

State Auditor's Office

General Information/Overview:

- Audit requirements for political subdivisions are outlined in NDCC Section 54-10-14(1);
- Audit requirements for political subdivisions: Counties are required to have an audit at least every two years, Cities with a population over 500, Schools with a student body of at least 100 students, and other 'entities' -- such as Water Resource Districts, Park Districts, Airport Authorities, Public Libraries, Fire Protection Districts, Regional Planning Councils, etc., that have annual receipts exceeding \$200,000 are required to have an audit;
- Political subdivisions that don't meet audit requirements (NDCC Section 54-10-14(3)) – in lieu of an audit, those entities are required to turn in an annual report that my office reviews;
- Political subdivision audit staff. Six total staff consists of one manager David Mix, CPA with 22.5 years of experience, and five staff ranging in experience from 2.5 years to 6 years. In addition to David two other staff have CPAs.
- My office conducts 35 - 40 political subdivision audits in a calendar year;
- Private firms conduct a variety of political subdivision audits around the state, average 259 per year. (those reports are required to be submitted to my office for review);
- Audits are conducted under Government Auditing Standards and consist of financial statement and compliance/internal control audits. If Federal expenditures exceed \$500,000 in a given year, the provisions of Federal Circular OMB A-133 are applicable;
- Opinions are issued on financial statements. Opinions on compliance issued if A-133 requirements are applicable, and if applicable, a report on internal control is issued over financial statements and federal compliance.

Areas Examined: financial statement/compliance audits under the Government Auditing Standards: Account Balances/Class of Transactions:

- Cash/investments;
- Accounts Receivable;
- Taxes Receivable;
- Capital Assets;
- Accounts Payable;
- Long-term debt;
- Revenues;
- Expenditures;
- Payroll/compensated absences;
- Significant/material laws (NDCC)/regulations – generally surrounding budgeting, cash/investments, deposits/maintaining adequate deposits/investments pledges coverage, etc.;
- Federal programs (those that meet Single Audit Requirements) – various Federal programs including FEMA disaster assistance, social service/welfare programs, Title I, School Lunch/Breakfast, and various other Federal programs that exceed \$300,000 on an individual basis

Common Problems:

- Capital assets – records and auditing capital assets in general – a significant portion of our proposed audit adjustments and prior audit adjustments get made in this area related to capital assets. Clients generally don't maintain current capital asset records, they tend to adjust them on a yearly basis; usually right before audit fieldwork dates;
- Financial statement preparation – most of our clients do not prepare a 'full set' of detailed GASB/GAAP compliant financial statements and related note disclosures.
- Western side of the state – those entities that are subject to NDCC audit requirements in general have a more difficult time finding auditors;
- Single Audit is becoming more challenging;
- Government Audit Standards Board is issuing more standards that are affecting the work load;

# Audits	Client	Audit Frequency	Last Audit Year-End(s)	Last Audit General Fund Fund Balance	Last Audit General Fund Cash Balance	Last Audit General Fund Expenditures	% of Gen. Fund Fund Balance of Expenditures	% of Gen. Fund Cash Balance of Expenditures
<u>School Districts:</u>								
1	Fargo PSD/Board of Education	Annually	6/30/2012	26,712,765	30,200,907	132,684,435	20.13%	22.76%
2	West Fargo Public School District	Annually	6/30/2012	12,712,617	12,375,289	70,744,872	17.97%	17.49%
3	Kindred Public School District	Annually	6/30/2012	1,771,647	1,974,502	5,762,067	30.75%	34.27%
4	North Cass Public School District	2-Year	6-30-10/11	1,190,942	1,229,155	4,638,994	25.67%	26.50%
5	Devils Lake Public School District	Annually	6/30/2012	3,612,771	4,134,933	17,563,665	20.57%	23.54%
6	Lisbon Public School District	2-Year	6-30-10/11	1,567,525	1,250,004	5,807,053	26.99%	21.53%
<u>Cities:</u>								
7	City of West Fargo	Annually	12/31/2012	10,917,744	10,316,229	8,095,763	134.86%	127.43%
8	City of Devils Lake	Annually	12/31/2012	2,300,212	2,002,393	4,546,576	50.59%	44.04%
9	City of Wahpeton	Annually	12/31/2012	821,963	626,141	2,951,170	27.85%	21.22%
10	City of Hillsboro	Annually	12-31-11/12	142,000	140,680	376,202	37.75%	37.39%
<u>Counties:</u>								
11	Bottineau County	Annually	12/31/2011	856,510	630,649	1,784,802	47.99%	35.33%
12	Burleigh County	Annually	12/31/2012	8,665,690	10,157,681	10,310,342	84.05%	98.52%
13	Cass County	Annually	12/31/2012	8,759,719	11,211,961	24,295,969	36.05%	46.15%
14	Cavalier County	Annually	12/31/2011	796,230	880,549	1,481,258	53.75%	59.45%
15	Dickey County	2-Year	12-31-11/12	616,942	651,430	1,106,481	55.76%	58.87%
16	Grand Forks County	Annually	12/31/2012	5,731,258	6,217,778	8,364,013	68.52%	74.34%
17	LaMoure County	Annually	12/31/2011	263,616	263,616	922,553	28.57%	28.57%
18	Morton County	Annually	12/31/2011	885,508	680,910	6,978,507	12.69%	9.76%
19	Nelson County	2-Year	12-31-11/12	572,726	451,644	879,008	65.16%	51.38%
20	Pembina County	Annually	12/31/2011	850,021	691,793	1,799,335	47.24%	38.45%
21	Pierce County	Annually	12/31/2012	1,360,939	1,373,410	963,444	141.26%	142.55%
22	Ramsey County	Annually	12/31/2011	824,641	738,364	1,602,031	51.47%	46.09%
23	Ransom County	Annually	12/31/2011	391,168	336,243	1,354,440	28.88%	24.83%
24	Richland County	Annually	12/31/2012	1,764,385	1,573,362	4,696,369	37.57%	33.50%
25	Rolette County	2-Year	12-31-09/10	507,573	340,428	1,099,080	46.18%	30.97%
26	Sioux County	Annually	12/31/2011	829,176	714,822	513,181	161.58%	139.29%
27	Stark County	Annually	12/31/2011	1,498,883	1,957,040	2,777,147	53.97%	70.47%
28	Steele County	Annually	12/31/2012	1,023,901	948,221	854,649	119.80%	110.95%
29	Stutsman County	Annually	12/31/2012	3,605,447	3,389,033	2,500,503	144.19%	135.53%
30	Towner County	2-Year	12-31-11/12	549,751	511,558	789,010	69.68%	64.84%
31	Traill County	Annually	12/31/2011	1,011,211	783,179	1,023,185	98.83%	76.54%
<u>Water Resource Districts:</u>								
32	Cass County WRD --- Maple River	Annually	12/31/2012	154,528	270,884	453,696	34.06%	59.71%
33	Cass County WRD --- North Cass	Annually	12/31/2012	107,615	114,924	75,920	141.75%	151.38%
34	Cass County WRD --- Rush River	Annually	12/31/2012	(33,780)	(20,522)	147,620	-22.88%	-13.90%
35	Cass County WRD --- Southeast C	Annually	12/31/2012	3,869,346	3,851,368	2,093,589	184.82%	183.96%
36	Red River Joint Water Resource C	Annually	12/31/2012	6,013,732	6,023,580	585,461	1027.18%	1028.86%
37	Red River Retention Authority	Annually	12/31/2012	390	390	230,979	0.17%	0.17%
38	Morton County Water Resource Di	Annually	12/31/2011	705,387	705,699	205,245	343.68%	343.83%
39	Greater Ramsey Water District	Annually	12/31/2011	3,618,863	3,420,461	1,932,883	187.23%	176.96%
<u>Miscellaneous Entities (Parks/LEC's, etc.):</u>								
40	North Dakota Podiatry Board	3-year	12-31-10/11/12	24,916	38,422	18,840	132.25%	203.94%
41	Barnes County Soil Conservation I	2-Year	12/31/2010	185,003	203,374	819,231	22.58%	24.82%
42	City of West Fargo Park	Annually	12/31/2011	707,962	506,588	2,134,411	33.17%	23.73%
43	Nelson-Griggs District Health Unit	2-Year	12-31-10/11	147,817	106,789	279,152	52.95%	38.25%
44	Devils Lake Park District	Annually	12/31/2011	169,027	129,571	863,637	19.57%	15.00%
45	Lake Region LEC (Law Enforceme	Annually	12/31/2011	1,171,220	693,715	3,336,047	35.11%	20.79%
46	Wahpeton Airport Authority	2-Year	12-31-11/12	134,287	138,786	420,338	31.95%	33.02%
47	Southwest Multi County Correctior	2-year	12-31-09/10	3,882,970	3,727,621	7,292,681	53.24%	51.11%
48	Dickinson LEC - with SWMCCC	2-year	12-31-09/10	92,937	96,498	390,708	23.79%	24.70%