

OFFICE OF STATE AUDITOR

AUDIT REPORT

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT WEST FARGO, NORTH DAKOTA

(A COMPONENT UNIT OF CASS COUNTY)

FOR THE YEAR ENDED DECEMBER 31, 2011



CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

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CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

DISTRICT OFFICIALS

December 31, 2011

Larry Wilcox
Ken Hagen
George Grossman
Wes Eckert
Clayton Brennan

Chairman
Board Member
Board Member
Board Member
Board Member

STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

Governing Board
Cass County Noxious Weed Control District
West Fargo, North Dakota

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cass County Noxious Weed Control District, West Fargo, North Dakota, a component unit of Cass County, Fargo, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cass County Noxious Weed Control District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Cass County Noxious Weed Control District, West Fargo, North Dakota, as of December 31, 2011, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012 on our consideration of the Cass County Noxious Weed Control District'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a required 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 any sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Bob Peterson".

Robert R. Peterson
State Auditor

June 19, 2012

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010

The District's management's and discussion and analysis offer readers of the District's financial statements a narrative overview and analysis of the District's financial activities for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements.

Financial Highlights

- The net assets of Cass County Noxious Weed Control District exceeded its liabilities at December 31, 2011 by \$381,020. Net assets invested in capital assets (net of depreciation and related debt) account for 9.6% of this amount, with a value of \$36,666. Of the remaining net assets, \$344,353 may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- At December 31, 2011, the District's governmental funds reported combined ending fund balances of \$340,468 a decrease of \$53,347 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Assets and the Statement of Activities.

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

The statement of activities presents information showing how the government's net assets changed during fiscal year 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Items such as uncollected taxes will be included in the statement of activities as revenue and expenses, even though the cash associated with these items will not be received or distributed in 2011.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include conservation and economic development.

The government-wide financial statements include only the District itself (known as the primary government). The Cass County Noxious Weed Control District is a component unit of Cass County Government.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the District is categorized as a governmental fund.

Governmental Funds

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

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

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$381,020 at the close of the fiscal year ended December 31, 2011.

STATEMENT OF NET ASSETS		
December 31, 2011 and 2010		
	Governmental Activities	
	2011	2010
<u>Assets:</u>		
Current and Other Assets	\$462,494	\$511,670
Capital Assets	36,666	44,322
Total Assets	\$499,160	\$555,992
<u>Liabilities:</u>		
Other Liabilities	\$118,140	\$111,173
<u>Net Assets:</u>		
Invested in Capital Assets, net of related debt	\$ 36,666	\$ 44,322
Unrestricted	344,353	400,497
Total Net Assets	\$381,020	\$444,819

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
 Management's Discussion and Analysis - Continued

A portion of the District's net assets (9.6 percent) reflects its investment in capital assets (e.g. buildings, and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Changes in Net Assets

Governmental activities decreased the District's net assets by \$63,799. Key elements in changes in net assets are shown in the following table.

STATEMENT OF ACTIVITIES		
For the Years Ended December 31, 2011 and 2010		
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,718	\$ 15,992
Operating Grants and Contributions	38,044	42,157
General Revenues:		
Property Taxes	308,696	297,438
State Shared Revenues	13,115	9,732
Other	3,839	7,580
Total Revenues	<u>\$371,412</u>	<u>\$372,899</u>
Expenses:		
Conservation & Economic Development	<u>\$435,211</u>	<u>\$335,473</u>
Changes in Net Assets	<u>\$(63,799)</u>	<u>\$ 37,426</u>
Net Assets – January 1	<u>\$444,819</u>	<u>\$407,393</u>
Net Assets – December 31	<u>\$381,020</u>	<u>\$444,819</u>

Total revenues for 2011 were \$371,412. Property taxes revenue accounted for 83% of total revenue sources, the remaining 17% was from charges for services, state shared revenues, gain on sale of capital assets, and interest income.

Financial Analysis of the District's Funds

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

Governmental Funds

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

As of the end of fiscal year 2011, the District's governmental fund reported ending fund balance of \$340,468, a decrease of \$53,347 in comparison with the prior year. The general fund is reported as a major fund.

General Fund Budgetary Highlights

The district did not amend their 2011 budget.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$36,666 (net of accumulated depreciation). This investment in capital assets includes buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$7,656.

The following is a schedule of capital assets net of accumulated depreciation as of December 31, 2011 and 2010:

	Governmental Activities	
	2011	2010
Buildings	\$20,527	\$21,348
Machinery and Equipment	16,139	22,974
Total	<u>\$36,666</u>	<u>\$44,322</u>

Additional information on the District's capital assets can be found in Note 5 on page 16 of this report.

Economic Factors and Next Year's Budgets and Rates

- The taxable value of all property located in the county has increased by over 3 percent in each year for the last four years.

Requests for Information

This financial report is designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the County Auditor's Office, Box 2806, Fargo, ND 58103.

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

STATEMENT OF NET ASSETS
December 31, 2011

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 452,109
Accounts Receivable	2,972
Taxes Receivable	6,244
Prepaid Item	1,169
Capital Assets (Net of Accumulated Depreciation):	
Buildings	20,527
Equipment	16,139
	<hr/>
Total Assets	\$ 499,160
 <u>LIABILITIES:</u>	
Accounts Payable	\$ 454
Unearned Revenues	115,328
Noncurrent Liabilities:	
Due within one year	2,358
	<hr/>
Total Liabilities	\$ 118,140
 <u>NET ASSETS:</u>	
Invested in Capital Assets	\$ 36,666
Unrestricted	344,353
	<hr/>
Net Assets	\$ 381,020
	<hr/> <hr/>

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

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Program Revenues			Net(Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
Conservation & Economic Development	\$ 435,211	\$ 7,718	\$ 38,044	\$ (389,449)
<u>General Revenues:</u>				
Property Taxes				\$ 308,696
State Shared Revenues				13,115
Miscellaneous Revenue				853
Unrestricted Interest Earnings				2,986
Total General Revenues				<u>\$ 325,649</u>
Changes in Net Assets				<u>\$ (63,799)</u>
Net Assets - January 1				<u>\$ 444,819</u>
Net Assets - December 31				<u><u>\$ 381,020</u></u>

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

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

COMBINED BALANCE SHEET - ALL FUND TYPES
December 31, 2011

	<u>Governmental Fund Type</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 452,109
Accounts Receivable	2,972
Taxes Receivable	6,244
Prepaid Item	1,169
	<hr/>
Total Assets	<u>\$ 462,494</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>Liabilities:</u>	
Accounts Payable	\$ 454
Deferred Revenues	121,572
	<hr/>
Total Liabilities	<u>\$ 122,026</u>
 <u>Fund Balances:</u>	
Fund Balance, Unassigned	\$ 339,299
Fund Balance, Nonspendable	1,169
	<hr/>
Total Fund Balances	<u>\$ 340,468</u>
	 <hr/>
Total Liabilities and Fund Balances	<u>\$ 462,494</u>

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

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total *Fund Balance* - Total Governmental Funds \$ 340,468

Amounts reported for governmental activities in the statement of net assets
are different because:

Add - Capital Assets	\$ 110,404	
Deduct - accumulated depreciation	<u>(73,738)</u>	
Net Capital Assets		36,665

Property taxes receivable will be collected after year-end, but are not
available soon enough to pay for the current period's expenditures and
therefore are reported as deferred revenues in the funds. 6,244

Certain liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Compensated Absences Payable	<u>(2,358)</u>
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Net Assets of Governmental Activities	<u><u>\$ 381,020</u></u>
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The notes to the financial statements are an integral part of this statement.

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Governmental Fund Type
<u>Revenues:</u>	
Taxes	\$ 310,660
Intergovernment Revenues	13,115
Charges for Services	45,762
Miscellaneous Revenues	2,986
	<hr/>
Total Revenues	\$ 372,522
	<hr/>
<u>Expenditures:</u>	
Current:	
Conservation & Economic Development	\$ 426,722
	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ (54,200)
	<hr/>
<u>Other Financing Sources (Uses):</u>	
Sale of Property	\$ 853
	<hr/>
Net Change in Fund Balances	\$ (53,347)
	<hr/>
Fund Balance - January 1	\$ 393,815
	<hr/>
Fund Balance - December 31	\$ 340,468
	<hr/> <hr/>

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

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Net Change in *Fund Balances* - Total Governmental Funds \$ (53,347)

The change in net assets 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 are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.

Current Year Depreciation (7,656)

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 decrease in taxes receivable. (1,964)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.

Net Increase in Compensated Absences (833)

Change in Net Assets of Governmental Activites \$ (63,799)

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

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cass County Noxious Weed Control District, a component unit of Cass County, have been prepared in conformity with generally accepted accounting principles accepted in the United States of America (GAAP), as applicable to governments. 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. The Financial Reporting Entity

The accompanying financial statements present the activities of the Cass County Noxious Weed Control District. The district has included all funds, and has considered all potential component units for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District 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 the District.

Based on these criteria, there are no component units to be included within the Cass County Noxious Weed Control District as a reporting entity.

B Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds.

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

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The General Fund is the government's operating fund. It accounts for all financial resources of the general government.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources, are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market accounts and certificates of deposit. Deposits must be deposited either with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or secured with pledges of securities equal to 110% of the uninsured balance.

The District pools its cash with Cass County Government to maximize investment returns. State statutes authorize the County to invest in:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
- (4) Obligation of the State.

F. Receivables

Receivables in the governmental fund consist primarily of tax revenues and reimbursements for state aid from the North Dakota Treasurer's Office.

G. Prepaid Item

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items.

H. Capital Assets

Capital assets, which include buildings and equipment, are reported in the governmental activities column in the government-wide financial statements. The capitalization threshold is \$5,000. Assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets is computed using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	50
Machinery & Equipment	10

I. Accounts Payable

Accounts payable are liability accounts reflecting amounts on open accounts owing to private persons or organizations for goods and services received prior to December 31, 2011.

J. Deferred Revenues

Deferred revenues arise when the District receives resources before it has a legal claim to them, as when property tax monies are received before they are due. In subsequent periods, when the District has a legal claim to the resources, the deferred revenue is recognized as revenue.

K. Compensated Absences

Vested or accumulated vacation leave are payable to employees upon separation from service. All vacation leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported. No liability is recorded for accumulated sick leave as this is a non-vesting benefit. The computed liability is in compliance with GASB Statement No. 16, Accounting for Compensated Absences.

L. Fund Balance

In the governmental fund financial statements, governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the board is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Unassigned – The residual classification for the general fund.

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
Notes to the Financial Statements - Continued

NOTE 2: DISTRICT ESTABLISHMENT

The Cass County Noxious Weed Control District was established in 1981. The district's primary responsibility is to prevent and control the spread of noxious weeds on public land. A five-member board appointed by the County Board of Commissioners governs the Noxious Weed Control District. The district is located at the Cass County Highway Department.

NOTE 3: LEGAL COMPLIANCE - BUDGETS

The Cass County Noxious Weed Control District prepares a preliminary budget, which includes the proposed expenditures and the means of financing them. The preliminary budget is presented to the Cass County Commission for review. The Commission holds public hearings and may add to, subtract from or change appropriations. A final budget, with or without revisions, is approved on or before October 1.

NOTE 4: TAXES RECEIVABLE

The taxes receivable represent the past four years of delinquent uncollected tax levies and billings. No allowance has been established for uncollectible taxes receivable since any losses would be covered by the sale of the property.

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

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all of 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 in a single payment on or before February 15 and receive the 5% discount on the property taxes.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the capital assets during the year ended December 31, 2011:

	Balance 1-1-11	Additions	Deletions	Balance 12-31-11
<i>Capital assets being depreciated:</i>				
Buildings	\$ 41,054	\$ -	\$ -	\$ 41,054
Machinery & Equipment	69,350	-	-	69,350
Total capital assets being depreciated	\$110,404	\$ -	\$ -	\$110,404
<i>Less Accumulated Depreciation for:</i>				
Buildings	\$(19,706)	\$ (821)	\$ -	\$(20,527)
Machinery & Equipment	(46,376)	(6,835)	-	(53,211)
Total Accumulated Depreciation	\$(66,082)	\$(7,656)	\$ -	\$(73,738)
Total Capital Assets Net of Depreciation	\$ 44,322	\$(7,656)	\$ -	\$ 36,666

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
 Notes to the Financial Statements - Continued

NOTE 6: NONCURRENT LIABILITIES

During the year ended December 31, 2011, the following changes occurred in liabilities reported in noncurrent.

	Balance 1-1-11	Additions	Reductions	Balance 12-31-11	Due Within One Year
Compensated Absences	\$1,525	\$4,558	\$3,725	\$2,358	\$2,358

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related 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 subdivision of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and more than 2,000 political subdivisions. Cass County Noxious Weed Control District is insured with Cass County Government, which pays an annual premium to NDRIF for its general liability, auto, and inland marine insurance coverage. The coverage by NDRIF is limited to losses of two million dollars per occurrence.

Cass County also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The county pays an annual premium to the Fire and Tornado Fund to cover property damage to building and personal property. Estimating replacement cost in consultation with the Fire and Tornado Fund provides replacement cost coverage. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period.

The State Bonding Fund currently provides the County with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Cass County also participates in the North Dakota Worker's Compensation Bureau.

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 306,600	\$ 306,600	\$ 310,660	\$ 4,060
Intergovernment Revenues	8,946	8,946	13,115	4,169
Charges for Services	30,000	30,000	45,762	15,762
Miscellaneous Revenues	2,731	2,731	2,986	255
Total Revenues	\$ 348,277	\$ 348,277	\$ 372,522	\$ 24,245
<u>Expenditures:</u>				
Current:				
Conservation & Economic Development	\$ 435,917	\$ 435,917	\$ 426,722	\$ 9,195
Excess (Deficiency) of Revenues Over Expenditures	\$ (87,640)	\$ (87,640)	\$ (54,200)	\$ 33,440
<u>Other Financing Sources:</u>				
Sale of Property	\$ -	\$ -	\$ 853	\$ 853
Net Change in Fund Balances	\$ (87,640)	\$ (87,640)	\$ (53,347)	\$ 34,293
Fund Balance - January 1	\$ 393,815	\$ 393,815	\$ 393,815	\$ -
Fund Balance - December 31	\$ 306,175	\$ 306,175	\$ 340,468	\$ 34,293

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

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

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*

Governing Board
Cass County Noxious Weed Control District
West Fargo, North Dakota

We have audited the financial statements of the governmental activities and the major fund of the Cass County Noxious Weed Control District, West Fargo, North Dakota, a component unit of Cass County, Fargo, North Dakota, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 19, 2012. 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.

Internal Control Over Financial Reporting

Management of Cass County Noxious Weed Control District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Cass County Noxious Weed Control District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cass County Noxious Weed Control District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cass County Noxious Weed Control District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cass County Noxious Weed Control District'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 are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Governing Board, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Bob Peterson".

Robert R. Peterson
State Auditor

June 19, 2012

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued?

Governmental Activities

Unqualified

Major Governmental Fund

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes

 X No

Significant deficiencies identified not
considered to be material weaknesses?

_____ Yes

 X None reported

Noncompliance material to financial
statements noted?

_____ Yes

 X No

Section II - Financial Statement Findings

No matters were reported.