



Ransom County

Lisbon, North Dakota

Audit Report

For the Year Ended December 31, 2015

ROBERT R. PETERSON
STATE AUDITOR

Office of the State Auditor
Division of Local Government

RANSOM COUNTY
Lisbon, North Dakota

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RANSOM COUNTY
Lisbon, North Dakota

COUNTY OFFICIALS

December 31, 2015

George Bunn
Neil Olerud
Connie Gilbert
Steve Dick
Norm Hanson

Kristi Johnson
Norine Erickson
Suzanne Anderson
Susan J. Froemke
Bea Roach
Darren Benneweis
Fallon Kelly

Chairman
Vice-chairman
Commissioner
Commissioner
Commissioner

County Auditor
County Treasurer
Superintendent of Schools
Register of Deeds
Clerk of Court
Sheriff
State's Attorney

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Ransom County
Lisbon, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ransom County, Lisbon, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ransom County, Lisbon, North Dakota, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

RANSOM COUNTY

Independent Auditor's Report - Continued

Emphasis of a Matter

As discussed in Note 24 to the financial statements, Ransom County adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to 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 *budgetary comparison information, pension schedules, and notes to the required supplementary information* on pages 30-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 on our consideration of Ransom 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 Ransom County's internal control over financial reporting and compliance.



Robert R. Peterson
State Auditor

Fargo, North Dakota
November 3, 2016

RANSOM COUNTY
Lisbon, North Dakota
STATEMENT OF NET POSITION
December 31, 2015

	Primary	Component Units	
	Government	Water	RC - MR Water
	Governmental	Resource	Resource
	Activities	District	District
ASSETS			
Cash, Cash Equivalents and Investments	\$ 5,755,467	\$ 272,663	\$ 4,583
Accounts Receivable	42,655	-	-
Intergovernmental Receivable	261,800	-	-
Road Accounts Receivable	9,347	-	-
Taxes Receivable	46,962	3,660	-
Loan Receivable	-	41,960	-
Capital Assets (not being depreciated):			
Land	12,101	-	-
Construction in Progress	6,686,035	-	-
Capital Assets (net of accumulated depreciation):			
Buildings	1,703,087	-	-
Other Building Improvements	-	136,489	-
Equipment & Vehicles	1,135,949	76,132	-
Infrastructure	1,681,514	-	-
Total Capital Assets	<u>\$ 11,218,686</u>	<u>\$ 212,621</u>	<u>\$ -</u>
Total Assets	<u>\$ 17,334,917</u>	<u>\$ 530,904</u>	<u>\$ 4,583</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	\$ 87,678	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	<u>\$ 17,422,595</u>	<u>\$ 530,904</u>	<u>\$ 4,583</u>
LIABILITIES:			
Accounts Payable	\$ 62,177	\$ 4,834	\$ -
Salary and Benefits Payable	42,062	726	-
Grants Received in Advance	348,704	-	-
Retainage Payable	341,549	-	-
Interest Payable	15,239	-	-
Long-Term Liabilities:			
Due Within One Year:			
Capital Leases Payable	17,128	-	-
Bond Payable	140,000	-	-
Loan Payable	-	-	-
Bond Premium - Unamortized	4,796	-	-
Compensated Absences Payable	59,981	-	-
Due After One Year:			
Capital Leases Payable	207,931	-	-
Bond Payable	2,860,000	-	-
Loan Payable	-	-	17,960
Bond Premium - Unamortized	62,343	-	-
Compensated Absences Payable	25,706	-	-
Net Pension Liability	1,017,581	-	-
Total Liabilities	<u>\$ 5,205,197</u>	<u>\$ 5,560</u>	<u>\$ 17,960</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	\$ 131,392	\$ -	\$ -
Total Liabilities and Deferred Inflows of Resources	<u>\$ 5,336,589</u>	<u>\$ 5,560</u>	<u>\$ 17,960</u>
NET POSITION			
Net Investment in Capital Assets	\$ 7,993,627	\$ 212,621	\$ -
Restricted for:			
Public Safety	172,900	-	-
Highways and Bridges	2,472,801	-	-
Health and Welfare	370,070	-	-
Culture and Recreation	6,024	-	-
Conservation of Natural Resources	164,827	270,763	-
Emergencies	171,378	-	-
Loans	-	41,960	-
Unrestricted	734,379	-	(13,377)
Total Net Position	<u>\$ 12,086,006</u>	<u>\$ 525,344</u>	<u>\$ (13,377)</u>

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

RANSOM COUNTY
Lisbon, 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		
		Fees, Fines, Forfeits and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Units	
					Governmental Activities	Water Resource District	RC - Maple River Water Resource District
Primary Government:							
General Government	\$ 1,662,967	\$ 171,117	\$ 124,493	\$ -	\$ (1,367,357)		
Public Safety	550,868	259,872	5,373	-	(285,623)		
Highways and Bridges	1,907,031	12,916	1,351,885	856,702	314,472		
Flood Repair	283,161	-	283,161	-	-		
Health and Welfare	847,329	226,275	210,774	-	(410,280)		
Culture and Recreation	23,380	-	-	-	(23,380)		
Conservation of Natural Resources	202,379	21,197	-	-	(181,182)		
Economic Development	13,691	-	-	-	(13,691)		
Emergency	-	-	38,887	-	38,887		
Interest on Long-Term Debt	25,761	-	-	-	(25,761)		
Total Governmental Activities	\$ 5,516,567	\$ 691,377	\$ 2,014,573	\$ 856,702	\$ (1,953,915)		
Component Units:							
Ransom County WRD	\$ 250,675	\$ 63,777	\$ 101,543	\$ -	\$ (85,355)	\$ -	
Ransom County - Maple River WRD	18,812	-	-	-	-	(18,812)	
Total Component Units	\$ 269,487	\$ 63,777	\$ 101,543	\$ -	\$ (85,355)	\$ (18,812)	
General Revenues:							
Taxes:							
Property taxes; levied for general purposes				\$ 441,836	\$ 126,732	\$ -	
Property taxes; levied for special purposes				1,830,386	24,642	26,918	
Non Restricted Grants and Contributions				726,067	-	-	
Unrestricted Investment Earnings				22,267	221	-	
Miscellaneous Revenue				111,219	11,538	-	
Total General Revenues				\$ 3,131,775	\$ 163,133	\$ 26,918	
Change in Net Position				\$ 1,177,860	\$ 77,778	\$ 8,106	
Net Position - January 1				\$ 11,831,145	\$ 423,566	\$ (21,483)	
Prior Period Adjustment				(922,999)	24,000	-	
Net Position - January 1, as restated				\$ 10,908,146	\$ 447,566	\$ (21,483)	
Net Position - December 31				\$ 12,086,006	\$ 525,344	\$ (13,377)	

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

RANSOM COUNTY
Lisbon, North Dakota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	General	County Road & Bridge	Farm to Market Road	FEMA Flood	Equipment & Improvement	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
ASSETS:								
Cash and Cash Equivalents	\$ 850,000	\$1,721,067	\$ 171,198	\$ 348,704	\$ 1,077,996	\$ 11,089	\$ 1,575,413	\$ 5,755,467
Intergovernmental Receivable	139,774	101,327	-	-	-	-	20,699	261,800
Accounts Receivable	18,077	-	-	-	-	-	24,578	42,655
Road Receivables	-	9,347	-	-	-	-	-	9,347
Taxes Receivable	8,939	3,245	6,491	-	-	712	27,575	46,962
Total Assets	\$1,016,790	\$1,834,986	\$ 177,689	\$ 348,704	\$ 1,077,996	\$ 11,801	\$ 1,648,265	\$ 6,116,231
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 15,316	\$ -	\$ 28,518	\$ -	\$ -	\$ -	\$ 18,343	\$ 62,177
Salaries Payable	10,563	25,259	-	-	-	-	6,240	42,062
Grants Received in Advance	-	-	-	348,704	-	-	-	348,704
Total Liabilities	\$ 25,879	\$ 25,259	\$ 28,518	\$ 348,704	\$ -	\$ -	\$ 24,583	\$ 452,943
Deferred Inflows of Resources:								
Road Receivables	\$ -	\$ 9,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,347
Taxes Receivable	8,939	3,245	6,491	-	-	712	27,575	46,962
Total Deferred Inflows of Resources:	\$ 8,939	\$ 12,592	\$ 6,491	\$ -	\$ -	\$ 712	\$ 27,575	\$ 56,309
Total Liabilities and Deferred Inflows of Resources	\$ 34,818	\$ 37,851	\$ 35,009	\$ 348,704	\$ -	\$ 712	\$ 52,158	\$ 509,252
Fund Balances:								
Restricted for:								
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,089	\$ -	\$ 11,089
Public Safety	-	-	-	-	-	-	318,438	318,438
Highways and Bridges	-	1,797,135	142,680	-	-	-	-	1,939,815
Health and Welfare	-	-	-	-	-	-	678,188	678,188
Culture and Recreation	-	-	-	-	-	-	5,751	5,751
Conservation of Natural Resources	-	-	-	-	-	-	179,717	179,717
Emergency	-	-	-	-	-	-	206,773	206,773
Other Purposes & General Government	-	-	-	-	-	-	210,534	210,534
Committed for:								
Highways and Bridges	-	-	-	-	1,077,996	-	-	1,077,996
Unassigned:	981,972	-	-	-	-	-	(3,294)	978,678
Total Fund Balances	\$ 981,972	\$1,797,135	\$ 142,680	\$ -	\$ 1,077,996	\$ 11,089	\$ 1,596,107	\$ 5,606,979
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,016,790	\$1,834,986	\$ 177,689	\$ 348,704	\$ 1,077,996	\$ 11,801	\$ 1,648,265	\$ 6,116,231

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

RANSOM COUNTY
Lisbon, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2015

Total *Fund Balances* of Governmental Funds \$ 5,606,979

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, therefore, are not reported in the governmental funds.

Cost of Capital Assets	\$14,288,784	
Less Accumulated Depreciation	<u>(3,070,098)</u>	11,218,686

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

Property Taxes Receivable	\$ 46,962	
Road Department Accounts Receivable	<u>9,347</u>	56,309

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

Deferred Outflows Related to Pensions	\$ 87,678	
Deferred Inflows Related to Pensions	<u>(131,392)</u>	(43,714)

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term- are reported in the statement of net position. Balances at December 31, 2015 are:

Bonds Payable	\$ (3,000,000)	
Capital Leases Payable	(225,059)	
Interest Payable	(15,239)	
Bond Premium - Unamortized	(67,139)	
Retainage Payable	(341,549)	
Compensated Absences Payable	(85,687)	
Net Pension Liability	<u>(1,017,581)</u>	
Total Long-Term Liabilities		<u>(4,752,254)</u>

Total Net Position of Governmental Activities \$ 12,086,006

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

RANSOM COUNTY
Lisbon, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General	County Road & Bridge	Farm to Market Road	FEMA Flood	Equipment & Improvement	Debt Service Funds	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>								
Taxes	\$ 446,457	\$ 157,672	\$ 315,343	\$ -	\$ -	\$ 33,951	\$ 1,333,231	\$ 2,286,654
Intergovernmental	727,461	865,716	622,000	283,161	-	-	242,302	2,740,640
Charges for Services	356,470	14,325	-	-	-	-	318,465	689,260
Licenses, Permits and Fees	3,526	-	-	-	-	-	-	3,526
Interest Income	22,267	-	-	-	-	-	-	22,267
Miscellaneous	33,295	37,761	-	-	-	-	40,163	111,219
Total Revenues	\$1,589,476	\$1,075,474	\$ 937,343	\$ 283,161	\$ -	\$ 33,951	\$ 1,934,161	\$ 5,853,566
<u>Expenditures:</u>								
Current:								
General Government	\$ 769,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,851	\$ 1,651,905
Public Safety	402,794	-	-	-	-	-	142,261	545,055
Highways and Bridges	-	736,404	902,321	-	21,875	3,060,395	-	4,720,995
Flood Repair	-	-	-	283,161	-	-	-	283,161
Health and Welfare	228,936	-	-	-	-	-	604,825	833,761
Economic Development	-	-	-	-	-	-	13,691	13,691
Culture and Recreation	-	-	-	-	-	-	23,381	23,381
Conserv. of Natural Resources	-	-	-	-	-	-	223,742	223,742
Debt Service:								
Principal	-	16,491	-	-	-	30,000	-	46,491
Interest & Fees	-	9,340	-	-	-	1,395	-	10,735
Total Expenditures	\$1,400,784	\$ 762,235	\$ 902,321	\$ 283,161	\$ 21,875	\$ 3,091,790	\$ 1,890,751	\$ 8,352,917
Excess (Deficiency) of Revenues Over Expenditures	\$ 188,692	\$ 313,239	\$ 35,022	\$ -	\$ (21,875)	\$ (3,057,839)	\$ 43,410	\$ (2,499,351)
<u>Other Financing Sources (Uses):</u>								
Transfers in	\$ 25	\$ -	\$ -	\$ -	\$ 201,184	\$ -	\$ -	\$ 201,209
Bond Proceeds	-	-	-	-	-	3,000,000	-	3,000,000
Premium	-	-	-	-	-	67,139	-	67,139
Transfers out	(201,186)	(2)	(4)	-	-	(1)	(16)	(201,209)
Total Other Financing Sources and Uses	\$ (201,161)	\$ (2)	\$ (4)	\$ -	\$ 201,184	\$ 3,067,138	\$ (16)	\$ 3,067,139
Net Change in Fund Balances	\$ (12,469)	\$ 313,237	\$ 35,018	\$ -	\$ 179,309	\$ 9,299	\$ 43,394	\$ 567,788
Fund Balances - January 1	\$ 994,441	\$ 1,483,898	\$ 107,662	\$ -	\$ 898,687	\$ 1,790	\$ 1,552,713	\$ 5,039,191
Fund Balances - December 31	\$ 981,972	\$ 1,797,135	\$ 142,680	\$ -	\$ 1,077,996	\$ 11,089	\$ 1,596,107	\$ 5,606,979

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

RANSOM COUNTY
Lisbon, 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 \$ 567,788

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 outlay and capital contributions exceeded depreciation expense in the current year.

Current Year Capital Outlay	\$ 3,171,814	
Capital Contributions	856,702	
Current Year Depreciation Expense	<u>(295,236)</u>	3,733,280

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

Repayment of Debt - Bonds	\$ 30,000	
Repayment of Debt - Leases	<u>16,491</u>	46,491

Issuance of debt increases liabilities in the statement of net position, but are other financing sources on the modified accrual basis. This is the debt issuance:

Issuance of Debt		(3,000,000)
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Bond premium amortization is a reduction to interest expense as it is amortized over the life of the outstanding bonds using the straight-line method. Bond discounts are amortized over the life of the bond using the straight-line method (as interest expense):

Premium Amortization		(67,139)
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Increase in Interest Payable	\$ (15,026)	
Increase in Retainage Payable	(86,026)	
Decrease in Compensated Absences	<u>7,167</u>	(93,885)

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

Net Decrease in Taxes Receivable	\$ (14,432)	
Net Decrease in Road Receivables	<u>(1,409)</u>	(15,841)

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

Increase in Net Pension Liability	\$ (50,253)	
Decrease in Deferred Outflows of Resources Related to Pensions	(15)	
Decrease in Deferred Inflows of Resources Related to Pensions	<u>57,434</u>	<u>7,166</u>

Change in Net Position of Governmental Activities		<u>\$ 1,177,860</u>
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The notes to the financial statements are an integral part of this statement.

RANSOM COUNTY
Lisbon, North Dakota

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$ 1,839,362</u>
<u>LIABILITIES</u>	
Due to Other Governments	<u>\$ 1,839,362</u>

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

RANSOM COUNTY
Lisbon, North Dakota
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ransom 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 Ransom County. The county has considered all potential component units for which the county is financially accountable and other organizations for which the nature and significance of their relationships with the county such that exclusion would cause the county's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Ransom 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 Ransom County.

Based on these criteria, there are two discretely presented component units to be included within Ransom County as a reporting entity and one blended component unit as outlined below.

COMPONENT UNITS

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

Blended Component Unit: Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Ransom County Public Health Unit: - The activities of the Ransom County Public Health Unit have been blended in the activities of the general fund as the health unit only serves Ransom County. The Public Health Unit does not have the right to sue in its own name without recourse to the county. Therefore it is reported as if it were part of the county's operations.

Discretely Presented Component Unit: The component unit columns in the basic financial statements includes the financial data of the county's two discretely presented component units. These units are reported in separate columns to emphasize that it is legally separate from the county.

Ransom County Water Resource District - The County's governing board appoints a voting majority of the members of the Ransom County Water Resource District Board. The county has the authority to approve or modify the Water Resource District operational and capital budgets. The county also must approve the tax levy established by the Water Resource District. Complete financial statements of the individual component unit can be obtained from the Secretary-Treasurer, Ransom County Water Resource District, Box 388, Lisbon, ND, 58054.

RANSOM COUNTY

Notes to the Financial Statements – Continued

Ransom County-Maple River Water Resource District - The County's governing board appoints a voting majority of the members of the Ransom County –Maple River Water Resource District Board. The county has the authority to approve or modify the Water Resource District operational and capital budgets. The county also must approve the tax levy or drain assessments established by the Water Resource District. Complete financial statements of the individual component unit can be obtained from the Secretary-Treasurer, Ransom County Water Resource District, Box 388, Lisbon, ND, 58054.

Related Organizations - Ransom County is also responsible for levying property taxes for various organizations but the county's accountability for these entities does not extend beyond the levying the tax. In 2015, the county remitted the following tax collections to the following organizations.

	2015
Historical Society	\$ 10,280
Fair Board	78,000
Ambulance Authority	80,551

B. Basis of Presentation

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

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

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 non-major funds.

The county reports the following major governmental funds:

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

County Road & Bridge Fund. This fund accounts for repair and improvement of highways and bridges that are legally restricted from local tax levies and state highway tax distribution.

Farm to Market Road Fund. This fund accounts for repair and improvement (bituminous surfacing) of highways financed primarily through a tax levy.

RANSOM COUNTY

Notes to the Financial Statements – Continued

FEMA Flood Fund. This is the County's fund used to account for federal disaster recovery funds received and used for repairs caused by flooding. Restricted state and federal grants/reimbursements are the primary revenue source in this fund.

Equipment & Improvement Fund. This fund accounts for collection of funds that will be used for payment of a road construction projects.

Debt Service Funds. This fund accounts for resources accumulated to pay off debt service on the 2015 general obligation bonds and the 2007 general obligation bonds.

The County reports the following fund type:

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

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

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

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

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

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

D. Cash, Cash Equivalents, and Investments

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

RANSOM COUNTY

Notes to the Financial Statements – Continued

The investments of the county during the year ended December 31, 2015 consist of certificates of deposit stated at fair value.

E. Capital Assets**PRIMARY GOVERNMENT:**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired prior to January 1, 2006 consisting of various road and bridge network assets are not reported in the financial statements, as the County was required to prospectively report infrastructure assets beginning January 1, 2006 as a Phase III GASB 34 implementation entity. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	50
Improvements other than Buildings	25
Machinery and Equipment	15
Vehicles	5
Office Equipment	3
Infrastructure	25

DISCRETELY PRESENTED COMPONENT UNITS:

Capital assets of the Ransom County Water Resource District, a discretely presented component unit of Ransom County, include property and equipment. Assets are reported in a discretely presented component unit column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets of the Water Resource District are depreciated using the straight-line method over the following estimated useful lives

Assets	Years
Other Building Improvements	30
Equipment and Vehicles	3-10

RANSOM COUNTY

Notes to the Financial Statements – Continued

F. Compensated Absences 0

Vacation leave is earned by county employees at the rate of 8 hours to 16 hours per month/prorated for part-time benefitted employees depending on years of service. Up to 240 hours of vacation leave may be carried over at each year-end by all county employees. Sick leave benefits are earned by all benefitted employees at the rate of one day per month/prorated for part-time benefitted employees regardless of the years of service. An unlimited number of sick leave hours may be carried over and employees are not paid for sick leave upon termination of employment. Vested or accumulated vacation leave is reported in government-wide statement of net position and the change in compensated absences is reported by expense function in the statement of activities.

Years of Service	Hours per Month
1 through 3 years	8
4 through 7 years	10
8 through 12 years	12
13 through 18 years	14
19 years and above	16

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, when significant, are amortized over the life of the bonds. Bond premiums and discounts when not significant are recognized in the year of issuance. Bond issuance costs are recognized in the current period in accordance with current standards.

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

H. Pension

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

I. Fund Balances

GASB Statement No. 54 established fund balance classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

Fund Balance Spending Policy:

It is the policy of Ransom 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:

It is the goal of Ransom County to try to maintain a \$350,000 minimum general fund balance.

RANSOM COUNTY

Notes to the Financial Statements – Continued

Major Special Revenue Fund Purposes & Revenue Sources:

Purposes and major revenue sources of the major special revenue funds (County Road & Bridge, Farm to Market Road, FEMA Flood, and Equipment Improvement) are disclosed in more detail in Note 1B.

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

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

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

Ransom County only has restricted, committed, and unassigned fund balances at December 31, 2015.

Unassigned Fund Balances:

Unassigned fund balances at year-end 2015 consists of an amount in the general fund totaling \$981,972, which was 70.1% of total 2015 general fund expenditures.

Restricted Fund Balances:

Restricted fund balances are shown by primary function on the balance sheet for general government (reported in other governmental funds for social security, insurance reserve, advertising, cemetery, and technology), public safety, highways and bridges, health and welfare, culture and recreation, conservation of natural resources, emergencies, and debt service. Restricted fund balances are restricted by enabling legislation (primarily state law for tax levies) and by outside 3rd parties (State & Federal governments for various grants & reimbursements and bond indentures).

RANSOM COUNTY

Notes to the Financial Statements – Continued

Special Revenue Funds – Restricted & Committed Fund Balances:

- (a) Restricted by specified tax levies and/or restricted Federal & State grants/reimbursements totaling \$3,550,305:
 - Restricted tax levies – includes fund balances for various tax levies other than the general fund.
 - Restricted grants/reimbursements – primarily includes FEMA funds, other grant funds, and highway tax distribution.
- (b) Committed fund balances (special revenue funds) – committed by governing board county commission action;
 - Committed in a special revenue fund (equipment & improvements) for county equipment and infrastructure related projects (\$1,077,996) for highways and bridges.

Net Position:

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

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

Restrictions of net position shown in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements. Restrictions of net position in the statement of net position are shown by primary function and are restricted for debt service, public safety, highways and bridges, health and welfare, culture and recreation, conservation of natural resources, emergencies, and general government purposes (insurance reserve, social security, advertising, cemetery, and technology).

Unrestricted net position is primarily unrestricted amounts related to the general fund. The unrestricted net position is available to meet the district's ongoing obligations.

I. Interfund Transactions

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

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

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

NOTE 2: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The board of county commissioners amended the county budgeted expenditures and transfers out for the year ended December 31, 2015 as follows:

Fund	EXPENDITURES		
	Original Budget	Amendment	Amended Budget
Farm to Market Road Fund	\$ 316,450	\$ 598,769	\$ 915,219

RANSOM COUNTY

Notes to the Financial Statements – Continued

NOTE 3: DEPOSITS

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

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

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by 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 \$7,594,229, and bank balances totaled \$7,414,461. Of the bank balances, \$1,250,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

The Ransom County Water Resource District's carrying amount of deposits was \$272,663 and the bank balances were \$274,691, all of which was covered entirely by Federal Depository Insurance.

The Ransom County-Maple River Water Resource District's carrying amount of deposits was \$4,583 and the bank balances were \$4,583, all of which was covered entirely by Federal Depository Insurance.

Credit Risk:

The county and its component units 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 had certificates of deposit totaling \$3,172,315 and the Ransom County Water Resource District held \$121,521, which are all considered deposits.

Interest Rate Risk:

The County and its component units do not have a formal deposit policy that limits maturities as a means of managing exposure to fair-value losses arising from increasing interest rates.

RANSOM COUNTY

Notes to the Financial Statements – Continued

Concentration of Credit Risk:

The county and component units do not have a limit on the amount they may invest in any one issuer.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due for sheriff's fees, contract policing, and prisoner boarding fees. No allowance has been established for estimated uncollectible accounts receivable.

NOTE 5: INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables consist of amounts due from the state for the state and federal share of various social service programs, highway tax distribution, state revenue sharing, and other state and federal grants.

NOTE 6: ROAD ACCOUNTS RECEIVABLE

Road accounts receivable consist of amounts due for road work for townships, cities, and private citizens.

NOTE 7: TAXES RECEIVABLE

The taxes receivable represents the past two years of delinquent uncollected taxes. No allowance has been established for uncollectible taxes receivable because any defaults will be covered by enforcement of the liens.

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

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

Most property owners choose to pay property taxes on or before February 15 and receive the 5% discount on the property taxes.

NOTE 8: LOANS RECEIVABLE

The Ransom County Water Resource District (a component unit of Ransom County) issued a loan to Ransom County – Maple River Water Resource District (a component unit of Ransom County) to aid them in operating expenses. There is no payment schedule set up for the collection of this loan. It is presumed that Ransom County-Maple River Water Resource District will pay it back once their bond payments have matured, which is set to occur in FY2015. The amount receivable at FY2015 year-end totaled \$41,960.

RANSOM 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 for the primary government:

Governmental Activities:	Balance Jan. 1	Adjustments	Increases	Decreases	Balance Dec. 31
<i>Capital assets not being depreciated:</i>					
Land	\$ 12,101	\$ -	\$ -	\$ -	\$ 12,101
Construction in Progress	2,555,229	206,829	3,923,977	-	6,686,035
Total Capital Asset not being depreciated	\$ 2,567,330	\$ 206,829	\$ 3,923,977	\$ -	\$ 6,698,136
<i>Capital assets, being depreciated:</i>					
Buildings	\$ 2,401,524	\$ -	\$ -	\$ -	\$ 2,401,524
Equipment & Vehicles	2,635,494	104,912	104,540	-	2,844,946
Infrastructure	2,344,179	-	-	-	2,344,179
Total Capital Assets, Being Depreciated	\$ 7,381,197	\$ 104,912	\$ 104,540	\$ -	\$ 7,590,649
<i>Less accumulated depreciation for:</i>					
Buildings	\$ 655,069	\$ -	\$ 43,368	\$ -	\$ 698,437
Equipment & Vehicles	1,626,166	(75,270)	158,101	-	1,708,997
Infrastructure	568,898	-	93,767	-	662,665
Total Accumulated Depreciation	\$ 2,850,133	\$ (75,270)	\$ 295,236	\$ -	\$ 3,070,099
Total Capital Assets Being Depreciated, Net	\$ 4,531,064	\$ 180,182	\$ (190,696)	\$ -	\$ 4,520,550
Governmental Activities - Capital Assets, Net	\$ 7,098,394	\$ 387,011	\$ 3,733,281	\$ -	\$ 11,218,686

Depreciation expense was charged to functions/programs of the county as follows for the year ended December 31, 2015:

Governmental Activities:	Amounts
General Government	\$ 16,964
Public Safety	40,351
Conservation	2,399
Health and Welfare	9,635
Highways	225,887
Total Depreciation Expense - Governmental Activities	\$ 295,236

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

Governmental Activities:	Balance Jan. 1	Increases	Decreases	Balance Dec. 31
<i>Capital assets, being depreciated:</i>				
Buildings	\$ 306,389	\$ 42,861	\$ -	\$ 349,250
Equipment & Vehicles	79,023	54,972	-	133,995
Total Capital Assets, Being Depreciated	\$ 385,412	\$ 97,833	\$ -	\$ 483,245
<i>Less accumulated depreciation for:</i>				
Buildings	\$ 208,081	\$ 4,682	\$ -	\$ 212,763
Equipment & Vehicles	44,481	13,380	-	57,861
Total Accumulated Depreciation	\$ 252,562	\$ 18,062	\$ -	\$ 270,624
Total Capital Assets Being Depreciated, Net	\$ 132,850	\$ 79,771	\$ -	\$ 212,621
Governmental Activities - Capital Assets, Net	\$ 132,850	\$ 79,771	\$ -	\$ 212,621

Depreciation in 2015 of \$18,062 was charged to conservation of natural resources function.

RANSOM COUNTY

Notes to the Financial Statements – Continued

NOTE 10: DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the government wide financial statements consist of amounts related to pensions for differences between actual and expected experience, changes in proportion, differences between employer contributions and proportionate share of contributions, and for contributions made to the plan for the period of July 1, 2015 through December 31, 2015.

NOTE 11: 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 12: SALARIES PAYABLE

Salaries payable consists of amounts earned by employees prior to year-end, but paid subsequent to year-end.

NOTE 13: GRANTS RECEIVED IN ADVANCE

Grants received in advance for the county consists of funds received in the FEMA fund where the eligibility requirements have not been met at December 31, 2015.

NOTE 14: INTEREST PAYABLE

Interest payable consists of the portion of interest accrued on long-term debt (bonds payable) outstanding at December 31, 2015 for the County and Ransom County - Maple River Water Resource District.

NOTE 15: DEFERRED INFLOWS OF RESOURCES

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

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

NOTE 16: LONG-TERM LIABILITIES

Changes in Long-Term Liabilities - During the year ended December 31, 2015 the following changes occurred in governmental activities long-term liabilities for Ransom County:

Governmental Activities	Balance Jan. 1	Adjustments	Increases	Decreases	Balance Dec. 31	Due Within One Year
G.O. Bonds Payable	\$ 30,000	\$ -	\$3,000,000	\$ 30,000	\$3,000,000	\$ 140,000
Leases Payable	-	241,550	-	16,491	225,059	17,128
Bond Premium	-	-	67,139	-	67,139	4,796
Compensated Absences *	92,854	-	-	7,167	85,687	59,981
Net Pension Liability *	967,328	-	50,253	-	1,017,581	-
Total	\$1,090,182	\$ 241,550	\$3,117,392	\$ 53,658	\$4,395,466	\$ 221,905

RANSOM COUNTY

Notes to the Financial Statements – Continued

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

Outstanding debt (excluding compensated absences) at December 31, 2015 for the primary government governmental activities consists of the following issues:

General Obligation Bonds:

\$3,000,000 General obligation bonds of 2015 due in annual installments of \$140,000 to \$240,000 through 2030; interest at 2.0% - 4.0%. \$3,000,000

The annual requirements to amortize the outstanding debt for the primary government, excluding compensated absences are as follows:

Year Ending December 31	G.O. Bonds Payable		Leases Payable		Bond Premium
	Principal	Interest	Principal	Interest	
2016	\$ 140,000	\$ 106,067	\$ 17,128	\$ 8,703	\$ 4,796
2017	180,000	79,688	17,791	8,040	4,796
2018	180,000	77,887	18,478	7,353	4,796
2019	185,000	72,438	171,662	6,639	4,796
2020	185,000	68,737	-	-	4,796
2021-2030	2,130,000	340,156	-	-	43,159
Total	\$ 3,000,000	\$ 744,973	\$ 225,059	\$ 30,735	\$ 67,139

DISCRETELY PRESENTED COMPONENT UNITS:

Ransom County – Maple River Water Resource District:

Changes in Long-Term Liabilities - During the year ended December 31, 2015 the following changes occurred in governmental activities long-term liabilities for Ransom County – Maple River Water Resource District:

Governmental Activities	Balance Jan. 1	Adjustments	Increases	Decreases	Balance Dec. 31	Due Within One Year
G.O. Bonds Payable	\$ 17,904	\$ -	\$ -	\$ 17,904	\$ -	\$ -
Loans Payable	32,960	-	-	15,000	17,960	-
Total	\$ 50,864	\$ -	\$ -	\$ 32,904	\$ 17,960	\$ -

Outstanding debt at December 31, 2015 consists of the following individual items:

Loans Payable:

\$32,960 Loan payable of 2014 due to Ransom County WRD with no set terms or interest rate. Expected to be paid back after the two refunding improvement bonds mature. \$17,960

NOTE 17: OPERATING LEASES

Ransom County is engaged in four operating leases, two of which are for copiers. Total lease payments were \$6,699 during the year ended December 31, 2015. The County departments are listed along with the piece of equipment that is being leased by that department in the following schedules.

RANSOM COUNTY

Notes to the Financial Statements – Continued

GOVERNMENTAL ACTIVITIES				
Year Ending Dec 31	Treasurer Office Liberty - Copier	Extension Office Liberty - Copier	Motor Grader No. 8	Motor Grader No. 9
2015	\$ 3,163	\$ 3,536	\$ -	\$ -
2016	3,163	3,536	20,234	22,945
2017	3,163	3,536	20,234	22,945
2018	3,163	3,536	20,234	22,945
2019-2023	1,054	1,179	20,234	22,945
Totals	\$ 13,706	\$ 15,323	\$ 80,936	\$ 91,780

NOTE 18: TRANSFERS

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

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 25	\$ 201,186
County Road & Bridge	-	2
Farm to Market Road	-	4
Equipment & Improvement	201,184	-
Debt Service	-	1
Non-Major Funds		
Non-Major Special Revenue Funds	-	16
Total Transfers	\$ 201,209	\$ 201,209

NOTE 19: PENSION PLAN

General Information about the NDPERS 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. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). 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.

RANSOM COUNTY

Notes to the Financial Statements – Continued

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.

RANSOM COUNTY

Notes to the Financial Statements – Continued

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

At December 31, 2015, Ransom County reported a liability of \$1,017,581 for its proportionate share of net pension liability. The net pension liability was measured as of June 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 district's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2015, the Employer's proportion was .149648 percent, which was a decrease of .002754 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Employer recognized pension expense of \$93,136. At December 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	\$ 29,521	\$ -
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	19,249
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	21,481
Changes of Assumptions	-	90,662
District Contributions Subsequent to the Measurement Date	58,157	-
Total	\$ 87,678	\$ 131,392

\$58,157 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015.

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	\$ (27,552)
2017	(27,552)
2018	(27,552)
2019	16,836
2020	(16,802)

Actuarial Assumptions

The total pension liability in the July 1, 2015 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).

RANSOM COUNTY

Notes to the Financial Statements – Continued

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.

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, 2015. 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, 2015. 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, 2015.

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

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
District's Proportionate Share of the Net Pension Liability	\$ 1,560,409	\$ 1,017,581	\$ 573,449

Pension Plan Fiduciary Net Position

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

RANSOM COUNTY

Notes to the Financial Statements – Continued

NOTE 20: RISK MANAGEMENT

Ransom 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 (NDRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. Ransom County pays an annual premium to NDRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDRF is limited to losses of two million dollars per occurrence for general liability and one million dollars per occurrence for automobile and \$3,317,191 public assets (mobile equipment and portable property).

Ransom County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. Ransom 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 Ransom County with blanket fidelity bond coverage in the amount of \$1,750,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

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

NOTE 21: JOINT VENTURE

Under authorization of state statutes, the Ransom County Water Resource District joined Maple River Water Resource District, Rush River Water Resource District, Southeast Cass Water Resource District, North Cass Water Resource District, and the water resource districts of Richland County, Pembina County, Grand Forks County, Traill County, Walsh County, Nelson County, Sargent County, and Steele County to establish and operate a joint exercise of powers agreement for water management districts located within the Red River Valley, known as the Red River Valley Joint Water Resource Board, the agreement was established for the mutual advantage of the governments. Each government appoints one member of the board of directors for the joint venture. The operating and capital expenses are funded by contributions from each government. Each government's share of assets, liabilities, and fund equity cannot be determined as no provision is made for this in the joint venture agreement and each government's contribution depends on where the Red River Joint Water Resource Board projects are being undertaken.

The following is a summary of financial information on the joint venture as of and for the year ended December 31, 2015:

	Red River Joint Water Resource Board
Total Assets	\$ 7,770,996
Total Liabilities	104,554
Total Net Position	\$ 7,666,442
Revenues	\$ 2,423,290
Expenses	2,582,765
Change in Net Position	\$ (159,475)

RANSOM COUNTY

Notes to the Financial Statements – Continued

Complete financial statements for the Red River Joint Water Resource District may be obtained from the Treasurer’s office at Red River Joint Water Resource District, 1201 Main Avenue West, West Fargo, ND 58078.

NOTE 22: JOINTLY GOVERNED ORGANIZATION

Ransom County and Sargent County participate in the Ransom-Sargent Senior Services, a jointly governed organization that provides services to the senior citizens of both Ransom and Sargent County. Ransom County contributed \$79,589 to the Ransom-Sargent Senior Services for the year 2015.

NOTE 23: COMMITMENTS

Commitments:

As of December 31, 2015, the remaining construction commitments are as follows:

Project	Original Contract	Change Orders	Total Contract with Change Orders	Total Completed	Retainage	Remaining Balance includes Retainages
Sheldon Road (CNOA-3700(002))	\$ 3,049,976	\$ 62,980	\$ 3,112,956	\$ 2,727,180	\$ 155,648	\$ 541,424
Sheldon Road Phase II (CNOB-3727(059))	3,167,843	550,191	3,718,034	3,411,608	185,901	492,327
Sheldon Road Phase I Engineering	416,000	-	416,000	396,910	-	19,090
Sheldon Road Phase II Engineering	343,800	-	343,800	154,244	-	189,556
Total	\$ 6,977,619	\$ 613,171	\$ 7,590,790	\$ 6,689,942	\$ 341,549	\$ 1,242,397

NOTE 24: PRIOR PERIOD ADJUSTMENTS

County:

Change in Accounting Principle – GASB 68 & 71 - Pensions:

Net position as of January 1, 2015, has been 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*.

Capital Asset and Capital Lease Errors:

There were also prior period adjustments for the period ending December 31, 2015 for Governmental Activities involving adjustments to capital assets and long-term debt.

The effect of the prior period adjustments to beginning net position for the change in accounting principle related to pensions, and for the capital lease and capital asset errors for the county is as follows:

Governmental Activities (County total):	Amounts
Beginning Net Position, as previously reported	\$ 11,831,145
Adjustments to restate the January 1, 2015 Net Position:	
Capital Asset cost adjustment	311,741
Capital Asset depreciation adjustment	75,271
Capital lease principal adjustment	(241,550)
Net Pension Liability	(967,328)
Deferred Outflows of Resources Related to Pensions	87,693
Deferred Inflows of Resources Related to Pensions	(188,826)
Net Position January 1, as restated	\$ 10,908,146

RANSOM COUNTYNotes to the Financial Statements – Continued

Ransom County Water Resource District:

There were prior period adjustments for the period ending December 31, 2015 for Governmental Activities involving adjustments to loans payable.

Governmental Activities (RC Water Resource District):	Amounts
Beginning Net Position, as previously reported	\$ 423,566
Adjustments to restate the January 1, 2015 Net Position:	
Loan adjustment	24,000
Net Position January 1, as restated	\$ 447,566

RANSOM COUNTY
Lisbon, 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	\$ 415,169	\$ 415,169	\$ 446,457	\$ 31,288
Intergovernmental	612,900	612,900	727,461	114,561
Charges for Services	325,750	325,750	356,470	30,720
Licenses, Permits and Fees	5,000	5,000	3,526	(1,474)
Interest Income	10,000	10,000	22,267	12,267
Miscellaneous	20,050	20,050	33,295	13,245
Total Revenues	\$ 1,388,869	\$ 1,388,869	\$ 1,589,476	\$ 200,607
<u>Expenditures:</u>				
Current:				
General Government	\$ 808,189	\$ 808,189	\$ 769,054	\$ 39,135
Public Safety	374,910	374,910	402,794	(27,884)
Health and Welfare	261,493	261,493	228,936	32,557
Total Expenditures	\$ 1,444,592	\$ 1,444,592	\$ 1,400,784	\$ 43,808
Excess (Deficiency) of Revenues Over Expenditures	\$ (55,723)	\$ (55,723)	\$ 188,692	\$ 244,415
<u>Other Financing Sources (Uses):</u>				
Transfers in	\$ -	\$ -	\$ 25	\$ 25
Transfers out	-	-	(201,186)	(201,186)
Total Other Financing Sources and Uses	\$ -	\$ -	\$ (201,161)	\$ (201,161)
Net Change in Fund Balances	\$ (55,723)	\$ (55,723)	\$ (12,469)	\$ 43,254
Fund Balances - January 1	\$ 994,441	\$ 994,441	\$ 994,441	\$ -
Fund Balances - December 31	\$ 938,718	\$ 938,718	\$ 981,972	\$ 43,254

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

RANSOM COUNTY
Lisbon, 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	\$ 158,433	\$ 158,433	\$ 157,672	\$ (761)
Intergovernmental	880,650	880,650	865,716	(14,934)
Charges for Services	20,000	20,000	14,325	(5,675)
Miscellaneous	21,000	21,000	37,761	16,761
Total Revenues	<u>\$ 1,080,083</u>	<u>\$ 1,080,083</u>	<u>\$ 1,075,474</u>	<u>\$ (4,609)</u>
<u>Expenditures:</u>				
Current:				
Highways and Bridges	<u>\$ 1,077,933</u>	<u>\$ 1,077,933</u>	<u>\$ 762,235</u>	<u>\$ 315,698</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,150</u>	<u>\$ 2,150</u>	<u>\$ 313,239</u>	<u>\$ 311,089</u>
<u>Other Financing Sources (Uses):</u>				
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ (2)</u>
Net Change in Fund Balances	<u>\$ 2,150</u>	<u>\$ 2,150</u>	<u>\$ 313,237</u>	<u>\$ 311,087</u>
Fund Balances - January 1	<u>\$ 1,483,898</u>	<u>\$ 1,483,898</u>	<u>\$ 1,483,898</u>	<u>\$ -</u>
Fund Balances - December 31	<u>\$ 1,486,048</u>	<u>\$ 1,486,048</u>	<u>\$ 1,797,135</u>	<u>\$ 311,087</u>

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

RANSOM COUNTY
Lisbon, North Dakota

BUDGETARY COMPARISON SCHEDULE
FARM TO MARKET ROAD FUND
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Taxes	\$ 316,800	\$ 316,800	\$ 315,343	\$ (1,457)
Intergovernmental	-	-	622,000	622,000
Total Revenues	<u>\$ 316,800</u>	<u>\$ 316,800</u>	<u>\$ 937,343</u>	<u>\$ 620,543</u>
<u>Expenditures:</u>				
Current:				
Highways and Bridges	<u>\$ 316,450</u>	<u>\$ 915,219</u>	<u>\$ 902,321</u>	<u>\$ 12,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 350</u>	<u>\$ (598,419)</u>	<u>\$ 35,022</u>	<u>\$ 633,441</u>
Fund Balances - January 1	<u>\$ 107,662</u>	<u>\$ 107,662</u>	<u>\$ 107,662</u>	<u>\$ -</u>
Fund Balances - December 31	<u>\$ 108,012</u>	<u>\$ (490,757)</u>	<u>\$ 142,680</u>	<u>\$ 633,437</u>

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

RANSOM COUNTY
Lisbon, North Dakota

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 283,161	\$ 283,161
<u>Expenditures:</u>				
Current:				
Flood Repair	\$ 603,673	\$ 603,673	\$ 283,161	\$ 320,512
Excess (Deficiency) of Revenues Over Expenditures	\$ (603,673)	\$ (603,673)	\$ -	\$ 603,673
Fund Balances - January 1	\$ -	\$ -	\$ -	\$ -
Fund Balances - December 31	\$ (603,673)	\$ (603,673)	\$ -	\$ 603,673

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

RANSOM COUNTY
Lisbon, North Dakota

BUDGETARY COMPARISON SCHEDULE
EQUIPMENT & IMPROVEMENT FUND
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:	\$ 650,000	\$ 650,000	\$ 21,875	\$ 628,125
Excess (Deficiency) of Revenues Over Expenditures	\$ (650,000)	\$ (650,000)	\$ (21,875)	\$ 628,125
Other Financing Sources (Uses): Transfers in	\$ -	\$ -	\$ 201,184	\$ 201,184
Net Change in Fund Balances	\$ (650,000)	\$ (650,000)	\$ 179,309	\$ 829,309
Fund Balances - January 1	\$ 898,687	\$ 898,687	\$ 898,687	\$ -
Fund Balances - December 31	\$ 248,687	\$ 248,687	\$ 1,077,996	\$ 829,309

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

RANSOM COUNTY
Lisbon, North Dakota

PENSION SCHEDULES
For the Year Ended December 31, 2015

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

	2015	2014
District's proportion of the net pension liability (asset)	0.149648%	0.152402%
District's proportionate share of the net pension liability (asset)	\$ 1,017,581	\$ 967,328
District's covered-employee payroll	\$ 1,333,185	\$ 1,283,803
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.33%	75.35%
Plan fiduciary net position as a percentage of the total pension liability	77.15%	77.70%

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

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

	2015	2014
Statutorily required contribution	\$ 94,923	\$ 91,407
Contributions in relation to the statutorily required contribution	\$ (94,923)	\$ (91,407)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 1,333,185	\$ 1,283,803
Contributions as a percentage of covered-employee payroll	7.12%	7.12%

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

RANSOM COUNTY
Lisbon, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

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.

NOTE 3: EXPENDITURES IN EXCESS OF BUDGET

During fiscal year 2015, Ransom County had the following fund expenditures in excess of budgeted amounts:

Special Revenue Funds:	Budget	Spent	Over Budget
Debt Service Funds	\$ 33,000	\$ 3,091,789	\$ 3,058,789

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

RANSOM COUNTY
Lisbon, North Dakota

SCHEDULE OF FUND ACTIVITY ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2015

	Balance 1-1-15	Receipts	Transfer In	Bond Proceeds	Transfer Out	Disbursements	Balance 12-31-15
Major Funds:							
General Fund	\$ 850,000.00	\$ 1,636,921.73	\$ 24.80	\$ -	\$ 201,186.01	\$ 1,435,760.52	\$ 850,000.00
Special Revenue Funds:							
County Road and Bridge	\$ 1,435,705.93	\$ 1,109,311.05	\$ -	\$ -	\$ 1.79	\$ 823,948.14	\$ 1,721,067.05
Farm to Market Road	149,074.05	937,343.31	-	-	3.59	915,215.12	171,198.65
FEMA Flood	631,865.22	-	-	-	-	283,161.48	348,703.74
Debt Service Funds	1,790.21	33,950.70	-	3,067,138.60	1.41	3,091,789.08	11,089.02
Equipment & Improvements	898,687.66	-	201,183.98	-	-	21,875.04	1,077,996.60
Total Major Funds	\$ 3,967,123.07	\$ 3,717,526.79	\$ 201,208.78	\$ 3,067,138.60	\$ 201,192.80	\$ 6,571,749.38	\$ 4,180,055.06
Non-Major Funds:							
Special Revenue Funds:							
Human Services	\$ 121,626.40	\$ 460,358.38	\$ -	\$ -	\$ 3.24	\$ 435,864.41	\$ 146,117.13
Veterans Service Officer	2,618.09	36,106.12	-	-	0.45	32,357.28	6,366.48
County Agent	48,964.48	103,914.64	-	-	0.78	102,041.67	50,836.67
Weed Control	133,513.27	102,916.87	-	-	1.08	126,519.20	109,909.86
County Park	1,210.86	27,921.13	-	-	0.35	23,380.54	5,751.10
County Nurse Special	339,159.14	303,460.04	-	-	-	183,313.47	459,305.71
Jail-Board of Prisoners	24,767.89	55,567.48	-	-	0.45	60,428.54	19,906.38
Oasis and Social Security	94,070.91	356,664.27	-	-	3.55	367,115.67	83,615.96
Advertising	1,953.45	8,443.93	-	-	0.18	13,690.96	(3,293.76)
Emergency Fund	206,773.95	-	-	-	0.72	-	206,773.23
Emergency 911	47,455.96	42,420.76	-	-	-	66,134.49	23,742.23
Insurance Reserve	41,195.87	55,553.26	-	-	0.60	69,234.21	27,514.32
Comprehensive Medical Insurance	101,076.93	274,976.20	-	-	3.77	306,795.91	69,253.45
Abandoned Cemetery	921.53	6.01	-	-	-	300.00	627.54
Emergency 911 Wireless	214,175.48	71,733.17	-	-	-	15,698.01	270,210.64
Technology	111,221.81	83,447.29	-	-	0.81	95,892.53	98,775.76
Total Special Revenue Funds	\$ 1,490,706.02	\$ 1,983,489.55	\$ -	\$ -	\$ 15.98	\$ 1,898,766.89	\$ 1,575,412.70
Total Non-Major Funds	\$ 1,490,706.02	\$ 1,983,489.55	\$ -	\$ -	\$ 15.98	\$ 1,898,766.89	\$ 1,575,412.70
Total Governmental Funds	\$ 5,457,829.09	\$ 5,701,016.34	\$ 201,208.78	\$ 3,067,138.60	\$ 201,208.78	\$ 8,470,516.27	\$ 5,755,467.76
Agency Funds:							
County Historical Society	\$ 23.27	\$ 10,264.23	\$ -	\$ -	\$ -	\$ 10,279.99	\$ 7.51
Senior Citizens	111.08	79,517.20	-	-	-	79,589.05	39.23
Ambulance	(5,919.91)	88,118.60	-	-	-	80,552.03	1,646.66
County Fair	2,833.54	76,813.43	-	-	-	78,000.90	1,646.07
Domestic Violence	35.00	1,085.00	-	-	-	1,015.00	105.00
State Medical Center - State Taxes	110.71	54,289.06	-	-	-	54,360.54	39.23
Garrison Diversion	125.19	54,627.10	-	-	-	54,709.02	43.27
Estimated Tax	4,927.10	3,961.52	-	-	-	8,855.37	33.25
Current Tax Holdings	639,387.20	685,080.94	-	-	-	639,387.20	685,080.94
Game and Fish Licenses	7,970.00	34,660.50	-	-	-	38,256.00	4,374.50
Soil Conservation District	92.08	67,821.76	-	-	-	67,867.84	46.00
Joint Red River Water Resource Dist.	206.60	89,382.90	-	-	-	89,526.15	63.35
Job Development	148.18	81,844.97	-	-	-	81,935.82	57.33
County Agent Special	6,670.15	17,111.31	-	-	-	19,144.92	4,636.54
Water Resource District (County)	444.37	217,938.30	-	-	-	218,225.69	156.98
County Sheriff Special	3,847.70	21,246.00	-	-	-	20,700.78	4,392.92
Hazardous Chemical	13,952.19	1,237.50	-	-	-	-	15,189.69
*Refund of Taxes (Added Acct)	-	1,300.34	-	-	-	1,300.34	-
County Agent Prof. Development	988.35	-	-	-	-	-	988.35
Victim Witness Fee	125.00	150.00	-	-	-	275.00	-
Total Cities	186,653.13	1,911,183.61	-	-	-	1,888,490.36	209,346.38
Total Schools	654,216.77	3,296,085.86	-	-	-	3,294,116.41	656,186.22
Total Townships	116,284.47	1,093,283.34	-	-	-	1,093,899.57	115,668.24
Long Drain #1 - Tri-County	85,390.16	214,298.32	-	-	-	212,854.60	86,833.88
Shenford Drain	748.00	2,105.95	-	-	-	2,851.55	2.40
Coburn Drain #2	1,504.00	12,275.55	-	-	-	11,955.55	1,824.00
Coburn Drain #2-Reconstruction	1,488.00	15,556.19	-	-	-	17,044.19	-
McLeod Drain #1-Construction	3,711.45	14,159.69	-	-	-	13,939.65	3,931.49
McLeod Drain #1-Maintenance	3,410.70	13,400.38	-	-	-	13,154.44	3,656.64
Total Rural Fire Protection Dist.	40,142.41	225,971.44	-	-	-	222,748.39	43,365.46
Total Agency Funds	\$ 1,769,626.89	\$ 8,130,057.53	\$ -	\$ -	\$ -	\$ 8,066,614.38	\$ 1,839,361.53
Total Primary Government	\$ 7,227,455.98	\$ 13,831,073.87	\$ 201,208.78	\$ 3,067,138.60	\$ 201,208.78	\$ 16,537,130.65	\$ 7,594,829.29
Component Units:							
Ransom County Water Resource Dist.	\$ 309,967.63	\$ 329,541.03	\$ -	\$ -	\$ -	\$ 325,611.73	\$ 313,896.93
Ransom County - Maple River WRD	(3,418.51)	26,918.70	-	-	-	36,876.85	(13,376.66)
Total Water Resource Districts	\$ 306,549.12	\$ 356,459.73	\$ -	\$ -	\$ -	\$ 362,488.58	\$ 300,520.27
Total Reporting Entity	\$ 7,534,005.10	\$ 14,187,533.60	\$ 201,208.78	\$ 3,067,138.60	\$ 201,208.78	\$ 16,899,619.23	\$ 7,895,349.56

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

Independent Auditor's Report

Board of County Commissioners
Ransom County
Lisbon, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ransom County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Ransom County's basic financial statements, and have issued our report thereon dated November 3, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

RANSOM COUNTY

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

Purpose of this Report

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



Robert R. Peterson
State Auditor

Fargo, North Dakota
November 3, 2016

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Board of County Commissioners
Ransom County
Lisbon, North Dakota

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Ransom County, Lisbon, North Dakota, for the year ended December 31, 2015 which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 3, 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

As stated in our engagement letter dated September 20, 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 basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Ransom 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, but not for the purpose of expressing an opinion on the effectiveness of Ransom County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ransom County's internal control over financial reporting.

As part of obtaining reasonable assurance about whether Ransom 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Ransom 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 Ransom 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 November 3, 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 Ransom 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 Ransom 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 Ransom County.



Robert R. Peterson
State Auditor

Fargo, North Dakota
November 3, 2016

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