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, 2012

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
WEST FARGO, ND

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CASS COUNTY NOXIOUS
WEED CONTROL DISTRICT
West Fargo, ND

District Officials

Larry Wilcox	Chariman
Ken Hagen	Board Member
George Grossman	Board Member
Christopher Murch	Board Member
Clayton Brennan	Board Member

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UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of 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, 2012, and the related notes to the financial statements, which collectively comprise the District'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 and the major fund of Cass County Noxious Weed Control District, West Fargo, North Dakota, a component unit of Cass County, Fargo, North Dakota, as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4-8 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2013 on our consideration of 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* in considering Cass County Noxious Weed Control District's internal control over financial reporting and compliance.

Robert R. Peterson
State Auditor

June 18, 2013

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT

Management's Discussion and Analysis

The District's management 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, 2012. 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 position of Cass County Noxious Weed Control District exceeded its liabilities at December 31, 2012 by $332,561. Net investment in capital assets (net of depreciation and related debt) account for 15% of this amount, with a value of $50,104. Of the remaining net position, $282,457 may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.

- At December 31, 2012, the District's governmental funds reported combined ending fund balances of $278,955 a decrease of $61,514 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 Position and the Statement of Activities.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net positions 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 position changed during fiscal year 2012. All changes in net position are reported as soon as the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. 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 2012.

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 9-10 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 11-15 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 16-21 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $332,561 at the close of the fiscal years ended December 31, 2012.

Statement of Net Position
December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Current and Other Assets	$ 405,987	$ 462,494
Capital Assets	50,104	36,666
Total Assets	$ 456,090	$ 499,160
Liabilities		
Other Liabilities	$ 1,837	$ 2,812
Deferred Inflows of Resources	$121,692	$115,328
Net Position:		
Net Investment in Capital Assets	$ 50,104	$ 36,666
Unrestricted	282,457	344,353
Total Net Position	$ 332,561	$ 381,020

A portion of the District's net position (15 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 Position

Governmental activities decreased the District's net position by $48,459. Key elements in changes in net position are shown in the following table.

Statement of Activities
For the Years Ended December 31, 2012 and 2011

	Governmental Activities	
	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	$ 5,808	$ 7,718
Operating Grants and Contributions	38,080	38,044
General Revenues:		
Property Taxes	320,519	308,696
State Shared Revenues	21,135	13,115
Other	1,768	3839
Total Revenues	$ 387,310	$ 371,412
Expenses:		
Conservation & Economic Development	$ 435,768	$ 435,211
Changes in Net Position	$ (48,459)	$ (63,799)
Net Position – January 1	$ 381,020	$ 448,819
Net Position – December 31	$ 332,561	$ 381,020

Total revenues for 2012 were $387,310. 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 2012, the District's governmental fund reported ending fund balance of $278,955, a decrease of $61,514 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 2012 budget.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2012 amounts to $50,104 (net of accumulated depreciation). This investment in capital assets includes buildings and equipment. The total increase in the District's investment in capital assets for the current fiscal year was $13,438.

The following is a schedule of capital assets net of accumulated depreciation as of December 31, 2012 and 2011:

	Governmental Activities	
	2012	2011
Buildings	$ 19,706	$ 20,527
Machinery and Equipment	30,398	16,139
Total	$ 50,104	$ 36,666

Additional information on the District's capital assets can be found in Note 5 on page 20 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

Statement of Net Position
December 31, 2012

		Governmental Activities
Assets:		
Cash and Cash Equivalents	$	396,094
Receivables:		
Accounts Receivable		3,530
Taxes Receivable		5,079
Prepaid Item		1,284
Capital Assets (Net of Accumulated Depreiciation):		
Buildings		19,706
Equipment		30,398
Total Assets	$	456,090
Liabilities		
Accounts Payable	$	261
Noncurrent Liabilities		
Due within one year		1,576
Total Liabilities	$	1,837
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes	$	121,692
Net Position:		
Net Investment in Capital Assets	$	50,104
Unrestricted		282,457
Net Position	$	332,561

The accompanying notes are an integral part of the financial statements.

Cass County Noxious Weed Control District

Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues				Net(Expense) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Conservation & Economic Development	$ 435,768	$ 5,808	$ 38,080	$ -	$ (391,881)
Total primary government	$ 435,768	$ 5,808	$ 38,080	$ -	$ (391,881)

General Revenues:	
Property Taxes	$ 320,519
State Shared Revenues	21,135
Misc Revenue	26
Unrestricted Interest Earnings	1,742
Total General Revenues	$ 343,422
Changes in Net Position	$ (48,459)
Net Position - January 1	381,020
Net Position - December 31	$ 332,561

The accompanying notes are an integral part of the financial statements.

Cass County Noxious Weed Control District

Balance Sheet - Governmental Funds
December 31, 2012

	Governmental Fund Type	
	General Fund	
Assets:		
Cash and Cash Equivalents	$	396,094
Receivables:		
Accounts Receivable		3,530
Taxes Receivable		5,079
Prepaid Item		1,284
Total Assets	$	405,987
Liabilities :		
Accounts Payable	$	261
Total Liabilities	$	261
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes		126,771
Fund Balances:		
Unassigned	$	277,671
Nonspendable		1,284
Total Fund Balances	$	278,955
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	405,987

The accompanying notes are an integral part of the financial statements.

Cass County Noxious Weed Control District

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
December 31, 2012

Fund balance - total governmental funds		$ 278,955
Amounts reported for governmental activities in the statement of net position are different because:		
Add - Capital Assets	$ 116,092	
Deduct - accumulated depreciation	(65,988)	
Net Capital Assets		50,104
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 unavailable revenues in the funds		5,079
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences Payable		(1,576)
Net position of governmental activities		$ 332,561

The accompanying notes are an integral part of these financial statements

Cass County Noxious Weed Control District

Statement of Revenues, Expenditures and
Changes in Fund Balance
All Governmental Fund Types
For the Year Ended December 31, 2012

		Actual
Revenues:		
Taxes	$	321,684
Intergovernment Revenues		21,135
Charges for Services		43,888
Miscellaneous Revenues		1,769
Total Revenues	$	388,475
Expenditures:		
Current:		
Conservation & Economic Development	$	457,233
Total Expenditures	$	457,233
Excess of Revenues Over (Under) Expenditures	$	(68,758)
Other Financing Sources		
Sale of Property	$	7,245
Total Other Financing Sources	$	7,245
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and	$	(61,514)
Fund Balance-January 1	$	340,468
Fund Balance-December 31	$	278,955

The accompanying notes are an integral part of the financial statemen

Cass County Noxious Weed Control District

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2012

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

Net Change in fund balances - total governmental funds		$ (61,514)
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 capital outlays exceeded depreciation in the current year.		
Capital Asset Additions	$ 25,678	
Current Year Depreciation	(10,241)	
		15,437
The effect of various miscellaneous transactions involving capital (i.e. sales, trade-ins, and donations). In the statement of activities, only the loss on the sale or disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or disposed.		
Retired Assets	$ (19,990)	
Accumulated Depreciation on Retired Assets	17,991	
		(1,999)
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.		(1,165)
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 Decrease in Compensated Absences		782
Change in net position of governmental activites		$ (48,459)

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

Cass County Noxious Weed Control District

Statement of Budget and Actual

For the Year Ended December 31, 2012

	Budget				Variance With Final Budget Positive (Negative)
	Original		Final		Actual		
Revenues:							
Taxes	$	319,007	$	319,007	$	321,684	$	2,677
Intergovernment Revenues		11,416		11,416		21,135		9,719
Charges for Services		30,000		30,000		43,888		13,888
Miscellaneous Revenues		1,553		1,553		1,769		216
Total Revenues	$	361,976	$	361,976	$	388,475	$	26,499
Expenditures:								
Current:								
Conservation & Economic Development	$	458,323	$	458,323	$	457,233	$	1,090
Total Expenditures	$	458,323	$	458,323	$	457,233	$	1,090
Excess of Revenues Over (Under) Expenditures	$	(96,347)	$	(96,347)	$	(68,758)	$	27,589
Other Financing Sources								
Sale of Property	$	-	$	-	$	7,245	$	7,245
Total Other Financing Sources	$	-	$	-	$	7,245	$	7,245
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and	$	(96,347)	$	(96,347)	$	(61,514)	$	34,833
Fund Balance-January 1	$	340,468	$	340,468	$	340,468	$	-
Fund Balance-December 31	$	244,121	$	244,121	$	278,955	$	34,833

The accompanying notes are an integral part of the financial statements.

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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 position 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, 2012, 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, 2012.

J. Deferred Inflows of Resources

The statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

M. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation. Unrestricted net position consists of activity related to the general fund.

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, 2012:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets being depreciated:				
Buildings	$ 41,054	$ -	$ -	$ 41,054
Machinery & Equipment	69,350	25,678	19,990	75,038
Total capital assets being depreciated	$ 110,404	$ 25,678	$ 19,990	$ 116,092
Less Accumulated Depreciation for:				
Buildings	$ (20,527)	$ (821)	$ -	$ (21,348)
Machinery & Equipment	(53,211)	(9,420)	17,991	(44,6420)
Total Accumulated Depreciation	$ (73,738)	$ (10,241)	$ 17,991	$ (65,988)
Total Capital Assets Net of Depreciation	$ 36,666	$ 15,437	$ 1,999	$ 50,104

NOTE 6: NONCURRENT LIABILITIES

During the year ended December 31, 2012, the following changes occurred in liabilities reported in noncurrent.

	Balance 1/1/2012	Additions	Reductions	Balance 12/31/2012	Due Within One Year
Compensated Absences	$ 2,358	$ 4,756	$ 5,538	$ 1,575	$ 1,575

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 (NDIRF), 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 NDIRF for its general liability, auto, and inland marine insurance coverage. The coverage by NDIRF 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.

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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

Governing Board
Cass County Noxious Weed Control District
West Fargo, 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, and the major fund of 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, 2012, and the related notes to the financial statements, which collectively comprise Cass County Noxious Weed Control District's basic financial statements, and have issued our report thereon dated June 18, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robert R. Peterson
State Auditor

June 18, 2013

CASS COUNTY NOXIOUS WEED CONTROL DISTRICT
West Fargo, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued?				
Governmental Activities	Unmodified			
Major Governmental Fund	Unmodified			
Budgetary Comparison – General Fund	Unmodified			
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.