462
<b>Unassigned:</b>								
General fund	8,792,343	-	-	-	-	-	-	8,792,343
Negative funds	-	-	-	-	-	-	(569,351)	(569,351)
<b>Total Fund Balances</b>	<b>\$ 8,792,343</b>	<b>\$ 2,897,901</b>	<b>\$ 769,649</b>	<b>\$ 2,433,574</b>	<b>\$ 8,462,362</b>	<b>\$ 44,996,075</b>	<b>\$ 8,836,349</b>	<b>\$ 77,188,253</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,381,507</b>	<b>\$ 3,467,431</b>	<b>\$ 769,649</b>	<b>\$ 3,815,820</b>	<b>\$ 8,462,857</b>	<b>\$ 49,618,468</b>	<b>\$ 11,065,476</b>	<b>\$ 89,581,208</b>

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, 2015

Total *Fund Balances* for Governmental Funds \$ 77,188,253

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

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

Cost of Capital Assets	\$ 144,939,757	
Less Accumulated Depreciation	<u>(53,610,859)</u>	
Net Capital Assets		91,328,898

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

Taxes Receivable		135,532
Special Assessments Receivable		1,670

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.

953,065

Retainages payable are not a current fund liability at year-end. Retainages are a government wide liability.

(1,877,816)

Net pension obligations are not due and payable in the current period, and therefore are not reported in the governmental funds.

(9,755,259)

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

Pension Deferred Inflows of Resources	\$ (1,328,723)	
Pension Deferred Outflows of Resources	<u>911,872</u>	(416,851)

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, 2015 are:

Special Assesment Bonds Payable	\$ (1,510,000)	
Sales Tax Bonds Payable	(51,000,000)	
Bond Discount	382,500	
Drawdowns Payable	(5,848,284)	
Interest Payable	(289,581)	
Compensated Absences Payable	<u>(1,185,965)</u>	
Total Long-Term Liabilities		<u>(59,451,330)</u>

Total Net Position of Governmental Activities

\$ 98,106,162

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, 2015

	General	County Road and Bridge	Highway Gas Tax	Social Services	County Fair	County Jail Maintenance & Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 8,701,891	\$ 95,048	\$ -	\$ 5,095,975	\$ -	\$ 191,012	\$ 4,459,941	\$ 18,543,867
Sales taxes	-	-	-	-	-	9,419,030	-	9,419,030
Special assessments	-	-	-	-	-	-	508,148	508,148
Licenses, permits and fines	143,356	7,050	-	-	-	-	-	150,406
Intergovernmental	3,535,607	2,842,045	7,043,217	2,353,517	-	53,317	1,196,523	17,024,226
Charges for services	1,539,707	1,497,898	-	991	-	-	1,778,307	4,816,903
Interest income	65,054	-	-	1,279	18,372	3,042	5,429	93,176
Miscellaneous	18,500	2,100,057	-	12,069	6,012,728	20,757	317,881	8,481,992
<b>Total Revenues</b>	<b>\$14,004,115</b>	<b>\$ 6,542,098</b>	<b>\$ 7,043,217</b>	<b>\$ 7,463,831</b>	<b>\$ 6,031,100</b>	<b>\$ 9,687,158</b>	<b>\$ 8,266,229</b>	<b>\$ 59,037,748</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	\$ 5,543,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,029,118	\$ 8,572,138
Public safety	9,878,161	-	-	-	-	-	1,472,761	11,350,922
Highways and bridges	-	14,908,131	-	-	-	-	418,632	15,326,763
Health and welfare	128,625	-	-	6,383,422	-	-	1,553,717	8,065,764
Culture and recreation	-	-	-	-	390,136	-	531,291	921,427
Conserv. of natural resources	-	-	-	-	-	-	826,658	826,658
Other	-	-	-	-	-	-	852,336	852,336
Capital outlay	-	-	-	-	-	22,888,868	3,520	22,892,388
Debt Service:								
Principal	-	-	-	-	-	-	465,000	465,000
Interest & service charges	-	-	-	-	-	1,545	99,879	101,424
<b>Total Expenditures</b>	<b>\$15,549,806</b>	<b>\$14,908,131</b>	<b>\$ -</b>	<b>\$ 6,383,422</b>	<b>\$ 390,136</b>	<b>\$ 22,890,413</b>	<b>\$ 9,252,912</b>	<b>\$ 69,374,820</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,545,691)	\$ (8,366,033)	\$ 7,043,217	\$ 1,080,409	\$ 5,640,964	\$ (13,203,255)	\$ (986,683)	\$ (10,337,072)
<b>Other Financing Sources (Uses):</b>								
Bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,000,000	\$ -	\$ 51,000,000
Bond discount	-	-	-	-	-	(382,500)	-	(382,500)
Bond issuance costs	-	-	-	-	-	(242,974)	-	(242,974)
Loan proceeds	-	-	-	-	-	5,848,284	-	5,848,284
Transfers in	120,368	7,166,797	-	-	-	-	1,713,549	9,000,714
Transfers out	(101,000)	-	(7,166,797)	(1,200,000)	-	-	(532,917)	(9,000,714)
<b>Total Other Financing Sources and Uses</b>	<b>\$ 19,368</b>	<b>\$ 7,166,797</b>	<b>\$ (7,166,797)</b>	<b>\$ (1,200,000)</b>	<b>\$ -</b>	<b>\$ 56,222,810</b>	<b>\$ 1,180,632</b>	<b>\$ 56,222,810</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,526,323)</b>	<b>\$ (1,199,236)</b>	<b>\$ (123,580)</b>	<b>\$ (119,591)</b>	<b>\$ 5,640,964</b>	<b>\$ 43,019,555</b>	<b>\$ 193,949</b>	<b>\$ 45,885,738</b>
Fund Balances - January 1	\$10,318,666	\$ 4,097,137	\$ 893,229	\$ 2,553,165	\$ 2,821,398	\$ 1,976,520	\$ 8,642,400	\$ 31,302,515
Fund Balances - December 31	\$ 8,792,343	\$ 2,897,901	\$ 769,649	\$ 2,433,574	\$ 8,462,362	\$ 44,996,075	\$ 8,836,349	\$ 77,188,253

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, 2015

Net Change in *Fund Balances* - Total Governmental Funds \$ 45,885,738

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	\$ 30,898,919	
Current Year Depreciation Expense	<u>(3,082,169)</u>	27,816,750

The net result of miscellaneous transactions involving capital assets was a net decrease to capital assets. (423,549)

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. (1,392,320)

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	\$ (51,000,000)	
Less: Bond Discount	382,500	
Loan Proceeds	(5,848,284)	
Repayment of Debt - Special Assessments	<u>465,000</u>	(56,000,784)

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

Change in Net Pension Liability	\$ (387,400)	
Change in Deferred Outflows of Resources	24,357	
Change in Deferred Inflows of Resources	<u>499,921</u>	136,878

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.

Change in Compensated Absences	\$ (48,685)	
Change in Interest Payable	<u>(284,570)</u>	(333,255)

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	\$ 718	
Change in Special Assessments Receivable	1,670	
Change in Long-Term Uncertified Special Assessments Receivable	<u>(339,956)</u>	<u>(337,568)</u>

Change in Net Position of Governmental Activities \$ 15,351,890

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
December 31, 2015

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	<u>Agency Funds</u>
<u>Assets:</u>	
Cash and investments	\$ 22,698,417
Accounts receivable	<u>1,508</u>
 Total Assets	 <u>\$ 22,699,925</u>
 <u>Liabilities:</u>	
Due to other governments	 <u>\$ 22,699,925</u>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

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

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

A. Reporting Entity

The accompanying financial statements present the activities of Burleigh County. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county are such that exclusion would cause the county's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria in GASB Statement No. 61 to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Burleigh County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Burleigh County.

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

**COMPONENT UNIT**

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

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

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

Complete financial statements of Burleigh County Water Resource District are included in these financial statements. Additional information may be obtained from the Burleigh County Water Resource District: 1811 East Thayer Avenue; Bismarck, ND 58501.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

## BURLEIGH COUNTY

### Notes to the Financial Statements – Continued

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

*County Fair Fund.* This fund is the primary culture and recreational fund. It accounts for financial resources and expenses related to the fairgrounds. Primary sources of revenue in this fund consist of committed land sale proceeds for construction of the correctional center.

*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 inflows and revenues in this fund are bond and loan proceeds, 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.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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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.

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.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**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

Unassigned general fund balance of \$8,792,343 at December 31, 2015 represented approximately 57% of annual 2015 general fund expenditures.

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

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

**Fund Balance Reporting and Governmental Fund Type Definitions**

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

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

Burleigh County reported non-spendable, committed, restricted and unassigned fund balances in the balance sheet at December 31, 2015.

**Restricted Fund Balances – consist of the following items at December 31, 2015:**

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

**Special Revenue Funds – Non-spendable, Restricted & Committed Fund Balances:**

- (a) Non-spendable – consists of the loans receivable portion in the county jail maintenance and construction fund, and inventory amounts in the road and bridge fund
- (b) 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.
- (c) 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, highways and bridges, health and welfare, public safety, 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.

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**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

K. Pensions

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

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

The board of county commissioners amended the county expenditures, and transfers out budget for 2015 for various funds follows:

	EXPENDITURES / TRANSFERS OUT		
	Original Budget	Amendments	Amended Budget
Riverview Township	\$ 50,000	\$ 38,000	\$ 88,000
Lincoln Township	100,000	75,000	175,000
Burnt Creek Township	100,000	13,000	113,000
Road and Bridge	11,929,517	2,980,483	14,910,000
Highway Gas Tax	7,162,000	5,000	7,167,000
County Poor	1,233,387	4,613	1,238,000
Victim Witness Advocate	208,095	5,905	214,000
Veteran's Service	299,365	17,635	317,000
Health Insurance	1,537,085	1,915	1,539,000
County Park – Kniefel Boat Ramp	36,150	8,850	45,000
Discoll Sibley Park	4,300	1,100	5,400
State's Attorney Drug Asset Forfeiture	7,000	3,500	10,500
Sobriety 24/7 program	66,000	94,000	160,000
Detention Commissary	35,000	14,000	49,000
Abandoned Cemetery	5,000	1,000	6,000
Spl. Assmts-Falconer Estates II Paving	-	5,100	5,100
Spl. Assmts-Falconer Estates III Paving	-	1,000	1,000
Spl. Assmts-Grande Prairie Paving II	-	35,000	35,000
Spl. Assmts-Briardale Paving	-	3,000	3,000
Spl. Assmts-Riverside I & II Paving	-	22,000	22,000
Spl. Assmts-Lindteigen's Paving	-	10,000	10,000
Spl. Assmts-Northwood Estates Paving	-	15,000	15,000
Spl. Assmts-Aberle Barbie Praireview	-	10,000	10,000
Spl. Assmts-Circle K	-	18,000	18,000
Spl. Assmts-Prairiewood Estates 2nd	63,650	16,350	80,000
Spl. Assmts-Crescent Ridge	6,350	1,650	8,000
Spl Assmts-Secluded Acres 2nd & 3rd	-	11,800	11,800
Spl Assmts-Secluded Acres West	-	10,200	10,200
Spl. Assmts-Countyside Estates Chip Seal	-	700	700

**NOTE 3: DEPOSITS AND INVESTMENTS**

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

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

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

At year ended December 31, 2015, the County's carrying amount of deposits was \$59,334,907 and the bank balances totaled \$60,032,215. Of the bank balances, \$8,331,637 was covered by Federal Depository Insurance. Of the remaining bank balances, \$51,700,578 was collateralized with securities held by the pledging financial institution's agent in the government's name. Additionally, bank balances (including restricted investments) totaling \$39,351,452, consisting of the same amount reported as restricted investments in a trustee account for bond proceeds, 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, 2015, the County held certificates of deposit in the amount of \$8,620,983, 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, 2015, the County's portion of MBBM had a fair market value of \$907; 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.

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**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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**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.

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, 2015. 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 'non-spendable' fund balance classification, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**NOTE 9: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2015:

<b>Governmental Activities:</b>	<b>Restated Bal. 1/1/2015</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Balance 12/31/15</b>
<i>Capital assets not being depreciated:</i>					
Land	\$ 2,353,914	\$ 5,308,124	\$ -	\$ 45,110	\$ 7,616,928
Construction in Progress	20,841,417	19,639,546	(18,606,060)	-	21,874,903
<b>Total Capital Assets Not Being Depreciated, Net</b>	<b>\$ 23,195,331</b>	<b>\$ 24,947,670</b>	<b>\$ (18,606,060)</b>	<b>\$ 45,110</b>	<b>\$ 29,491,831</b>
<i>Capital assets being depreciated:</i>					
Infrastructure	\$ 52,053,731	\$ 3,714,944	\$ 6,183,605	\$ -	\$ 61,952,280
Land Improvements	5,760,859	94,644	709,244	-	6,564,747
Buildings	19,462,123	-	11,713,211	-	31,175,334
Machinery and Vehicles	10,751,554	1,410,162	-	991,932	11,169,784
Furniture and Equipment	3,874,460	731,499	-	20,179	4,585,780
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 91,902,727</b>	<b>\$ 5,951,249</b>	<b>\$ 18,606,060</b>	<b>\$ 1,012,111</b>	<b>\$ 115,447,925</b>
<i>Less Accumulated Depreciation for:</i>					
Infrastructure	\$ 33,644,713	\$ 1,278,375	\$ -	\$ -	\$ 34,923,088
Land Improvements	993,894	234,367	-	-	1,228,261
Buildings	9,016,220	574,751	-	-	9,590,971
Machinery and Vehicles	4,714,945	740,915	-	613,794	4,842,066
Furniture and Equipment	2,792,590	253,761	-	19,879	3,026,472
<b>Total Accumulated Depreciation</b>	<b>\$ 51,162,362</b>	<b>\$ 3,082,169</b>	<b>\$ -</b>	<b>\$ 633,673</b>	<b>\$ 53,610,858</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 40,740,365</b>	<b>\$ 2,869,080</b>	<b>\$ 18,606,060</b>	<b>\$ 378,438</b>	<b>\$ 61,837,067</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 63,935,696</b>	<b>\$ 27,816,750</b>	<b>\$ -</b>	<b>\$ 423,548</b>	<b>\$ 91,328,898</b>

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

<b>Governmental Activities:</b>	<b>Amounts</b>
General Government	\$ 283,894
Public Safety	443,910
Highways and Bridges	2,187,104
Health and Welfare	8,181
Culture and Recreation	159,080
<b>Total Depreciation Expense-Govt. Activities</b>	<b>\$ 3,082,169</b>

Component Unit – Water Resource District:

The following is a summary of changes in capital assets for the year ended December 31, 2015:

<b>Governmental Activities:</b>	<b>Balance 1/1/15</b>	<b>Transfers/ Increases</b>	<b>Transfers/ Decreases</b>	<b>Balance 12/31/15</b>
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,367,526	\$ -	\$ -	\$ 1,367,526
Construction in Progress	14,823	604,288	-	619,111
<b>Total Capital Assets Not Being Depreciated, Net</b>	<b>\$ 1,382,349</b>	<b>\$ 604,288</b>	<b>\$ -</b>	<b>\$ 1,986,637</b>
<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 & Equipment	105,495	-	-	105,495
<b>Total Capital Assets, Being Depreciated</b>	<b>\$ 1,622,963</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,622,963</b>
<i>Less Accumulated Depreciation for:</i>				
Infrastructure	\$ 83,371	\$ 2,321	\$ -	\$ 85,692
Land Improvements	658,138	54,725	-	712,863
Buildings	135,941	4,691	-	140,632
Office Furniture & Equipment	82,348	3,347	-	85,695
<b>Total Accumulated Depreciation</b>	<b>\$ 959,798</b>	<b>\$ 65,084</b>	<b>\$ -</b>	<b>\$ 1,024,882</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 663,165</b>	<b>\$ (65,084)</b>	<b>\$ -</b>	<b>\$ 598,081</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 2,045,514</b>	<b>\$ 539,204</b>	<b>\$ -</b>	<b>\$ 2,584,718</b>

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 10: ACCOUNTS PAYABLE**

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2015 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 2015 in the general fund, road and bridge fund, social services fund, and various other non-major funds but paid subsequent to year-end in 2015.

**NOTE 12: INTEREST PAYABLE**

Interest payable consists of the portion of interest accrued on long-term debt (bonds payable and leases payable) outstanding at December 31, 2015.

**NOTE 13: 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, and also the amount related to pensions for the differences in expected and actual experience component of the pension assumptions.

Additionally, the Water Resource District has grants received in advance totaling \$3,865,417 reported as deferred inflows of resources. The grants received in advance were from the state water commission for the MRCC project and the Fox Island Project. Four million in grants were received in advance, and as of December 31, 2015, only \$134,583 had been expended leaving an unexpended balance of \$3,865,417. Those amounts were reported as deferred inflows of resources on the statement of net position.

**NOTE 14: LONG-TERM LIABILITIES**

Changes in Long-Term Liabilities - During the year ended December 31, 2015, the following changes occurred in liabilities reported in long-term liabilities:

<b>Govt. Activities:</b>	<b>Balance 1/1/15</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/15</b>	<b>Due Within One Year</b>
Spec. Assmt. Bonds	\$ 1,975,000	\$ -	\$ 465,000	\$ 1,510,000	\$ 460,000
Sales Tax Bonds	-	51,000,000	-	51,000,000	1,901,875
Sales Tax Bonds Disc.	-	(382,500)	-	(382,500)	-
Loan Drawdowns	-	5,848,284	-	5,848,284	-
Net Pension Liability *	9,367,859	387,400	-	9,755,259	-
Comp. Absences *	1,137,280	48,685	-	1,185,965	118,596
<b>Total Govern. Act.</b>	<b>\$12,480,139</b>	<b>\$ 56,901,869</b>	<b>\$ 465,000</b>	<b>\$ 68,917,008</b>	<b>\$ 2,480,471</b>

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

Debt Issued:

On November 16, 2015, the County issued \$60,000,000 of sales tax revenue bonds. The proceeds derived from the sale of the series 2015 bonds are used to finance the development and construction of a multi-county detention center, the funding of a reserve for the bonds, and the payment of the costs of issuance of the bonds. The bonds are paid back with a ½ cent sales tax levied in both Burleigh and Morton Counties. The bonds are 85% the responsibility of Burleigh County, and 15% the responsibility of Morton County. Burleigh

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

County's share of the 2015 Series A sales tax bonds are \$51,000,000. Discount of \$382,500 is applicable to those bonds.

Outstanding debt at December 31, 2015 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%.	\$ 120,000
\$375,000 Refunding Improvement Bonds of 2011; due in annual installments of \$35,000 to \$40,000 through May 2022; interest at 1.35% to 2.0%.	255,000
\$1,540,000 Refunding Improvement Bonds of 2015 due in annual installments of \$25,000 to \$400,000 through May 2026; interest at 1.15% to 3.0%	<u>1,135,000</u>
Total Special Assessment Bonds	<u>\$ 1,510,000</u>

Sales Tax Bonds (net):

\$51,000,000 Sales Tax Bonds of 2015 – Series A due in annual installments of \$1,921,000 to \$6,540,750 through November 1, 2035; interest at 3.0% to 5.0% (net of \$382,500 discount).	<u>\$50,617,500</u>
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Loan Drawdowns Payable:

A loan line of credit exists with Wells Fargo Bank to draw down up to \$30,000,000 for construction costs related to the correctional center. As of December 31, 2015, the County had drawn down \$5,848,284 of the loan line of credit. No set payment schedule exists as of yet for the loan. The county is notified periodically to pay interest at the rate of 2.34%.

Debt service requirements on long-term debt at December 31, 2015 are as follows:

Year Ending December 31	Spec. Assmt. Bonds		Sales Tax Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 460,000	\$ 23,417	\$ 1,921,000	\$ 1,836,607
2017	355,000	18,154	1,921,000	1,865,904
2018	200,000	13,964	1,942,250	1,769,854
2019	130,000	10,694	1,972,000	1,672,742
2020	125,000	7,682	2,006,000	1,574,141
2021 - 2025	215,000	14,490	10,744,000	6,552,443
2026 - 2030	25,000	375	12,414,250	4,691,081
2031 - 2035	-	-	18,079,500	2,323,348
Totals	\$ 1,510,000	\$ 88,776	\$ 51,000,000	\$ 22,286,120

Prior Debt Refunding (2014):

A debt refunding was done by Burleigh County in 2014. On November 1, 2014, \$1,225,000 of Refunding Improvement Bonds of 2015 were issued to advance refund (defease) the remaining 2005, 2006, 2006B, and 2008 Refunding Improvement Bonds totaling \$1,180,000. The 2015 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.

Operating Lease Payments:

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

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

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

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 2015. The remaining rental payments at December 31, 2015 is outlined below:

Year(s)	Amount
2016	\$ 43,644
2017	43,644
2018	43,644
2019	43,644
2020	43,644
2021-2025	218,220
2026-2030	189,124
Totals	\$ 625,564

Water Resource District Long-Term Debt:

Changes in Long-Term Liabilities - During the year ended December 31, 2015, the following changes occurred in liabilities reported in long-term liabilities of the WRD:

Govt. Activities	Balance 1/1/15	Increases	Decreases	Balance 12/31/15	Due Within One Year
SRF Loan Payable #1	\$ 5,000	\$ -	\$ 1,000	\$ 4,000	\$ 1,000
SRF Loan Payable #2	220,000	-	10,000	210,000	10,000
Total Loans Payable	\$ 225,000	\$ -	\$ 11,000	\$ 214,000	\$ 11,000

Outstanding debt at December 31, 2015 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%. \$ 4,000

\$220,000 State Revolving Fund Loan with annual installments of \$10,000 to \$15,000, through September 1, 2032; interest of 2.5%. 210,000

Total Debt Payable \$214,000

Debt service requirements on long-term debt at December 31, 2015 are as follows:

Year Ending December 31	SRF Loan #1		SRF Loan #2	
	Principal	Interest	Principal	Interest
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	-	-	10,000	4,250
2021 - 2025	-	-	55,000	17,500
2026 - 2030	-	-	75,000	9,375
2031 - 2035	-	-	30,000	1,125
Totals	\$ 4,000	\$ 200	\$ 210,000	\$ 51,750

**BURLEIGH COUNTY**Notes to the Financial Statements – Continued

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**NOTE 15: 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 2015, the county remitted \$633,292 to the Senior Citizens.

**NOTE 16: 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 \$5,737,908 for public assets (mobile equipment and portable property).

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

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

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

**NOTE 17: 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 December 31, 2015 is not known, or readily available.

**NOTE 18: 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 \$125,984 for 2015. The leases expire at various times through October 31, 2021. Future minimum lease revenue is as follows:

<b>Year Ended December 31</b>	<b>Amount</b>
2016	\$125,983
2017	130,745
2018	36,501
2019	36,501
2020	36,501
2021	36,501
<b>TOTAL</b>	<b>\$402,732</b>

**NOTE 19: PENSION PLAN****General Information about the Pension Plan*****North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees.

***Pension Benefits***

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

***Death and Disability Benefits***

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

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

***Refunds of Member Account Balance***

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

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

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

***Member and Employer Contributions***

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

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

At 12/31/2015, the Employer reported a liability of \$9,755,259 for its proportionate share of the net pension liability. The net pension liability was measured as of 06/30/2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At 06/30/2015 the Employer's proportion was 1.434633 percent, which was an increase of .041268 from its proportion measured as of 12/31/2014.

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

For the year ended 12/31/2015 the Employer recognized pension expense of \$885,561. At 12/31/2015 the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 283,013	\$ -
Change in proportion and differences between employer contributions & proportionate share of contributions	32,707	253,643
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		205,932
Changes of Assumptions	-	869,148
District Contributions Subsequent to the Measurement Date	596,152	-
<b>Total</b>	<b>\$ 911,872</b>	<b>\$ 1,328,723</b>

\$596,152 is reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 12/31/2016.

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

2016	\$ (264,130)
2017	(264,130)
2018	(264,131)
2019	161,404
2020	(161,080)

**Actuarial assumptions.** The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary Increases	3.85% per annum for four years, then 4.50% per annum
Investment Rate of Return	8.00%, net of investment expenses
Cost-of-Living Adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with ages set back three years. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with ages set back one year for males (not set back for females).

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2010. They are the same as the assumptions used in the July 1, 2014, funding actuarial valuation for NDPERS.

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.55%
International Fixed Income	5%	.90%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

**Discount rate.** The discount rate used to measure the total pension liability was 8 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2014, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
District's Proportionate Share of the Net Pension Liability	\$ 14,959,202	\$ 9,755,259	\$ 5,497,464

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

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 20: TRANSFERS**

The following is reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2015:

<b>Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 120,368	\$ 101,000
County Road and Bridge	7,166,797	-
Highway Gas Tax	-	7,166,797
Social Services	-	1,200,000
Phoenix Unorganized Township	37,000	-
Lyman Unorganized Township	40,000	-
Riverview Unorganized Township	61,793	-
Burnt Creek Unorganized Township	11,236	-
Lincoln Unorganized Township	18,062	-
Fort Rice Unorganized Township	185,000	-
Special Road and Bridge	-	262,000
County Poor	1,200,000	-
Victim Witness Advocate Program	95,000	-
County Park	59,458	-
City Recreation Area	-	59,458
24/7 Sobriety Program	-	67,210
Abandoned Cemetery	6,000	-
Falconer Estates Paving	-	5,834
Falconer Estates II Paving	-	5,061
Falconer Estates III Paving	-	970
Grande Prairie View Paving II	-	8,606
Hoge Island/Island Park Paving	-	60,682
Briardale Paving	-	2,664
Riverside I & II Paving	-	21,708
Ponderosa III Paving	-	1,023
Apple Valley Paving	-	3,665
Sunny View Paving	-	2,882
Lindteigen's Paving	-	9,553
Northwood Estates Paving	-	14,982
Aberle Barbie Prairievew	-	2,287
Circle K	-	4,332
<b>Total Transfers</b>	<b>\$ 9,000,714</b>	<b>\$ 9,000,714</b>

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 (\$7,166,797)
- General fund to the victim witness fund (\$95,000), and to the abandoned cemetery fund (\$6,000)
- Special road and bridge to Phoenix, Lyman, and Fort Rice unorganized townships (\$262,000)
- Sobriety 24/7 program fund to the general fund (\$67,210)
- City recreational areas fund to the county park fund (\$59,458)
- Closure of various debt service funds to the general fund, and to Riverview, Burnt Creek, and Lincoln unorganized townships (\$144,249)

**BURLEIGH COUNTY**

## Notes to the Financial Statements – Continued

**NOTE 21: DEFICIT BALANCES**

The following funds were in a deficit fund balance and cash position at December 31, 2015:

<b>Fund Name</b>	<b>Negative Fund Balance</b>	<b>Negative Cash Balance</b>
Riverview Unorganized Township	\$ (381,700)	\$ (365,114)
Burnt Creek Unorganized Township	(12,212)	-
Lincoln Unorganized Township	(160,537)	(102,301)
City Recreation Area	(25)	(24)
149th Avenue Landfill	(9,700)	(3,200)
East Ridge 1st	(4,215)	(3,338)
Sibley Island/Nelson	(648)	(648)
Skyline Estates	(340)	(340)

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

**NOTE 22: 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, 2015, the most current information available, is as follows:

Cash & Investments	\$ 25,514
Total Revenues	\$ 233,174
Total Expenses	(222,714)
Net Increase/(decrease)	\$ 10,460

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

**NOTE 23: CONSTRUCTION COMMITMENTS**

Burleigh County had several open construction commitments as of December 31, 2015 as follows:

<b>Project</b>	<b>Total Contract</b>	<b>Total Completed</b>	<b>Retainage</b>	<b>Remaining Balance</b>
Bismarck Shop	\$ 12,082,325	\$ 11,986,695	\$ 36,663	\$ 132,293
Salt/Sand Building	992,376	978,375	-	14,001
Burleigh/Morton Detention Center	59,943,679	21,278,501	1,841,153	40,506,331
15th St from 57th Ave to Hwy 1804	700,000	105,623	-	594,377
57th Ave from 15th St West	600,000	310,729	-	289,271
Hwy 10 & 66th St Roundabout	2,703,809	242,010	-	2,461,799
<b>Total</b>	<b>\$ 77,022,189</b>	<b>\$ 34,901,933</b>	<b>\$ 1,877,816</b>	<b>\$ 43,998,072</b>

**BURLEIGH COUNTY**

Notes to the Financial Statements – Continued

**NOTE 24: 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.

Sales tax bonds totaling \$60,000,000 were issued November 16, 2015 to finance the construction costs with Burleigh County paying 85% of the costs and Morton County paying 15% of the costs. The Burleigh County share of the bonds is 85% and the Morton County share of the bonds is 15%.

Additionally, a \$30,000,000 loan line of credit was set up at Wells Fargo for jail construction costs. As of December 31, 2015, \$5,848,284 had been drawn down for construction costs. Subsequent to December 31, 2015, \$1,285,988 of proceeds were requested for reimbursement and received that is included in the total \$5,848,284.

**NOTE 25: PRIOR PERIOD ADJUSTMENT****Change in Accounting Principle – GASB 68 & GASB 71 - Pensions:**

Net position as of January 1, 2015 was restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The result of implementing GASB 68 reduced beginning net position by a total of (\$10,308,988) consisting of the net pension liability (\$9,367,859), and the related deferred inflows of resources (\$1,828,644), and deferred outflows of resources of \$887,515 related to the North Dakota Public Employees Retirement System reduced by employer contributions made to the retirement programs totaling \$596,152.

**Prior Period Adjustment – correction of capital asset errors:**

Additionally, prior period adjustments were necessary to properly report the beginning cost of accumulated depreciation for construction in progress (\$2,459,298), furniture & equipment (\$840), and vehicles \$2,453 totaling \$2,460,911.

A summary of changes to increase/decrease January 1, 2015 beginning net position by (\$7,848,077) for the pension and capital asset items is outlined below:

<b>Governmental Activities (County):</b>	<b>Amounts</b>
Beginning Net Position, as previously reported	\$ 90,602,349
<b>Adjustments to restate the January 1, 2015 Net Position:</b>	
Capital Asset Errors - Cost - CIP	2,459,298
Capital Asset Errors - accumulated deprec. - office furniture	(840)
Capital Asset Errors - accumulated deprec. - mach/vehicles	2,453
Net Pension Liability	(9,367,859)
Pension Deferred Inflows of Resources	(1,828,644)
Pension Deferred Outflows of Resources	887,515
<b>Net Position January 1, 2015, as restated</b>	<b>\$ 82,754,272</b>

BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 8,635,000	\$ 8,635,000	\$ 8,701,891	\$ 66,891
Licenses, permits and fees	260,000	260,000	143,356	(116,644)
Intergovernmental	3,871,000	3,871,000	3,535,607	(335,393)
Charges for services	1,264,000	1,264,000	1,539,707	275,707
Interest income	75,000	75,000	65,054	(9,946)
Miscellaneous	30,000	30,000	18,500	(11,500)
<b>Total Revenues</b>	<b>\$ 14,135,000</b>	<b>\$ 14,135,000</b>	<b>\$ 14,004,115</b>	<b>\$ (130,885)</b>
<u>Expenditures:</u>				
Current:				
General government	\$ 6,195,060	\$ 6,195,060	\$ 5,543,020	\$ 652,040
Public safety	10,444,414	10,444,414	9,878,161	566,253
Health and welfare	130,675	130,675	128,625	2,050
<b>Total Expenditures</b>	<b>\$ 16,770,149</b>	<b>\$ 16,770,149</b>	<b>\$ 15,549,806</b>	<b>\$ 1,220,343</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ (2,635,149)</b>	<b>\$ (2,635,149)</b>	<b>\$ (1,545,691)</b>	<b>\$ 1,089,458</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 7,000	\$ 7,000	\$ 120,368	\$ 113,368
Transfers out	(100,000)	(100,000)	(101,000)	(1,000)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (93,000)</b>	<b>\$ (93,000)</b>	<b>\$ 19,368</b>	<b>\$ 112,368</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,728,149)</b>	<b>\$ (2,728,149)</b>	<b>\$ (1,526,323)</b>	<b>\$ 1,201,826</b>
Fund Balance - January 1	\$ 10,318,666	\$ 10,318,666	\$ 10,318,666	\$ -
<b>Fund Balance - December 31</b>	<b>\$ 7,590,517</b>	<b>\$ 7,590,517</b>	<b>\$ 8,792,343</b>	<b>\$ 1,201,826</b>

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

BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
COUNTY ROAD AND BRIDGE FUND  
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 94,200	\$ 94,200	\$ 95,048	\$ 848
Licenses, permits and fees	5,000	5,000	7,050	2,050
Intergovernmental	13,900	13,900	2,842,045	2,828,145
Charges for services	1,589,400	1,589,400	1,497,898	(91,502)
Miscellaneous	2,107,000	2,107,000	2,100,057	(6,943)
<b>Total Revenues</b>	<b>\$ 3,809,500</b>	<b>\$ 3,809,500</b>	<b>\$ 6,542,098</b>	<b>\$ 2,732,598</b>
<u>Expenditures:</u>				
<u>Current:</u>				
Highways and bridges	\$ 11,929,517	\$ 14,910,000	\$ 14,908,131	\$ 1,869
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (8,120,017)</b>	<b>\$ (11,100,500)</b>	<b>\$ (8,366,033)</b>	<b>\$ 2,734,467</b>
<u>Other Financing Sources (Uses):</u>				
Transfers In	\$ 7,162,000	\$ 7,162,000	\$ 7,166,797	\$ 4,797
<b>Net Change in Fund Balances</b>	<b>\$ (958,017)</b>	<b>\$ (3,938,500)</b>	<b>\$ (1,199,236)</b>	<b>\$ 2,739,264</b>
Fund Balance - January 1	\$ 4,097,137	\$ 4,097,137	\$ 4,097,137	\$ -
<b>Fund Balance - December 31</b>	<b>\$ 3,139,120</b>	<b>\$ 158,637</b>	<b>\$ 2,897,901</b>	<b>\$ 2,739,264</b>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
HIGHWAY GAS TAX FUND  
For the Year Ended December 31, 2015

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 7,162,000	\$ 7,167,000	\$ 7,043,217	\$ (123,783)
<u>Expenditures:</u>	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,162,000	\$ 7,167,000	\$ 7,043,217	\$ (123,783)
<u>Other Financing Sources (Uses):</u>				
Transfers out	\$ (7,162,000)	\$ (7,167,000)	\$ (7,166,797)	\$ 203
Net Change in Fund Balances	\$ -	\$ -	\$ (123,580)	\$ (123,580)
Fund Balance - January 1	\$ 893,229	\$ 893,229	\$ 893,229	\$ -
Fund Balance - December 31	\$ 893,229	\$ 893,229	\$ 769,649	\$ (123,580)

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 5,054,000	\$ 5,054,000	\$ 5,095,975	\$ 41,975
Intergovernmental	2,712,400	2,712,400	2,353,517	(358,883)
Charges for services	3,000	3,000	991	(2,009)
Interest income	1,300	1,300	1,279	(21)
Miscellaneous	5,100	5,100	12,069	6,969
Total Revenues	<u>\$ 7,775,800</u>	<u>\$ 7,775,800</u>	<u>\$ 7,463,831</u>	<u>\$ (311,969)</u>
<u>Expenditures:</u>				
Current:				
Health and welfare	<u>\$ 7,087,297</u>	<u>\$ 7,087,297</u>	<u>\$ 6,383,422</u>	<u>\$ 703,875</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 688,503</u>	<u>\$ 688,503</u>	<u>\$ 1,080,409</u>	<u>\$ 391,906</u>
<u>Other Financing Sources (Uses):</u>				
Transfers out	<u>\$ (1,200,000)</u>	<u>\$ (1,200,000)</u>	<u>\$ (1,200,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (511,497)</u>	<u>\$ (511,497)</u>	<u>\$ (119,591)</u>	<u>\$ 391,906</u>
Fund Balance - January 1	<u>\$ 2,553,165</u>	<u>\$ 2,553,165</u>	<u>\$ 2,553,165</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 2,041,668</u></u>	<u><u>\$ 2,041,668</u></u>	<u><u>\$ 2,433,574</u></u>	<u><u>\$ 391,906</u></u>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

BUDGETARY COMPARISON SCHEDULE  
COUNTY FAIR FUND  
For the Year Ended December 31, 2015

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Interest income	\$ 2,500	\$ 2,500	\$ 18,372	\$ 15,872
Miscellaneous	512,000	512,000	6,012,728	5,500,728
Total Revenues	<u>\$ 514,500</u>	<u>\$ 514,500</u>	<u>\$ 6,031,100</u>	<u>\$ 5,516,600</u>
<u>Expenditures:</u>				
Current:				
Culture and Recreation	<u>\$ 3,133,000</u>	<u>\$ 3,133,000</u>	<u>\$ 390,136</u>	<u>\$ 2,742,864</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,618,500)</u>	<u>\$ (2,618,500)</u>	<u>\$ 5,640,964</u>	<u>\$ 8,259,464</u>
Net Change in Fund Balances	<u>\$ (2,618,500)</u>	<u>\$ (2,618,500)</u>	<u>\$ 5,640,964</u>	<u>\$ 8,259,464</u>
Fund Balance - January 1	<u>\$ 2,821,398</u>	<u>\$ 2,821,398</u>	<u>\$ 2,821,398</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 202,898</u>	<u>\$ 202,898</u>	<u>\$ 8,462,362</u>	<u>\$ 8,259,464</u>

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

PENSION SCHEDULES  
For the Year Ended December 31, 2015

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

	2014	2015
County's proportion of the net pension liability (asset)	1.475901%	1.434633%
County's proportionate share of the net pension liability (asset)	\$ 9,367,859	\$ 9,755,259
County's covered-employee payroll	\$ 12,432,688	\$ 12,780,838
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.35%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	77.15%

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

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

	2014	2015
Statutorily required contribution	\$ 885,207	\$ 909,996
Contributions in relation to the statutorily required contribution	\$ (885,207)	\$ (909,996)
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 12,432,688	\$ 12,780,838
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

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

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BURLEIGH COUNTY  
Bismarck, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2015

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**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information:

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

**NOTE 2: PENSIONS - CHANGES OF ASSUMPTIONS**

Amounts reported in 2015 reflect actuarial assumption changes effective July 1, 2015 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

BURLEIGH COUNTY  
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY  
For the Year Ended December 31, 2015

	Balance 1-1-15	Revenues	Transfers In	Debt Proceeds	Transfers Out	Expenditures	Balance 12-31-15
<b>Major Funds:</b>							
General Fund	\$ 10,318,666	\$ 14,004,115	\$ 120,368	\$ -	\$ 101,000	\$ 15,549,806	\$ 8,792,343
County Road & Bridge	4,097,138	6,542,098	7,166,797	-	-	14,908,131	2,897,902
Highway Gas Tax	893,229	7,043,217	-	-	7,166,797	-	769,649
Social Services	2,553,164	7,463,831	-	-	1,200,000	6,383,422	2,433,573
County Fair	2,821,398	6,031,100	-	-	-	390,136	8,462,362
County Jail Maintenance & Construction	1,976,519	9,665,527	-	20,190,083	-	26,016,315	5,815,814
<b>Total Major Funds</b>	<b>\$ 22,660,114</b>	<b>\$ 50,749,888</b>	<b>\$ 7,287,165</b>	<b>\$ 20,190,083</b>	<b>\$ 8,467,797</b>	<b>\$ 63,247,810</b>	<b>\$ 29,171,643</b>
<b>Nonmajor Funds:</b>							
<b>Special Revenue Funds:</b>							
Phoenix Unorganized Township	\$ 27,885	\$ 11,881	\$ 37,000	\$ -	\$ -	\$ 15,019	\$ 61,747
Lyman Unorganized Township	36,299	13,322	40,000	-	-	2,908	86,713
Riverview Unorganized Township	(427,234)	71,307	61,793	-	-	87,566	(381,700)
Burnt Creek Unorganized Township	(85,185)	174,196	11,236	-	-	112,459	(12,212)
Lincoln Unorganized Township	(293,132)	288,418	18,062	-	-	173,885	(160,537)
Fort Rice Unorganized Township	57,241	37,003	185,000	-	-	26,796	252,448
Special Road and Bridge	262,000	-	-	-	262,000	-	-
County Poor	204,858	-	1,200,000	-	-	1,237,190	167,668
Job Development Authority	1,436	97,516	-	-	-	98,952	-
County Library	-	308,389	-	-	-	308,389	-
Insurance	40,891	208,010	-	-	-	188,377	60,524
Senior Citizens	341,721	727,155	-	-	-	633,292	435,584
Communications Center	1,365,227	1,121,816	-	-	-	1,322,546	1,164,497
Victim/Witness Advocate Program	19,506	129,191	95,000	-	-	213,064	30,633
Emergency Fund	1,309,048	18,913	-	-	-	-	1,327,961
Provident Building	2,118,307	509,692	-	-	-	333,980	2,294,019
Veterans Service Officer	75,100	302,780	-	-	-	316,527	61,353
Social Security	563,080	707,875	-	-	-	913,368	357,587
Comprehensive Health	361,938	1,626,361	-	-	-	1,538,143	450,156
County Advertising	16,231	78,561	-	-	-	74,491	20,301
County Agent	147,515	380,650	-	-	-	348,253	179,912
Weed Control	312,623	287,916	-	-	-	304,962	295,577
County Park	446,733	107,800	59,458	-	-	99,413	514,578
County Preservation	340,411	111,971	-	-	-	58,136	394,246
Sheriff's Drug Asset Foreit	14,367	20,000	-	-	-	-	34,367
State's Attorney Asset Foreit	226,285	41,679	-	-	-	10,012	257,952
Hazardous Chemical Preparedness	11,177	2,212	-	-	-	-	13,389
City Recreation Area	-	182,923	-	-	59,458	123,490	(25)
Sobriety 24/7 Program	77,954	125,117	-	-	67,210	91,971	43,890
Detention Commissary	157,352	63,342	-	-	-	48,232	172,462
County Parking	47,932	2,085	-	-	-	80	49,937
Abandoned Cemetery	368	-	6,000	-	-	5,900	468
<b>Total Special Revenue Funds</b>	<b>\$ 7,777,934</b>	<b>\$ 7,758,081</b>	<b>\$ 1,713,549</b>	<b>\$ -</b>	<b>\$ 388,668</b>	<b>\$ 8,687,401</b>	<b>\$ 8,173,495</b>
<b>Debt Service Funds:</b>							
Special Assessment	\$ 34,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,971
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. Grande Prairie Paving II	34,424	-	-	-	8,606	25,818	-
Rural Spl. Assess. Dist. Hoge Island Paving	60,682	-	-	-	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	-	-	-	1,023	3,068	-
Rural Spl. Assess. Dist. Apple Valley Paving	14,661	-	-	-	3,665	10,996	-
Rural Spl. Assess. Dist. Sunnyview #22	11,527	-	-	-	2,882	8,645	-
Rural Spl. Assess. Dist. Lindteigen's #23	9,553	-	-	-	9,553	-	-
Rural Spl. Assess. Dist. Northwood Estates Paving	14,982	-	-	-	14,982	-	-
Rural Spl. Assess. Dist. Aberle Barbie Prairie View	9,149	-	-	-	2,287	6,862	-
Rural Spl. Assess. Dist. Circle K	17,329	-	-	-	4,332	12,997	-

Continued on next page.....

BURLEIGH COUNTY  
Bismarck, North Dakota

SCHEDULE OF FUND ACTIVITY  
For the Year Ended December 31, 2015

CONTINUED...	Balance 1-1-15	Revenues	Transfers In	Debt Proceeds	Transfers Out	Expenditures	Balance 12-31-15
<u>Debt Service Funds: (Continued)</u>							
Rural Spl. Assess. Dist. Northstar Acres	\$ 18,867	\$ 3,512	\$ -	\$ -	\$ -	\$ 4,751	\$ 17,628
Rural Spl. Assess. Dist. Prairiewood Est.	33,812	18,247	-	-	-	18,052	34,007
Rural Spl. Assess. Dist. Ashwood Est. I-III	46,779	29,367	-	-	-	30,405	45,741
Rural Spl. Assess. Dist. Foxhaven II & IV	19,726	9,682	-	-	-	11,401	18,007
Rural Spl. Assess. Dist. Rolling Meadows	23,705	18,375	-	-	-	21,854	20,226
Rural Spl. Assess. Dist. Ashwood Est. IV	11,908	6,323	-	-	-	8,551	9,680
Rural Spl. Assess. Dist. Brookfield Estates	23,182	23,208	-	-	-	25,358	21,032
Rural Spl. Assess. Dist. Westwood/Briese	6,954	8,746	-	-	-	10,442	5,258
Rural Spl. Assess. Dist. Shamrock Acres 2005	50,616	27,151	-	-	-	32,816	44,951
Rural Spl. Assess. Dist. Harvest Grove 1st	34,521	19,411	-	-	-	22,374	31,558
Rural Spl. Assess. Dist. Falconer 2005	19,769	9,454	-	-	-	10,442	18,781
Rural Spl. Assess. Dist. Brentwood Estates	45,974	21,477	-	-	-	26,849	40,602
Rural Spl. Assess. Dist. High Top Acres	29,498	20,635	-	-	-	20,883	29,250
Rural Spl. Assess. Dist. Green Acres	65,531	40,067	-	-	-	46,274	59,324
Rural Spl. Assess. Dist. Three Bears	11,810	1,839	-	-	-	3,615	10,034
Rural Spl. Assess. Dist. Spruce Hill/Creek	46,635	14,515	-	-	-	22,414	38,736
Rural Spl. Assess. Dist. 149th Avenue Northwest	9,460	-	-	-	-	-	9,460
Rural Spl. Assess. Dist. Prairiewood Estates 2nd	56,370	68,262	-	-	-	79,381	45,251
Rural Spl. Assess. Dist. 4 K's Chip Seal Project	1,854	-	-	-	-	-	1,854
Rural Spl. Assess. Dist. Rural Spl. Assess. Dist. Crescent Ridge	9,271	6,142	-	-	-	7,851	7,562
Rural Spl. Assess. Dist. 149th Avenue Landfill	(16,500)	6,800	-	-	-	-	(9,700)
Rural Spl. Assess. Dist. East Ridge 1st	(6,267)	2,052	-	-	-	-	(4,215)
Rural Spl. Assess. Dist. Prairie Place	61,717	30,679	-	-	-	25,291	67,105
Rural Spl. Assess. Dist. Praire Pines Paving	22,850	39,652	-	-	-	45,612	16,890
Rural Spl. Assess. Dist. Northridge Estates Chip Seal	(20,190)	31,791	-	-	-	-	11,601
Rural Spl. Assess. Dist. Secluded Acres 2nd & 3rd	4,403	25,128	-	-	-	11,748	17,783
Rural Spl. Assess. Dist. Secluded Acres West	3,871	22,362	-	-	-	10,129	16,104
<b>Total Debt Service Funds</b>	<b>\$ 863,733</b>	<b>\$ 504,877</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 144,250</b>	<b>\$ 564,879</b>	<b>\$ 659,481</b>
<u>Capital Projects Funds:</u>							
Rural Spl. Assess. Dist. Countryside Estates Chip Seal	\$ (657)	\$ 3,271	\$ -	\$ -	\$ -	\$ 635	\$ 1,979
Rural Spl. Assess. Dist. Sibley Island/Nelson	(648)	-	-	-	-	-	(648)
Rural Spl. Assess. Dist. Skyline Estates	(340)	-	-	-	-	-	(340)
Rural Spl. Assess. Dist. Brookfield Drain	2,376	-	-	-	-	-	2,376
<b>Total Capital Projects Funds</b>	<b>\$ 731</b>	<b>\$ 3,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 635</b>	<b>\$ 3,367</b>
<b>Total Nonmajor Funds</b>	<b>\$ 8,642,398</b>	<b>\$ 8,266,229</b>	<b>\$ 1,713,549</b>	<b>\$ -</b>	<b>\$ 532,918</b>	<b>\$ 9,252,915</b>	<b>\$ 8,836,343</b>
<b>Total Reporting Entity</b>	<b>\$ 31,302,512</b>	<b>\$ 59,016,117</b>	<b>\$ 9,000,714</b>	<b>\$ 20,190,083</b>	<b>\$ 9,000,715</b>	<b>\$ 72,500,725</b>	<b>\$ 38,007,986</b>

BURLEIGH COUNTY  
Bismarck, North Dakota  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>		
<b><u>Passed through State Department of Transportation:</u></b>		
State and Community Highway Safety	20.600	\$ 1,500
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	8,383
National Priority Safety Programs	20.616	<u>11,439</u>
Total U.S. Department of Transportation		<u>\$ 21,322</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>		
<b><u>Passed through the State Department of Human Services:</u></b>		
Special Programs for the Aging-Title III, Part B-Grants for Supportive and Senior Citizens	93.044	\$ 9,834
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	499,206
Promoting Safe and Stable Families	93.556	39,557
Temporary Assistance for Needy Families	93.558	** 743,708
Child Support Enforcement	93.563	75,224
Child Care Mandatory and Matching Funds of the Child Care & Development Fund	93.596	47,815
Children's Justice Grants to States	93.643	60
Stephane Tubbs Jones Child Welfare Services Program	93.645	3,326
Foster Care-Title IV-E - Recovery	93.658	365,714
Adoption Assistance	93.659	4,740
Medical Assistance Program	93.778	(1,870)
HIV Prevention Activities-Health Department Based	93.940	946
Maternal and Child Health Services Block Grant to the States	93.994	<u>5,026</u>
Total State Department of Human Services		<u>\$ 1,793,286</u>
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>		
<b><u>Passed through the State Attorney General's Office:</u></b>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>\$ 4,267</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>		
<b><u>Passed through the State Department of Human Services:</u></b>		
Nutrition Program for the Elderly-Commodities	10.570	<u>\$ 166,032</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>		
<b><u>Passed through the State Department of Game and Fish:</u></b>		
Boating Safety Financial Assistance	97.012	\$ 4,823
<b><u>Passed through the State Department of Emergency Services:</u></b>		
Emergency Management Performance Grants	97.042	<u>58,296</u>
Total U.S. Department of Homeland Security		<u>\$ 63,119</u>
<b><u>U.S. DEPARTMENT OF INTERIOR:</u></b>		
<b><u>Passed through North Dakota Game and Fish Department:</u></b>		
Sport Fish Restoration Program	15.605	\$ 27,168
Wildlife Restoration and Basic Hunter Education	15.611	<u>1,853</u>
Total U.S. Department of Interior		<u>\$ 29,021</u>
Total Expenditures of Federal Awards		<u>\$ 2,077,047</u>

\*\* - Major Program

**NOTE 1: BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Burleigh County under programs of the federal government for the year ended December 31, 2015. The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portions of the operations of Burleigh County, it is not intended to be 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 Subpart E of the Uniform Guidance, wherein certain types of expenditures are allowable or are limited as to reimbursement.

STATE AUDITOR

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

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Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County, Bismarck, North Dakota as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Burleigh County's basic financial statements, and have issued our report thereon dated June 13, 2016.

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

**BURLEIGH COUNTY**

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

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**Purpose of this Report**

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



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 13, 2016

**STATE AUDITOR**

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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Independent Auditor's Report

Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

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

We have audited Burleigh County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Burleigh County's major federal program for the year ended December 31, 2015. Burleigh County's major federal program is 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Burleigh County's major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of Burleigh County's compliance.

***Opinion on Each Major Federal Programs***

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 its major federal program for the year ended December 31, 2015.

## **BURLEIGH COUNTY**

Report on Compliance for Each Major Federal Programs; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance - Continued

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Burleigh County as of and for the year ended December 31, 2015, and have issued our report thereon dated June 13, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 13, 2016

BURLEIGH COUNTY  
Bismarck, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2015

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

Financial Statements

Type of Report Issued?

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

Internal Control over financial reporting:

Material weaknesses identified?        Yes   X   None noted

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

Noncompliance material to financial statements noted?        Yes   X   None noted

Federal Awards

Internal Control over major programs:

Material weaknesses identified?        Yes   X   None noted

Significant deficiencies identified not considered to be material weaknesses?        Yes   X   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 CFR §200.516 (Uniform Guidance) requirements?        Yes   X   None noted

Identification of major programs:

CFDA Numbers	Name of Federal Program Or Cluster
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and B programs:   \$750,000  

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.

**STATE AUDITOR**

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Board of County Commissioners  
Burleigh County  
Bismarck, North Dakota

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Burleigh County for the year ended December 31, 2015, and have issued our report thereon dated June 13, 2016. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated March 3, 2016, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered Burleigh County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and for reporting on the schedule of expenditures of federal awards required by the Uniform Guidance.

As part of obtaining reasonable assurance about whether 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 and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Burleigh County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on Burleigh County's compliance with those requirements over each major federal program. While our audit provides a reasonable basis for our opinion over compliance for each major federal program, it does not provide a legal determination on Burleigh County's compliance with those requirements.

**SIGNIFICANT ACCOUNTING POLICIES/QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Burleigh County are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended December 31, 2015. GASB Statement 68 (Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27), and GASB Statement 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68) were adopted during the year ended December 31, 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

**CORRECTED AND UNCORRECTED MISSTATEMENTS**

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

**DISAGREEMENTS WITH MANAGEMENT**

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

**MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated June 13, 2016.

**MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the county's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**OTHER AUDIT FINDINGS OR ISSUES**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and management of Burleigh County, is not intended to be, and should not be used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Burleigh County for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Burleigh County.



Robert R. Peterson  
State Auditor

Fargo, North Dakota  
June 13, 2016

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